



Post-merger impact on employee performance of commercial banks in Nepal

Bikram Thakur¹, Rajendra Lamsal²

¹ MBS-F Finance Student, Lumbini Banijya Campus, Butwal, Nepal

² Associate Professor, Lumbini Banijya Campus, Butwal, Nepal

Abstract

This study examines the effect of mergers and acquisitions in the Nepalese banking industry on employee performance, focusing on the influence of work culture, training and performance appraisal, pay and allowances, and transfers and promotions. A descriptive and casual-comparative research design was used, with data collected through a self-administered survey questionnaire. Convenience sampling was used to select 31 branches of commercial banks, resulting in 212 responses. Descriptive and inferential statistics were used to analyze the data, including correlation and regression analysis. The results indicate that work culture, training and performance appraisal, transfers and promotions, and pay and allowances affect employee performance after a merger or acquisition. For a successful merger or acquisition, banks must effectively communicate with employees and provide adequate training to help them adjust to cultural and structural changes.

Keywords: work culture, transfer & promotion, pay & allowance, training & performance appraisal, employees performance, and merger & acquisition

Introduction

King Mahendra ended parliamentary democracy in Nepal in 1960 and liberalized trade and investment in 1992. In 2004, Nepal became the first LDC to join the WTO. After restoring democracy, the government implemented liberal policies in the banking sector starting in 2040. M&A has become a global trend for organizations to gain a competitive advantage and increase profits by acquiring assets or selling unprofitable divisions. In recent years, M&A deals have increased worldwide, including in Nepal. Since 1992, Nepalese corporate enterprises have been influenced by the government's liberalization, privatization, and globalization policies. The Nepalese financial sector has grown with the arrival of more financial institutions, but it has also faced challenges. M&A in the Nepalese economy has become common as organizations focus on core competencies, market share, and competitiveness. This reshuffling has been driven by external forces such as globalization, political pressure, and knowledgeable customers. M&A is a means for organizations to increase competitiveness, survival, shareholder wealth, and efficiency.

In the international financial markets, M&A is often conducted to fulfill the demands of regulatory bodies, enhance the competitive advantage, and expand the operations of financial institutions. However, despite these hopeful expectations, almost half of the mergers and acquisitions fail to meet the initial expectations (Cartwright & Cooper, 1993) ^[5].

Hogan and Overmyer-Day (1994) ^[16] provide evidence that merger associates business assets, giving equal control via an agreement, and acquisition includes purchasing of business assets of one organization by the other as a complete buyout. McCarthy (1963) ^[38] defines acquisition as several so-called mergers involving exchanges of capital stocks and legal acquisitions involving many shareholders. In non-merger cases, one company "acquires" the voting stock of another solely in the exchange of its voting stock.

In a legal sense, acquisitions may also be effected for cash or cash equivalent, such as debt securities. Mueller (1969) views mergers and acquisitions as a way to achieve monopoly power or practice some other unfriendly activity. Many firms combine to grow in market share so they can either charge higher prices to buyers or pay low prices to suppliers.

Singh (1971) stated that a takeover is a business practice wherein one firm takes over the other and controls more than 50% of the equity of the acquired firm. A merger is when at least two firms are combined as a new legal entity. As per this definition, it can be $a+b=c$. Viewed from this angle, where there is a balance of power between the merging enterprises, it can be a new entity with a different name after the merger. The M&A can closely relate to various types of integration between various business entities. These integrative transactions can range from one firm merging with another, one firm taking control over the other firm or firms, or even the managers of the organization takeover the acquisition of a firm (Linn & McConnell, 1983) ^[37]. According to Hampton (1989) ^[14], a combination of two or more business entities in which one of the entities survives. However, as per this definition, $a+b= a$ or b or c . From this definition, it can be presumed that the balance of power is lacking, and one firm is dominant compared to the other entities. Firms increasingly use mergers and Acquisitions to strengthen and maintain their position in the marketplace" (Schuler & Jackson, 2001) ^[42]. "It appears that it has become impossible in our global environment for firms to compete with others without growing and expanding through deals that result in mergers or acquisitions (Schuler & Jackson, 2001) ^[42].

According to Shrestha (2012) ^[43], the concept of M&A was entirely new to Nepal's Banking and Financial Institutions (BFIs) when the Nepal Rastra Bank, the supervisory and regulatory body of all the BFIs, issued merger bylaws in May 2011. However, many wondered if the BFIs would go for a merger immediately as there were no separate acts and

verdicts for a merger implementation. The objective of the merger bylaws is to strengthen the BFI's position and performance by reducing the number of institutions. The merger bylaws have a provision that can pressurize all BFIs to go for an immediate merger in the form of consolidation. The Nepalese financial sector has been experiencing significant changes since the 1980s when the government adopted the financial sector liberalization process (Gajurel & Pradhan, 2012) ^[10]. Flexible licensing policy and deregulation in the financial sector encouraged foreign joint venture banks, domestic private banks, and finance companies to operate in the Nepalese Market (Gajurel & Pradhan, 2012) ^[10]. The trend of establishing banks and financial institutions (BFIs) grew more and more. By December 2011, the number of commercial banks, development banks, and finance companies reached 31, 87, and 79, respectively.

Mergers and acquisitions are vital tools to facilitate the financial industry's sound and efficient performance while subjugating the system's underlying problems. The instrument also plays a crucial role in bringing down the cost of operations and increasing the market competitiveness and profitability of the firms (Gautam, 2016) ^[11].

The objectives of this research are:

- To measure the relation between work culture, training and performance appraisal, pay and allowance, transfer and promotion, and employee performance.
- To examine the effect of work culture, training, performance appraisal, pay and allowance, transfer, and promotion on employees' performance.

Review of Literature

Empirical Review

The literature on rationality and biases of investors can be classified into two categories: Traditional finance theories, which assume that investors are rational, and Behavioral finance theory, which suggests investors behave irrationally and are prone to various biases and errors.

Ajjarapu (2004) reported that it is essential for organizations on the verge of integration to analyze the feasibility of integrating critical players from the human resource side of the house. Research showed that only 35% of senior HR executives were involved in M&A activities (Giles, 2000; Liberatore, 2000) ^[36]. Approximately 80% of combinations failed at the implementation stage as a result of the following factors; an inadequate road map, senior HR professionals bringing in too little, too late; senior HR professionals lacking in either/ both business/global experience; an inadequate skills base overall; and ultimately, failed organizational change (Charman, 1999; Greengard, 1999).

Anderson (1999) reported that human resource professionals must be essential in pre-merger discussions and the strategic planning phase of mergers and acquisitions early to allow them access to the corporate cultures of the two organizations. Being involved in the pre-merger stage allows HR to identify areas of divergence that could hinder the integration process. HR is vital in addressing communication issues, compensation policies, skill sets, and company goals that need to be assessed (Deal & Kennedy, 1999) ^[49]. Deal and Kennedy (2000) ^[49] reported that it is imperative to involve HR in handling other issues, such as addressing employee concerns, developing a detailed

integration plan for merging the people of the two organizations, conducting talent audits, managing downsizing with care, and, most importantly, motivating employees. A study by The Society for Human Resource Management revealed that more than two-thirds of the senior managers interviewed had been involved in three or more mergers, acquisitions, or joint ventures within the past five years. Key results of the survey indicated that, while the experience level in corporate America is deep, the quality of such M&A activities needs to be improved.

Buono and Bowditch (1989) ^[4] stated that mergers could increase employee anxiety, frequently causing counterproductive behaviors. The increasing organizational changes lead to job insecurity among employees, ultimately decreasing organizational commitment, trust in the organization, job satisfaction, and job performance.

Nahavandi and Malekzadeh (1993) described the challenges of merging two organizational structures. It has further provided a framework based on acculturation for analyzing and managing the process of merging cultural people and techniques to address cultural clashes arising from mergers. The author proposed that organizations should actively negotiate the terms of the merged firms' cultural combinations, strategy, leadership, and structure. The author also attempts to predict the future demographic and economic circumstances affecting the merger.

Terrence and Allen (2000) ^[48] offered practiced methods for sustaining effective performance by understanding and managing corporate culture. He also examined the recent effects of economic forces such as globalization, technology, and management trends related to downsizing, mergers, acquisitions, and Outsourcing short-term in the organization. Such a comprehensive framework for motivating the workforce for better performance is also suggested.

Cartwright and Cooper (2000) ^[5] indicated the role of Human resources in bringing fruitful Mergers and Acquisitions in the organization. The authors surveyed that 80% of mergers and acquisitions have annihilated shareholders' value and revealed that it is a challenging and working practice between the two organizations. Therefore, the contribution of HR becomes necessary for a successful merger and acquisition.

Dhungana *et al.* (2014) ^[8] stated from a study that managers in the bank should have performance appraisals and interact with their staff frequently, focusing on managing poor performance or pay reviews along with feedback. The variables such as work-life balance, incentives and rewards, career growth, organizational culture, work environment, and employer branding reveal a positive correlation. The performance management of the firm should be made regular and positive practice. It is also recommended that every needful resource should be provided to the manager, such as innovative ideas from employees who can be used to achieve the targeted performance and goals. Proper identification of the employee's needs and satisfaction to enhance performance is also significant. Educational qualification, career growth, age, and working environment have significantly related to these variables.

Guest (2001) empirically examined the effect of mergers and acquisitions of the highest-paid director of UK acquiring firms over the period 1984- 2001. The results indicate that large acquisitions result in significant pay increases in the year following the acquisition. He found

strong evidence that motivation for future acquisitions depends significantly on past acquisition pay awards; acquirers paid more following acquisition are more likely to carry out future and relatively large acquisitions.

Whittle (2002) ^[50] discussed the employee perspective on Mergers and Acquisitions; in AGROW- An international genetic seed company that examined the effect of mergers and acquisitions on the professional and personal lives of employees, organizational cultures, and employee reactions. The author studied information and support during the post-implementation periods of the merger. The examination uncovered a genuine effect of M&A on morale and loyalty and employee motivation. In addition to this, the authors also concluded with organizational culture, leadership, and communication and are unequivocally identified with the reactions of M&A. Through mergers and acquisitions in the banking sector; the banks look for strategic benefits in the banking sector. They also try to enhance their customer base. In the context of mergers and acquisitions in the banking sector, it can be reckoned that size does matter, and growth in size can be easily achieved through mergers and acquisitions (Coff, 2002) ^[6]. Growth achieved by taking the assistance of mergers and acquisitions in the banking sector may be inorganic growth. Banks are adopting policies for mergers and acquisitions.

Andre (2004) examined the long-run performance of mergers and acquisitions in Canada. He investigated the main determinants of post-acquisition abnormal performance to determine the source of value creation or value destruction in Canadian M&A. The results show that Canadian acquirers significantly underperform over three years post-event. After examining possible explanations for the long-run performance of M&A, the study found that the payment method where stocks-financed M&A underperform relative literature review. The relationship between corporate performance and mergers and acquisitions (M&A) has been widely studied. Results have shown that cash-financed M&A transactions often lead to underperformance for glamor acquirers compared to value acquirers. Additionally, cross-border M&A deals tend to perform poorly in the long term.

Gunter and Andreas (2004) examined the cultural issues in Mergers and Acquisitions, emphasizing the performance implications of cultural differences in M&A through a theoretical and empirical study. The researcher concluded with the relationship between cultural differences and the performance of Mergers and Acquisitions. The study further emphasized the future research to be carried on for eliciting the response on how cultural differences affect the performance of M&A.

Gunter (2005) investigated the impact of various human resource (HR) activities on employee performance during the post-combination transition phase following a merger or acquisition. He analyzed the various challenges in managing this phase, including enhancing leadership and trust, retaining and improving organizational members, integrating social and cultural processes, and facilitating inter-organizational knowledge transfer and learning.

Maron and Panasian (2005) ^[39] surveyed that the strategic requirement that motivates mergers and acquisitions is to create synergy to build a competitive advantage and improve the joined firms' performance. Given the high costs so far, it is essential that top managers understand, prepare for and manage all factors that contribute to success.

Ranjan (2007), the author, acclaimed that many organizations disregarded the employees' talent in the early process of M & A. Therefore, it is essential to evaluate the talent of human resources. The merger risk is associated with compensation, HR philosophy, skills of employees, attitude pay, rewards, and aptitudes representatives' mentality organization culture. The author has done work on the talent management framework during the deal of M&A in the post-merger stage.

Schuler and Jackson (2007) ^[42] found that over half of executives depart in the first year after a merger or acquisition (M&A). This significant loss of employees is related to employee engagement and is a significant factor in the failure of M&As. Feldman and Spratt (1999) ^[9] acknowledged that key personnel often depart with crucial information, including technology, customer relationships, proprietary knowledge, vendor and industry relationships, and the loyalty of other employees who eventually follow. These departures often disrupt business, distract the organization, induce uncertainty, and lower productivity. Despite the disparity of failure versus successful stories, record-breaking mega-mergers have become standard across the globe.

Kalaichelvan (2011) ^[18] analyzed Mergers and Acquisitions performance in the Indian banking sector during the post-financial sector reforms period from 1993-94 to 2004- 05. He worked on three dimensions to study the efficacy of selected banks in pre-post merger performance, stock price reactions, and an employee perceptual study on the implications of mergers of selected merged banks in India. The researcher concluded that Mergers and Acquisitions are essential to increase shareholder wealth and organizational performance, and employees of the merged banks have shown a positive response toward mergers.

Ghosh and Dutta (2015) ^[12] focused on pre and post-merger analysis to measure the change in performance levels of the banks through selected financial and HR parameters between 2000 to 2010, considering a sample of 16 banks. The study further explored the strategic impact of mergers and acquisitions in the Indian banking sector. The study's findings revealed that the merged banks' overall performance is generally superior in pre-merger execution. Chmielecki *et al.* (2016) suggested that organizational culture is one of the most overlooked factors that could lead to the failure of M&A, affecting human resource performance mentally and physically. Evidence and surveys have shown that work culture is essential for the success of mergers and acquisitions. This evidence also points to the fact that cultural differences are a significant factor that could lead to a contradiction in the work performance of employees in the organization and ultimately hampers the employees' productivity.

Tiwari (2017) ^[35] reviewed work done by researchers from 2007 to 2016. The study aimed to discuss human resource issues in mergers and acquisitions. The researchers have also discussed and analyzed the earlier work on the impact of Mergers and Acquisitions on human resources. The study concluded that the top management must pay attention to serious concern for employee issues to reap the benefits of M&A.

Gautam and Andreson (2016) ^[11] concluded that the performance of the employees could be sustained with training. Results revealed that Nepali banks had established a training culture. Training environment, training methods,

and training-reward linkage are the significant factors of training culture affecting training satisfaction and employee performance. Employees are satisfied through the skills acquired from the training. Gender and bank types have a mediating role in training satisfaction and employee performance.

Degbey *et al.* (2021), in their study, attempted to find out the impact of psychological ownership on employee retention in mergers and acquisitions. According to the authors, it has been found that the turnover rate is very high when the M&A process takes place between business entities. In this article, they developed a moderated mediation model. They proposed that acquired firm employees' psychological ownership was found to be positively related to acquiring firm employees' retention through the direct and mediating effects of employees' commitment and involvement in M&A. The authors also propose that the effect of acquired firm employees' psychological ownership on employees' commitment and involvement and, ultimately, acquired firm employees' retention is moderated by the loss of acquired firm autonomy.

Dhakal (2021) ^[7] concluded that the analysis of data collected from bank employees concludes that work culture and training culture have the most substantial impact on employee performance. Besides, all the other determinants of work culture and training culture are the most critical factors in deciding employees' job satisfaction levels. It is evident that whenever an employee joins a job, the most crucial concern is regarding the teamwork and communication culture as not considered the critical factor to their satisfaction.

Research gap

Several studies have been conducted to evaluate the success or failure of Mergers and Acquisitions (M&A) in the banking sector. For instance, some researchers have analyzed financial ratios to determine the impact of M&A on the sector (e.g., Gunter, 2005). Other studies have focused on comparing domestic and cross-border M&A in the banking sector (e.g., Schuler & Jackson, 2007) ^[42]. Additionally, many authors have investigated the role of human resources in M&A, including issues such as employee engagement and retention (e.g., Feldman & Spratt, 1999) ^[9].

Their views are concentrated on the significant role of human resources in successful mergers and acquisitions. However, human resource concerns are boundaryless and cannot be covered under limited circumferences. Through an extensive literature review, the following gaps have been identified to explore further the knowledge in learning the impact of mergers and acquisitions on human resources.

According to Gaudel (2020), Devarajappa (2012), and Tiwari (2019) ^[35], despite a significant number of studies on mergers and acquisitions, the impact on human resources is primarily focused on organization culture, communication and human resource integration in evaluating the success of these deals. However, other human resources practices such as transfer and promotion, pay and allowances, and training and performance appraisal should be represented in the research.

Many researchers have also worked on the effect of M&A on organization efficiency. At the same time, the effect of

such deals on employees' performance still needs to be paid more attention by Academicians and Researchers.

Research Methodology

Research Design

This study has adopted a Descriptive and casual-comparative research design to deal with fundamental issues associated with post-merger impact on employees' performance in the commercial bank of Nepal. The Descriptive research design provides an accurate account of the characteristics of a particular event or group in real life. Similarly, the simple comparative research design analyzes facts and critically evaluates collected data.

Population and sample size

The target population of this research is the Nepalese banking sector which has frequently been experiencing mergers and acquisitions. Twenty-six commercial banks are operating in Nepal. There are 67 branches of commercial banks in the Butwal sub-metropolitan city and 51 branches of commercial banks in Tilottama Municipality. From them, 31 branches of commercial banks are conveniently selected as per the purpose of the study. The purposive sampling investigates the employee's perspective on merger and acquisition policy among banks. Recently merged Global IME Bank Ltd, Citizen Bank Ltd, Mega Bank Ltd, and Nabil Bank Ltd are the sample bank. Altogether 31 branches of commercial banks are taken under study, and response from 212 respondents is collected.

Sampling method

Non-probability sampling techniques: A convenience sampling technique has been used to select the samples for the research work.

Data collection

Primary data collection through a self-administered survey questionnaire was conducted. The questionnaire was distributed both through Google forms and printed questionnaire forms. Investors for the sample comprised employees of a merged commercial bank. The reliability of the questionnaire, as measured by Cronbach's alpha, was 0.7 and above.

Data analysis

The collected data is processed in a bar diagram through classification, tabulation, and graphical presentation. Descriptive and inferential statistics tools are used in this study. The descriptive statistics contains mean and standard deviation values of variables used to explain sample firms' characteristics. The correlation analysis determines the relationship between the dependent and independent factors. The regression analysis is used to solely determine the independent variable's influence over the dependent variable and combined with other variables. Data is analyzed and presented quantitatively using MS Excel, in which column chart graphic representations are generated. SPSS version 3 Software will be used for hypothesis testing.

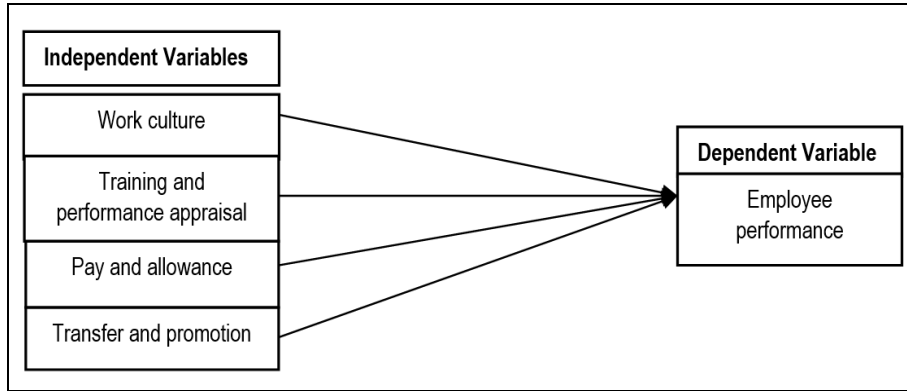
The following are the hypotheses of the study:

- H01 = There is a relationship between Work Culture and employee performance.
- H02 = There is a relationship between training & performance and employees' performance.

- H03 = There is a relationship between pay & allowance and employees' performance.
- H04 = There is a relationship between transfer & promotion and employees' performance.
- H05 = There is an effect of work culture on employees' performance.
- H06 = There is the effect of training & performance on employees' performance.

- H07 = There is the effect of pay & allowance on employees' performance.
- H08 = There is the effect of transfer & promotion on employees' performance.

Theoretical Framework



Source: Tiwari (2019) [35]

Fig 1: Theoretical framework

The model in the study is:

$$EP = \beta_0 + \beta_1 WC + \beta_2 TPA + \beta_3 PA + \beta_4 TA + e$$

training & performance appraisal, pay & allowance and transfer & promotion, respectively, and e = error term in the model.

Where EP = Employee Performance, β_0 = Intercept term. β_1 , β_2 , β_3 and β_4 are the regression coefficients for work culture,

Results and Analysis
Descriptive Statistics

Table 1

Variable	N	Mean	Std. Deviation
Work Culture	212	3.50	.444
Transfer and Performance Appraisal	212	2.95	.491
Pay and Allowance	212	3.22	.536
Transfer and Promotion	212	3.19	.629

The above table shows that the work culture average was 3.50, with a standard deviation of 0.444. The average for transfer and performance appraisal was 2.95, with a standard deviation of 0.491. Similarly, for pay and allowance, the average was 3.22, with a standard deviation

of 0.563. For transfer and promotion, the average was 3.3.19, with a standard deviation of 0.629

Normality test

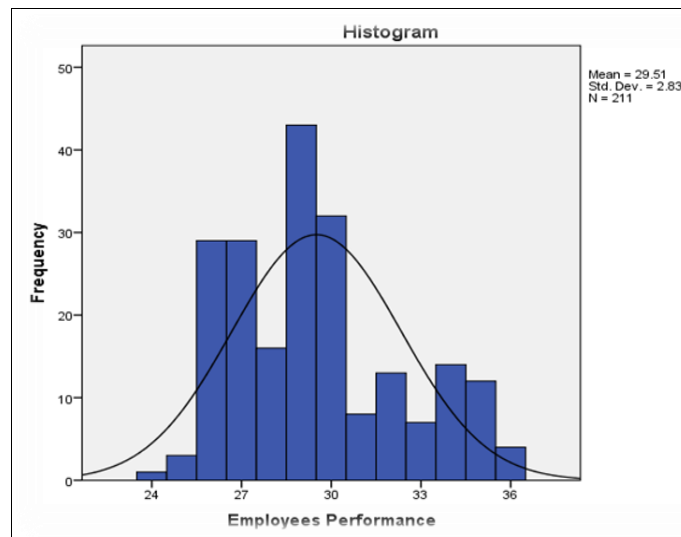


Fig 2

n the Figure, the shape of the histogram for the regression model is seen to be bell-shaped, indicating that most of the

data points are concentrated near the peak and implying that the data used in the analysis has a normal distribution.

Multicollinearity test

Table 2

Co-linearity Measures Model	Tolerance	VIF
Work culture After a merger	.713	1.402
Training and Performance appraisal After a merger	.554	1.805
Pay and Allowances After a merger	.516	1.939
Transfer and promotion After a merger	.488	2.047

Based on the above table, all independent variables have a reasonably high tolerance and low VIF values, indicating

that they are not highly correlated. Therefore there is no evidence of Multicollinearity in this model.

Pearson’s correlation test

Table 3

Variables	Employee Performance	Work culture	Training and performance appraisal	Pay and allowance	Transfer and promotion
Employee Performance	1				
Work culture	.295**	1			
Training and performance appraisal	.526**	.402	1		
Pay and allowance	.318**	.514**	.523**	1	
Transfer and promotion	.602**	.362**	.632**	.612**	1

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

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

The relationship between employee performance and all variables is positive. The Pearson correlation between work culture and employee performance is 0.295. This relationship is moderate and positive, which means that work culture changes and employee performance also tends to change. Similarly, there is a strong, positive relationship

between employee performance and training & performance appraisal. Employee performance and pay & allowance have a moderate, positive relationship. Also, there is a strong, positive relationship between employee performance and transfer & promotion.

Multiple Regression Analysis

Table 4

Variables	Unstandardized Coefficients		Standardized Coefficients		Model Summary	
	B	Std. Error	Beta	T		P-value
Work culture	.112	.070	.101	1.598	.112	R ² = 0.416
Training and performance appraisal	.246	.069	.256	3.571	.000	Adjusted R ² = 0.404
Pay and allowance	.240	.098	.182	2.453	.015	F-value= 36.628
Transfer and promotion	.462	.068	.514	6.743	.000	P-value=0.00

According to the results, Work Culture positively affects Employee Performance but is not significant (P-value=0.112). On the other hand, Training and Performance Appraisal has a significant positive effect on Employee Performance (B=0.246, P-value=0.000), and Pay and Allowance have a significant positive effect on Employee Performance (B=0.240, P-value=0.015). Additionally, Transfer and Promotion significantly positively affect Employee Performance (B=0.462, P-value=0.000). The R-

squared value of 0.416 indicates that the combination of the independent variables can explain 41.6% of the variability in Employee Performance. In contrast, the adjusted R-squared value of 0.404 shows that after adjusting for the number of independent variables, 40.4% of the variability in Employee Performance can be explained by the model. The overall model is significant, with an F-value of 36.628 and a p-value of 0.00.

Hypothesis Testing

Table 5

Independent variable	Dependent variable	R	P-Value	Hypothesis Support
Work Culture	Employees Performance	r = 0.295 (0 < r < 1)	0.112 (p<0.05)	H1 accepted. H5 rejected.
Training and performance appraisal	Employees Performance	r = 0.526 (0 < r < 1)	0.00 (p<0.05)	H2 accepted. H6 accepted.
Pay and allowance	Employees Performance	r = 0.318 (0 < r < 1)	0.015 (p<0.05)	H3 accepted. H7 accepted.
Transfer and Promotion	Employees Performance	r = 0.602 (0 < r < 1)	0.00 (p<0.05)	H4 accepted. H8 accepted.

From Table 4.29, since r is more significant than zero with a positive value, there is a positive relationship between dependent and independent variables. Hypotheses H1, H2, H3, and H4 are accepted based on this. P-values for all the relationships between the dependent and independent variables are less than 0.05, except for work culture. Hypotheses H6, H7, and H8 are accepted, and H5 is rejected based on this. This test implies that training and performance appraisal, pay and allowance, and transfer & promotion have a significant relationship with the employee's performance, and work culture does not significantly impact employee performance in Nepalese commercial banks after the merger policy.

Discussion

The Pearson correlation coefficient result shows a positive relationship between workplace culture and employee performance. This result is consistent with the development of Dhungana *et al.* (2014)^[8]; (Kumari & Singh, 2018)^[20]; (Mohsen *et al.*, 2012), and Soomro *et al.* (2019)^[17], showing the result as there is a positive relationship between workplace culture and employee performance. However, this result contradicts the findings of (Stahl & Voigt, 2004)^[13], stating that a change in work culture has no change in employee performance. Likewise, the study shows there is a positive relationship between training & performance appraisal and employee performance. The result also follows the previous study on the banking sector (Hossein & Chowdhury, 2018); (Tessema & Soeters, 2006)^[47]. However, the findings of (Shahzad *et al.*, 2008) and (Baloch *et al.*, 2010)^[2] contradicted our findings. Similarly, there is a positive relationship between pay & allowance and employees' performance. This result is consistent with the finding of (Bowra *et al.*, 2012) and (Shabbir, 2014), stating that there is an increase in employee performance with increased pay & allowance. This result is unlike the findings of (Baloch *et al.*, 2010)^[2]. Also, the Pearson correlation coefficient result shows a positive relationship between transfer and promotion and employee performance. This result is consistent with the result of (Herzberg, 1986); Dhungana *et al.* (2014)^[8]; (Simon & Enz, 1995); (and Wiley, 1997). However, this result contradicts the findings of (Baloch *et al.*, 2010)^[2]; (and Ahmad & Shahzad, 2011)^[1].

Work Culture has a positive effect on Employee Performance but is not significant, this result is similar to the finding of (Stahl & Voigt, 2004)^[13], but this result contradicts the finding of (Kumari & Singh, 2018)^[20] and (Mohsen *et al.*, 2012). On the other hand, Training and Performance Appraisal significantly positively affects Employee Performance. This result is similar to the finding of Dhungana *et al.* (2014)^[8]; (Hossein & Chowdhury, 2018), and Pay & Allowance has a significant positive effect on Employee Performance. This result relates to the result of (Baloch *et al.*, 2010)^[2]. Similarly, Transfer and Promotion have a significant positive effect on Employee Performance with similar findings (Wiley, 1997), which contradicts the finding of (Baloch *et al.*, 2010)^[2]. The model is significant, with an F-value of 36.628 and a p-value of 0.00, meaning there is a post-merger impact on employee performance. Tiwari (2019)^[35] also had a similar finding stating that human resource activities have a positive impact on employee performance.

Conclusion and Implications

The study of the post-merger impact on employee performance in the commercial bank of Nepal showed that work culture, training & performance appraisal, pay & allowance, and transfer & promotion positively correlate with employee performance. The study found that employees often feel insecure during M&A and face changes in compensation, work environment, and performance. The company should communicate significant changes to employees, address cultural differences, manage leadership changes, and provide support during transitions to prevent adverse impacts on employees. Communication and clear goals should be shared with employees to ensure their understanding and security. The impact of M&A decisions on individual employees should also be communicated.

The study's findings on the impact of mergers on employee performance in the commercial banks of Nepal indicate that factors such as training and performance appraisal, pay and allowance, and transfer and promotion significantly positively affect employee performance. However, the study found no significant impact of work culture on employee performance post-merger in the commercial banks of Nepal.

However, employees are often overlooked during M&A and need help with insecurity and changes in compensation and the work environment. To prevent negative impacts on employees, the company should inform them of changes, address cultural differences, manage leadership changes, and provide support during transitions. Communication and clear goals should be shared with employees to ensure their understanding and security. The impact of M&A decisions on individual employees should also be communicated.

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