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Impact of Mergers and Acquisitions on Employees Job Satisfaction of Nepali Commercial Banks: A Pre-Post Analysis

Pushpa Nidhi Amgain[1] [PhD Scholar]**, Rajendra Gautam[2]**
[1]Pokhara University, Lekhnath, Nepal
[2]Tribhuvan University, Kirtipur, Nepal

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Corresponding Author: *Pushpa Nidhi Amgain; Email: amgainpushpanidhi84@gmail.com, way2ramga@gmail.com*

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Abstract

Mergers, acquisitions and takeovers, consolidation have been a part of the business world for so many years. The purpose of this study is to examine the impact that mergers and acquisitions have had on the employees' satisfaction of the commercial banks in Nepal. This study aims to examine the association between merger and acquisition and the employee satisfaction of commercial banks. A descriptive research design and a casual comparative research design were used for this research. Three commercial banks were selected by using purposive sampling method. The study employed a quantitative approach using a sample of employees of commercial banks in Pokhara. The study is based on primary data where a survey was conducted to identify the view of employees. Various tools used for data analysis are mean, standard deviation, correlation, and regression through a comprehensive analysis of pre- and post-merger data. The result revealed that working condition is key factor in employee satisfaction in merged commercial banks. Job security, pay scale, and organizational culture, while important do not significantly impact overall employee satisfaction. This finding suggests that employees highlight a positive work environment over financial incentives. Yet, an unexplored research area involves how post-merger changes in organizational culture impact employee engagement, and future research direction for financial institutions like insurance companies in s in Nepali context

Keywords: Acquisitions, commercial banks, employee job satisfaction, mergers

Introduction

Mergers and acquisitions (M&A) are strategic decisions undertaken by companies to achieve growth and expansion objectives, increase market share, and improve profitability. This study explores how mergers and acquisitions affect job satisfaction among employees in Nepali commercial banks. The study emphasized on changes in job satisfaction before and after the M & A and primary factors influencing these changes for managing employees. Mergers and acquisitions (M&As) significantly impact job satisfaction by altering job security, compensation, and work culture. The job insecurity associated with M & As can diminish job satisfaction but they can create new opportunities for career advancement and skill development which may enhance job H satisfaction. Merger and acquisition are recurring global phenomena and are considered as the useful strategies for the growth of the business in the corporate world (Rahman et al., 2018). The terms 'merger' and 'acquisition' may seem similar, but they have distinct meanings despite being used interchangeably. A merger takes place when two organizations agree to come together as a single or joint new entity, aiming to reap mutual benefits. On the other hand, an acquisition happens when one organization takes over specific assets, equipment, or a business unit from another organization. (Shrestha & Shrestha,2019). For instance, the merger and acquisition activities in the banking industry can be motivated by various factors such as access to new markets, diversification of business lines, improvement of capital base, and consolidation of operations (Berger, 2007). Moreover, it is equally important to analyze whether the merger and acquisition are effective in terms of HR working in the organization or not (Soundarya et al., 2018). However, M &A activities can have far-reaching implications, not just for the organizations involved but also for their employees.

In recent years the banking and financial sector in Nepal has witnessed a significant increase in M & A activities. The regulatory body of all the banks in Nepal, Nepal Rastra Bank, has introduced merger by-laws in May 2011 to reduce the number of institutions and strengthen the banks' position and performance (M &A Bylaws, 2016). According to the report of the Nepal Rastra Bank (2023), the total number of the BFIs stood at 117 including 20 A class commercial banks, 17 B class development banks, 17C class finance companies, and 63 D class micro finance institutions. The NRB's promotion of mergers has led to a significant surge in merger activities, primarily driven by the pursuit of cost efficiency, as well as the desire to achieve economies of scale and scope in operations (Pathak, 2016). Smaller and medium-sized banks can enhance their cost efficiency through bank mergers, benefiting from economies of scale and scope, even without a reduction in the number of employees (Peng & Wang, 2004). However, Cornett et al. (2006) suggest that larger bank mergers yield greater performance gains compared to smaller ones, and mergers focused on specific activities yield higher performance gains compared to those aimed at diversifying activities. The merger and acquisition activities in the Nepali banking sector can be motivated by various factors such as achieving economies of scale, improving market share, and enhancing competitiveness.

Davy et al. (1988) claimed that employees positively assessed a communication program, and as anticipated, these assessments were significantly linked to perceptions of personal control, organizational commitment, and job satisfaction. Ashford et al. (1989) found empirically that the greater the number of changes in an organization, the greater the perceived job insecurity by the employees and in turn, this perceived job insecurity is negatively related to organizational commitment, trust in organization, job satisfaction and ultimately, job performance. Similarly, Covin et al. (1997) examined that the style of leadership does not affect employee satisfaction in the post-merger scenario. Employees who work at pre- and post-mergers and acquisitions environment feel a strong threat to their job security. Neupane (2013) examined critical factors in merger and acquisition of Nepali financial institutions and concluded that merged firms in Nepal experienced improved capabilities in attracting loans, heightened productivity among employees, and growth in net assets. Kivuti (2013) examined the influence of mergers and acquisitions on employee performance in Equatorial commercial bank. From the findings; mergers between the financial institutions were found to affect employee performance.

Dhakal (2015) found that after the Nepal Rastra Bank implemented the merger by laws policy in 2011, Nepali market was able to observe increasing trend in merger and acquisition in banking and financial institutions (BFIs) of Nepal. This study focused on the post-merger impact to the employees, customers, and shareholders of the merged bank. Gautam (2016) compared employees' job satisfaction before and after merger and acquisition (M&A); and measured the association of job satisfaction with switching intention after merger and acquisition of Nepali Banks and Financial Institutions. Shrestha and Shrestha (2019) explored post-merger employee satisfaction in Nepali commercial banks. The study found that employee empowerment, recognition, and training and development opportunities positively influenced employee satisfaction. Upadhyay (2019) examined the impact of Merger and Acquisition on employee satisfaction. Employee satisfaction has a positive relationship with working conditions, employee turnover, and job stress. Shrestha et al. (2023) investigated the impact of merger and acquisition on employee satisfaction in Nepali commercial banks. They found that job security, employee involvement in decision-making, and employee communication positively influenced post-merger employee satisfaction. They also found that management support and fairness in the post-merger integration process were crucial for employee satisfaction.

Moreover, merger and acquisition activities can entail significant changes in the structure, culture, and functioning of the organizations, which can have a direct impact on financial performance as well as employee satisfaction. Employee satisfaction is an important aspect of organizational performance, as it can impact employee motivation, commitment, and productivity. In the context of M & A activities, employee satisfaction can be influenced by various factors such as job security, compensation and benefits, career development, and workplace culture. The merger and acquisition (M & A) in the banking sectors of Nepal can be influenced job satisfaction among employees, with factors such as organizational climate, recognition, and nature of work impacting employee motivation and satisfaction, while pay/remuneration has a motivational but not satisfying effect (Shrestha et al., 2023).

The increasing prevalence of mergers and acquisitions (M&A) in the banking sector and its impact on employee satisfaction. Merged commercial banks have seen the negative effects of merger and acquisitions, employee dissatisfaction and poor performance. Employees find it challenging to adapt to a completely new working environment. The employees stress level is increased by worries about downsizing, role conflict and instability. This leads to unhappiness, a lack of engagement, and dedication toward work. Hence, this study makes the efforts to contribute in the study of merger and acquisition on the employee's satisfaction. The aim of this study was to assess the level of satisfaction in terms of job security, pay scale, organizational culture and working condition among the employees of merged commercial banks, to examine the relationship among job security, pay scale, organizational culture, and working condition with job satisfaction, and to examine the impact of job security, pay scale, organizational culture, and working condition with job satisfaction of employees.

The study's focus on commercial banks in Nepal is crucial because the banking and financial sector holds great significance for the country's economy. Nepal Rastra Bank, the regulatory body, has introduced merger by-laws to strengthen banks and reduce the number of institutions. Therefore, understanding the post-merger employee satisfaction is essential for policymakers, regulators, and bank managers.

The research gap addressed by this study is rooted in the fact that although M&A activities have been widely studied in the banking and financial sector globally, and employee satisfaction in the context of commercial banks in Nepal. While studies have shown that M&A can have a significant impact on employee satisfaction, there is a need for empirical evidence on the challenges faced by employees of commercial banks in Nepal during M&A activities. Furthermore, the Nepali banking sector has unique characteristics that may differ from other countries' banking sectors, and it is essential to examine the impact of M&A on employee satisfaction in this context to provide insights into specific challenges faced by employees in the Nepali banking sector during M&A activities. The study has focused on employee satisfaction is significant as it is a crucial determinant of organizational performance, and high employee satisfaction can lead to improved productivity, motivation, and commitment.

Research Methods

The research involved both descriptive research design and causal comparative research design. The descriptive research design was employed to describe the changes before and after the merger, identify any trends that emerge, and assess the level of job satisfaction in relation to various variables. On the other hand, the causal comparative research design was utilized to establish relationships between variables and employee job satisfaction, as well as examine the impact of these variables on job satisfaction. Nepal Rastra Bank has listed 20 commercial banks at the end of fiscal year 2022/23 and 15 commercial banks were involved in merger and acquisition. Out of 15 merged commercial banks employees working in three merged and acquired commercial (Kumari Bank Limited, Rastriya Banijya Bank Limited, Nepal Investment Mega Bank Limited) of Pokhara valley were considered as sample for study by lottery method. The lottery method was used in this research for random sample since population of the study was known at first stage sampling design. For second stage sample the total population of interest in this context was 302 employees. The initial sample size with 5 percent error is calculated by SS = $(Z^2 \times p \times (1 - p) / (e^2/N)$, Using Z=1.96, p=0.5, and e = 0.05: then, SS = $(1.96^2 \times 0.5 \times (1 - 0.5) / (0.05^2/302 = 116.04 \approx 116$ (rounded up to the nearest whole number). The initial sample size (without finite population correction) is approximately 116. Now for a finite population, this formula was used, Corrected Sample Size = SS / [1 + (SS - 1) / Pop)] with a population size of 302. Corrected Sample Size = 116 / [1 + (116 - 1) / 302)] = 116 / (1 + 0.3808) = 116 / 1.3808 = 84.03 ≈ 84(rounded up to the nearest whole number). Therefore, for a population of 302 employees listing from concerned selected commercial banks which are operating in Pokhara valley with a 5 percent margin of error, the sample size was taken to approximately 84 to achieve a 95 percent confidence level.

The study employed a quantitative data using a sample of employee of commercial banks in Pokhara and based on primary data. A survey was conducted with twenty-five items questionnaire on five-point Likert scale to identify the employee view for primary data. Cronbach's alpha was used for the reliability and validity of the primary data so that the result can be accurate and with minimum bias. The value of Cronbach's alpha lies between 0 and 1 where the value of above 0.9 is ranked as excellent or highly consistent, the value between 0.7 and 0.9 is ranked as good and value below 0.5 is ranked unacceptable. Reliability is measure of internal consistency in which different items on questionnaires measure the same construct whereas the validity measures the accuracy of items on questionnaires to assesses the theoretical construct. A five-point Likert scale was used for each question ranging from 'Strongly Disagree' to 'Strongly Agree'; coded by 5 representing 'Strongly Agree", 4 representing 'Agree"; 3 representing 'Neutral', 2 representing 'Disagree' and 1 representing 'Strongly Disagree'. Thus, this section consists of descriptive analysis performed to analyze measurable questions as well as study variables. Different statistical tools such as mean, standard deviation, correlation coefficient, multiple regression was used since this study based on descriptive and causal comparative research design.

A multiple regression analysis was conducted to explore how job security, pay scale, organizational culture, and working conditions collectively influence job satisfaction. It is used for determining the impact of independent variables on dependent variable since there is absence of multi-collinearity if VIF < 10 by rule of thumb. The model specification equation for this analysis is:

$$"EJS_{it} = \beta_0 + \beta_1 JS_{it} + \beta_2 PS_{it} + \beta_3 OC_{it} + \beta_4 WCi_{it} + \varepsilon_{it}"$$

EJSit=β0+β1JSit+β2PSit+β3OCit+β4WCiit+εit"

Where:
EJS_{it} = Employee Job satisfaction
JS_{it} = Job security
PS_{it} = Pay scale
OC_{it} = Organizational culture
WCi_{it} = Working conditions,
β_0 = Intercept
β1, β2, β3, β4 = Coefficients of the independent variables , , , respectively
ε= Error term

Figure 1
Conceptual Framework of the Study

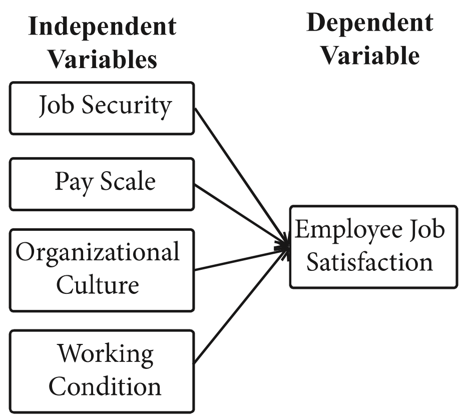

Figure 1 shows the conceptual framework for the study which shows job security, pay Scale, organizational culture and working condition are the independent variables for the study.

Mergers and acquisitions have become common in today's business environment. However, their success or failure is often due to the lack of attention paid to human resource issues, which are crucial to the success of any merger**.** Gaughan (2002) conducted that if the merger makes the new larger company too dominant and harms fair competition, it might face opposition on antitrust grounds. Horizontal mergers can also have a ripple effect, especially when smaller companies join forces to become stronger against their rivals (Ross et al., 2003). According to synergy theory, the amount of economic value that will result from a merger will depend on availability of opportunities to use this resource and the amount of the resource held by the firm, relative to total amount present in the economy (Chatterjee, 1986).

Barney (1991) presented a concrete and comprehensive framework to identify the needed characteristics of firm resources in order to generate sustainable competitive advantage. According to agency theory, managers are motivated to expand their companies beyond their current size. This growth enhances managers' authority by giving them more resources to oversee. Additionally, it's linked to increases in managers' pay, as their compensation often rises along with sales growth (Hankir et al., 2011). Based on agency theory, management of bidder banks involves in merger and acquisition for personal benefit without considering the economic reason (Asimakopoulos & Athanasoglou, 2013). According to the managerial hubris theory, even if managers try to maximize the value of the firm, they might overestimate the value of what they buy because of hubris, as a result of overconfidence by the managers. Managers also could underestimate the cost of post- merger integration or overestimate their ability to control a larger institution (Roll, 1986).

A theoretical framework that provides a useful lens for understanding employee satisfaction in the context of M&A is the Equity Theory. According to this theory, employees compare the outcomes they receive from their jobs (e.g., salary, benefits, and recognition) with the inputs they provide (e.g., effort, time, and skills) and then compare these outcomes to their colleagues (Adams, 1963). Job Demands-Resources (JD-R) model suggests that job demands (e.g., workload and time pressure) and job resources (e.g., autonomy and social support) can influence employee well-being and job satisfaction (Bakker & Demerouti, 2017). According to Herzberg (1959) the two-factor theory concluded that employee satisfaction and dissatisfaction are influenced by two separate sets of factors: motivators and hygiene factors. Motivators are intrinsic factors that contribute to job satisfaction, such as achievement, recognition, and opportunities for growth and advancement. Conversely, hygiene factors are extrinsic factors that, when absent or inadequate, can lead to job dissatisfaction, including salary, job security, and working conditions.

Job Security

Job security is an important aspect of employee satisfaction, and the uncertainty surrounding M&A activities can negatively impact job security (Alvesson & Sveningsson, 2003; Cartwright & Cooper, 1993). When banks merge or are acquired, there is often a great deal of uncertainty among employees about the future of their jobs. Job security can be defined as the perceived probability of job loss or the perceived ability to find a new job (Greenhalgh & Rosenblatt, 1984). Job security in this study refers to the perceived assurance and stability of employment among employees in merged and acquired banks in Nepal.

H1: There is a significant impact of job security on employee job satisfaction among employees

Pay Scale

Pay scale is the remuneration provided in exchange for an employee's services performed. It is one component of reward management. A number of complementary benefits in addition to pay are increasingly remuneration mechanisms (Shrestha et al., 2023). Mergers and acquisitions can lead to changes in pay structures, bonuses, and other incentives, which can affect how employees perceive their compensation. Kotlar and De Massis (2013) found that M&A activities can have a positive impact on pay, while M&A activities can have a negative impact on pay. Therefore, it is essential to examine the level of pay satisfaction among the employees of merged and acquired banks in Nepal.

H2: Pay scale has significant impact on job satisfaction among employees of merged commercial banks.

Organizational Culture

Organization culture refers to the overall structure and management of the bank, and is an important factor in employee satisfaction. M&A activities have been found to have a significant impact on the culture of the merged or acquired organizations (Hitt et al., 2001). Thus, it is essential to assess the level of organizational culture satisfaction among the employees of merged and acquired banks. By examining organization culture as a variable in this research, it can determine whether there are any significant differences in employee satisfaction levels related to changes in organizational structure.

H3: Organizational culture significantly impact on job satisfaction among employees of merged commercial banks.

Working Conditions

Working conditions refers to the

physical and environmental factors that affect employee satisfaction, such as the workplace environment, safety, and work-life balance. Working conditions are a crucial factor in employee satisfaction, and research suggests that M&A activities can negatively affect them. Buono et al. (1985) and Haspeslagh and Jemison (1991) found that M&A activities can lead to negative changes in working conditions. It is essential to examine the level of satisfaction among employees of merged and acquired banks in terms of their working conditions in Nepali context.

H_4: Working condition significantly impact on job satisfaction among employees of merged commercial banks.

Results and Discussion

In this section, the primary focus was to assess employee job satisfaction. To achieve this, questionnaire survey was designed to understand how employees felt about their jobs before and after the merger. There were a series of questionnaires with different sections and distributed them to employees of Kumari Bank Limited, Nepal Investment Mega Bank Limited, and Rastriya Banijya Bank Limited in Pokhara Valley.

Profile of Respondents

Male and female employees were expected to make up the respondents sampled for this study and support level staff not included. In order to participate in the study, respondents had to check the appropriate boxes on the questionnaire to indicate their gender, age and designation.

Table 1

Profile of Respondents

Respondent profile	Variables	Frequency	Percentage
Gender	Male	36	42.9
	Female	48	57.1
Age	20-30	32	38.1
	30-40	40	47.6
	40-50	12	13.1
Designation	Assistant level	46	54.8
	Officer level	32	38.1
	Manager level	6	7.1

Source: Field Survey, 2023

Table 1 shows that 42.9 percent of the respondents were male and 57.1 percent were female, where representation of females is slightly higher. The results suggest that the opinions presented in these findings are gender sensitive and may be regarded as indicative of views held by people of both genders about the impact of mergers and acquisitions of employees' satisfaction in Nepali commercial banks.

According to the study, 38.1 percent of them said their ages fell between 20 and 30 years, 47.6 percent said their ages fell between 30 and 40 years, 13.1 percent said their ages fell between 40 to 50 years. It is evident that the respondents' ages were evenly distributed, and they can play a role in positively influencing employee satisfaction in the context of mergers and acquisitions within development banks. It can observe from the table 1, 54.8 percent of respondents were in assistant level roles, followed by 38.1 percent in officer positions, and 7.1 percent manager positions. This demonstrates that most respondents worked as assistants for commercial banks. A total of 25 items with their respective mean and standard deviation scores were extracted from the MS Excel and SPSS output. Thus, this consists of descriptive analysis performed to analyze measurable questions as well as study variables.

Table 2

Position of Employee Job Satisfaction Factors

Employee Job Satisfaction Factors	Before Merger		After Merger	
	Mean	S.D.	Mean	S.D.
The level of job security in this bank, both before and after the merger and acquisition, positively affects my job satisfaction.	3.55	0.856	3.23	0.766
The pay scale and benefits offered by this bank, both before and after the merger and acquisition, contribute to my overall job satisfaction.	3.61	0.778	3.21	0.837
The positive changes in organizational culture, both before and after the merger and acquisition, have a significant impact on my job satisfaction.	3.64	0.887	3.3	0.991
The enhanced working conditions and availability of resources, both before and after the merger and acquisition, positively influence my job satisfaction.	3.76	0.77	3.37	0.847
Overall, the improvements in job security, pay scale, organizational culture, and working conditions, both before and after the merger and acquisition, have significantly increased my job satisfaction.	3.68	0.809	3.35	0.912
Cronbach's Alpha	0.851		0.863	

Source: Field Survey, 2023

Table 2 presents position of overall employee job satisfaction before and after a merger, along with Cronbach's Alpha values as a measure of internal consistency for the surveyed items. Table 2 illustrates that the descriptive statistics analysis for employee job satisfaction factors before and after the merger and acquisition. Prior to the merger and acquisition, employees rated the factors related to job satisfaction positively. Before the merger, the highest mean rating was for enhanced working conditions and availability resources (*M* = 3.76, *SD* = 0.77), while the lowest was for job security (*M* = 3.55, *SD* = 0.86). After the merger, there was a decline in ratings across all factors. Job security was rated lower (*M* = 3.23, *SD* = 0.77) compared to before the merger. The overall job satisfaction rating decline from (*M* =3.68, *SD* = 0.81) before the merger to (*M*= 3.35, *SD* = 0.91) after the merger which indicates that a decline in employee job satisfaction. Cronbach's Alpha values shows that the internal consistency of the satisfaction measures good both before (and after the merger (reflecting reliable measurement of the items.

Table 3

Position of Job Security

Job Security	Before Merger		After Merger	
	Mean	S.D.	Mean	S.D.
The bank provides me with sufficient time and resources to perform my job effectively.	3.52	0.938	3.3	0.902
I feel secure in my position as an employee of this bank.	3.74	0.852	3.27	1.079
The bank has established appropriate career development plans for me.	3.5	0.814	3.11	0.932
I feel proud to be an employee of this bank.	3.85	0.938	3.48	0.988
The bank provides a strong sense of job security for me.	3.63	0.915	3.42	1.02
Cronbach's Alpha	0.811		0.849	

Source: Field Survey, 2023

Table 3 displays position of job security in employee job satisfaction before and after a merger, along with Cronbach's Alpha values as a measure of internal consistency for the surveyed items. It presents the descriptive statistics for employees' perceptions of job security both before and after the merger. Employees reported a reduction in their perception of having sufficient time and resources to perform their job effectively from a (*M*= 3.52, *SD* = 0.94) before the merger to (*M*= 3.30, *SD* = 0.90) after the merger and acquisition. Similarly, feelings of job security declined from a (*M*= 3.74, *SD* = 0.85) before the merger to (*M*= 3.27, *SD* = 1.08). Cronbach's Alpha Values shows that the internal consistency of the job security measures good both before (and after the merger (reflecting reliable measurement of the items. The reliability of the job security scale improved post- merger.

Table 4

Position of Pay Scale

Pay Scale	Before Merger		After Merger	
	Mean	S.D.	Mean	S.D.
I am satisfied with the salary I receive from this bank.	3.33	0.936	3.14	0.894
The merger has had a positive impact on the bonus structure.	3.33	1.01	2.88	1.069
The bank has implemented suitable career growth plans.	3.4	0.823	3.05	0.877
The bank offers a variety of non-monetary benefits to its employees.	3.37	1.003	3.12	0.974
The pay scale at this bank is competitive compared to other banks in the industry.	3.42	0.996	3.19	1.024
Cronbach's Alpha	0.839		0.864	

Source: Field Survey, 2023

Table 4 presents the average ratings and standard deviations for employee perceptions of various aspects of the pay scale before and after the merger. Before the merger, employees rated their satisfaction with the salary (M = 3.33, SD = 0.94) and perceived the merger as having a positive impact on the bonus structure (M = 3.33, SD = 1.01). It felt the bank had implemented suitable career growth plans (M= 3.40, SD = 0.82). They also rated the variety of non- monetary benefits offered by the bank (M= 3.37, SD= 1.00) and the competitiveness of the pay scale compared to other banks (M= 3.42, SD = 0.99). After the merger, there were decreases in the average ratings across all aspects. Job satisfaction with the salary fell to (M= 3.14, SD = 0.89). The perceived positive impact of the merger on the bonus structure decreased to (M= 2.88, SD= 1.07). The ratings for the suitability of career growth plans dropped to (M= 3.05, SD =0.88) while job satisfaction with non- monetary benefits declined to (M= 3.12, SD = 0.97). At last, the competitiveness of the pay scale decreased to (M= 3.19, SD =1.02). The internal consistency of the survey items was assessed using Cronbach's alpha. Cronbach's Alpha Values shows that the internal consistency of the job security measures good both before (and after the merger (reflecting reliable measurement of the items.

Table 5

Position of Organizational Culture

Organizational Culture	Before Merger		After Merger	
	Mean	S.D.	Mean	S.D.
The bank has well-designed job roles and responsibilities.	3.44	0.841	3.32	0.824

I appreciate the plans, policies, and strategies implemented by this bank.	3.67	0.826	3.32	0.92
The merger has had a positive impact on the leadership style within the bank.	3.65	0.752	3.42	0.853
The efficiency of management has increased since the merger.	3.4	0.838	3.18	0.838
The bank's management effectively communicates and listens to employees.	3.49	0.885	3.08	0.908
Cronbach's Alpha	0.81		0.819	

Source: Field Survey, 2023

Table 5 presents position for various aspects of organizational culture in employee job satisfaction before and after a merger, along with Cronbach's Alpha values as a measure of internal consistency for the surveyed items.

The analysis of organizational culture revealed shifts in perceptions following the merger. Prior to the merger, employees rated the clarity of job roles and responsibilities at a mean (*M*= 3.44, *SD* = 0.841). Post- merger, this rating decreased to (*M*= 3.32, *SD*= 0.842). It indicates that a decline in satisfaction appreciation for the banks plans, policies, and strategies reflects drop from mean of (*M*= 3.67, *SD*= 0.826) before the merger to (*M*= 3.32, *SD* = 0.920) after the merger. It indicates that reduced approval of strategic implementation in the post- merger period. The impact of the merger on leadership style was perceived positively with rating mean decreased from (*M* = 3.65, *SD*= 0.752) to (*M*= 3.42, *SD* = 0.853). This decrease implies a perception that leadership may have less effective post- merger. Furthermore, the efficiency of management was rated mean (*M*= 3.40, *SD* =0.838) after the merger, reflecting a decline in perceived management efficiency. Lastly, the effectiveness of management communication and responsiveness to employees also decrease from (*M*= 3.49 ,*SD*= 0.885) to (*M*= 3.08 , *SD*= 0.908) after the merger. It indicates that a reduction in perceived communication effectiveness and employee engagement. Cronbach's Alpha values shows that the internal consistency of the organization culture measures good both before (and after the merger (reflecting reliable measurement of the items.

Table 6

Position of Working Condition

Working Condition	Before Merger		After Merger	
	Mean	S.D.	Mean	S.D.
The bank utilizes advanced technology in its operations.	3.52	0.719	3.48	0.828
The working culture at this bank has improved since the merger.	3.57	0.781	3.07	0.875

The bank provides ample training and development opportunities.	3.81	0.63	3.37	0.847
There is sufficient availability of equipment and devices to carry out work effectively.	3.58	0.748	3.32	0.853
The bank has taken appropriate measures to ensure a safe and healthy work environment.	3.6	0.778	3.32	0.907
Cronbach's Alpha	0.712		0.82	

Source: Field Survey, 2023

Table 6 presents changes in employees' perceptions of working conditions before and after the merger. Prior to the merger, employees rated the banks use of advanced technology positively (*M* = 3.52, *SD* = 0.719) This rating decreased to (*M*= 3.48, *SD*= 0.828) after the merger.

The working culture were relatively sound before the merger (*M*= 3.57, *SD* = 0.875). This substantial decrease indicates decline in satisfaction with working culture after the merger. The availability of training and development opportunities was rated positively before the merger (*M*= 3.81, *SD* =0.630) which indicates a reduction in perceived training and development opportunities. Similarly, the sufficiency of equipment and devices for effective work was rated (*M* = 3.58, *SD*= 0.748) before the merger, but this rating decreased to (*M*= 3.32, *SD* = 0.853) after the merger. This decline suggests that employees felt less adequately equipped after the merger. The perception of a safe and healthy work environment also decreased from (*M*= 3.60, *SD* = 0.778) before the merger to (*M*= 3.32, *SD* = 0.907) after the merger. This indicates a reduction in the perception of safety and health measures at the workplace post – merger. The internal consistency of the scale as indicated by Cronbach's alpha improved from 0.712 before the merger to 0.82 after the merger. It indicates that the scale reliability in measuring working conditions increased after the merger.

Table 7

Relationship of Employee Job Satisfaction with JS, PS, OC, WC Before the Merger

Variables	JS	PS	OC	WC	EJS
JS	1				
PS	.622**	1			
OC	.667**	.498**	1		
WC	.593**	.588**	.614**	1	
EJS	.545**	.493**	.632**	.629**	1

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

Table 7 presents the correlations among job satisfaction, pay scale, organizational culture, working conditions, and employee job satisfaction. All correlations are statistically significant at the 0.01 level (2- tailed). The analysis reveals strong positive correlations between several factors and employee satisfaction, all of which were statistically significant at *$p < .001$*. There is a strong positive correlation between job security and employee satisfaction r (82) = .545, $p < .01$. This indicates that job security significantly influenced employee satisfaction levels before the merger. Similarly, a strong positive correlation is observed between pay scale and. employee satisfaction r (82) = .493, $p < .01$. This suggests that employees' satisfaction was influenced by their compensation packages before the merger. Higher pay scales were associated with higher levels of satisfaction. In addition, the analysis shows a very strong positive correlation between organizational culture and employee satisfaction r (82) = .632, $p < .01$. This implies that the prevailing culture within the organization had a substantial impact on employee satisfaction. A positive culture was linked to higher satisfaction levels among employees. The analysis also shows that there is a very strong positive correlation between working conditions and employee satisfaction r (82) = .629, $p < .01$. This indicates that the physical working environment and conditions before the merger played a significant role in shaping employee satisfaction. Better working conditions were associated with higher levels of satisfaction.

Table 8

Relationship of Employee Job Satisfaction with JS, PS, OC, WC After the Merger

Variables	JS	PS	OC	WC	EJS
JS	1				
PS	.688**	1			
OC	.695**	.715**	1		
WC	.619**	.641**	.708**	1	
EJS	.614**	.605**	.641**	.687**	1

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

Table 8 illustrates the correlations among job satisfaction (JS), pay scale (PS), organizational culture (OC), working conditions (WC), and employee job satisfaction (EJS). All correlations are statistically significant at the 0.01 level (2- tailed). Job satisfaction shows strong positive correlations with the pay scale r (82) =.688, $p < .01$ and organizational culture r (82) = .695, $p < .01$. It means that higher satisfaction with the pay scale and organizational culture is associated with higher job satisfaction. Similarly, job satisfaction is positively correlated with working conditions r (82) =.619, $p < .01$ and employee job satisfaction (EJS) r (82) =.614, $p < .01$. This suggests that good working conditions and higher overall employee job satisfaction are related to increased job satisfaction. The pay scale is positively correlated with organizational culture r (82) = .715, $p < .01$ and working conditions r (82) = .641, $p <.01$. It means that perceptions of a better pay scale are associated more sound with organizational culture and working conditions. Additionally, the pay scale is positively related to employee job satisfaction *r* (82) = .605, $p < .01$. It indicates that a better pay scale is related to higher overall job satisfaction among employees. Organizational culture is positively correlated with working conditions *r* (82) = .708, $p < .01$ and employee job satisfaction *r* (82) =.641, $p < .01$. This indicates that a positive organizational culture is associated with better work conditions and higher employee job satisfaction. Working conditions show a positive correlation with employee job satisfaction *r* (82) = .687, $p <.01$. It means that better working conditions are associated with higher levels of employee job satisfaction. Top of Form

More specifically, regression analysis helps one understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables are held fixed. A multiple regression analysis was conducted to examine the impact of job security, pay scale, organizational culture, and working conditions on job satisfaction after the merger.

Table 9

Regression Analysis of Factors Influencing Job Satisfaction After Merger

Constant and Factors of Job Satisfaction	B	t-Value	P-Value	VIF
Constant	.508	1.734	.087	
Job Security	.168	1.617	.110	2.322
Pay Scale	.108	1.010	.316	2.493
Organizational Culture	.161	1.189	.238	2.870
Working Condition	.413	3.437	.001	2.227

Adjusted R Square= 0.527, F Statistics = 24.155, P value = .001

In Table 9, the post-merger scenario examines how various factors influence job satisfaction in after the merger. The regression analysis indicates that working conditions significantly impact job satisfaction after the merger (*B*= .413, t = 3.437, $p < .001$). It indicates that better working conditions are associated with higher job satisfaction. As a result, there is a significant positive relationship with job satisfaction. Hence, H4 is supported. Similarly, job security impact on job satisfaction after the merger (*B*= .168, t = 1.617, p = .110). This indicates that job security does not have a significant relationship with job satisfaction, hence H1 is rejected. Like job security, pay scale impact on job satisfaction after the merger (*B*= .108, t = 1.010, p =.316). Pay scale does not have a significant relationship with job satisfaction. Hence H2 is not supported. Organizational culture effect on job satisfaction after the merger (B=.161, t = 1.189, p = .238) . It shows that organizational culture does not have a significant with job satisfaction. Hence H3 is not supported.

However, the overall model continues to provide a reliable picture of what influences job satisfaction after a merger. The model explains 52.7 percent of the variance in job satisfaction (Adjusted *R*- squared value = 0.527) The adjusted

R-squared value, at 0.527, tells that this model still explains a substantial part of the variation in job satisfaction. Furthermore, the F-statistic, registering at 24.155, and is statistically significant F (3, 83) = 24.155, p < .001. The variance inflation factor (VIF) values for all predictors are below 10 (VIF < 10), so there are no issues with multi-collinearity. The study reveals that, before the merger, employees generally reported positive sentiments in several areas, including job security, pay scale, organizational culture, and working conditions. After the merger, there were perceptible shifts in employee perceptions. Job satisfaction in various aspects showed a slight decrease in most areas.

The study reveals that working conditions has significant impact on employee job satisfaction. This is in line with the finding of (Upadhyay, 2019) that the working conditions impact on employee job satisfaction after the merger. Herzberg's Two Factor theory suggests that job satisfaction and dissatisfaction are influenced by motivators (intrinsic factors like achievement and recognition) and hygiene factors (extrinsic factors like salary and job security) (Herzberg, 1959). The study 's result reflect with this decline in job satisfaction was in hygiene factors such as job security and pay scale after the merger and acquisition. This indicates that the deterioration in extrinsic factors contributed to the decline in employee job satisfaction. The study reveals pay scale has no impact on employee job satisfaction after merger which supports the finding of Herzberg et al. (1967) stated that pay cannot create job satisfaction but it can lead to job dissatisfaction if not handled properly. This result also matched with findings of Shrestha et al. (2023) that pay has no impact on employee job satisfaction after the merger. Equity theory states that employees assess their job satisfaction based on the balance between their effort, skills and salary, benefits compared to others (Adams, 1963). The study findings indicate a decline in employee job satisfaction across the post- merger in job security, pay scale, and overall satisfaction. This supports equity theory job security which declined significantly related with equity theory focus on fairness, when employees perceive inequalities in job security their job satisfaction. Agency theory suggests that managers might pursue mergers for personal benefits such as increased authority and compensation rather than solely for the firm's economic benefit (Hankir et al., 2011; Asimakopoulos & Athanasoglou, 2013). The study findings which indicate a decline in job satisfaction and job security after the merger it could lead to adverse effects on employee job satisfaction. The study claimed that while some aspects of employee job satisfaction like working conditions showed significant declines, the overall model explained a substantial portion of the variance in job satisfaction post- merger. In contrast, Covin et al. (1997) suggested that leadership style does not affect employee job satisfaction after the merger. The study found that leadership perception decreased post-merger. This could imply that leadership effectiveness is indeed impacted by the merger and acquisition on employee job satisfaction. The decline in satisfaction related to leadership could reflect changes in organizational culture due to the merger. The result show that organizational culture has not significant impact on employee job satisfaction, this finding is not supported the finding of Shrestha et al., (2023) that employees are satisfied with the organizational culture of the organization after merger and acquisition. Another study conducted by Akali (2010) revealed that factors that influence employee's satisfaction and performance included compensation, promotion recognition and work conditions which is not similar with the result of the study that there is no significant impact of job security on employee satisfaction with merger and acquisition.

Conclusions

The purpose of the study is to analysis the impact of mergers and acquisition on the employees' job satisfaction of Commercial banks in Nepali context. The comprehensive analysis of pre- and post-merger employee satisfaction in the context of the three banks, Kumari Bank Limited, Rastriya Banijya Bank Limited, and Mega Bank Limited, reveals several critical insights. In the realm of employee satisfaction, the data consistently highlights the significance of organizational culture and working conditions both before and after the merger. Job security and pay scale, while important, do not significantly impact job satisfaction. This indicates that employees prioritize the quality of their work environment over financial and job security considerations. These findings provide valuable guidance for post-merger strategies. To enhance employee satisfaction and, subsequently, overall business performance, management should focus on maintaining a positive organizational culture and improving working conditions. Understanding that these factors remain paramount in shaping employee contentment, even in the wake of significant structural changes like mergers, can inform effective management decisions and contribute to long-term success in the banking industry. The study highlights the pivotal role of organizational culture and working conditions in post-merger scenarios. Management should prioritize efforts to maintain a positive culture and enhance working conditions to ensure sustained employee satisfaction. This study emphasizes that factors like job security and pay scale, although important, may not significantly impact overall employee satisfaction after a merger. This suggests that employees prioritize a conducive work environment over financial incentives.

Understanding the continued influence of organizational culture and working conditions post-merger, banks should strategically align their management efforts to foster a supportive culture and improve working conditions for employees. Given the sustained impact of culture and working conditions, long-term merger strategies should incorporate measures to nurture a positive culture and continually enhance working conditions to ensure employee satisfaction and subsequent business success. Acknowledging the consistent influence of certain factors (like culture and working conditions) pre- and post-merger, banks can draw insights from pre-merger trends to strategize effectively and proactively address potential post-merger challenges and future research direction for financial institutions like insurance companies in Nepali context.

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