Received Date: Sept. 2024 Revised: Nov. 2024 Accepted: Dec. 2024

# Effect of Mergers and Acquisitions on Employees' Job Satisfaction in Nepalese Banks

**Kabi Raj Acharya**
Lecturer, Patan Multiple Campus, Faculty of Management, Tribhuvan University, Nepal Ph.D. research scholar, Rajasthan Technical University, India
E-mail:achkabi5@gmail.com
ORCID ID: 0000-0002-4203-5186

**Dr. Naveen Kumar Sharma**
Department of Management and Technology, Government Engineering College, Bikaner, India
E-mail:nksharma.ajmer@gmail.com
*Doi: https://doi.org/10.3126/pragya.v13i2.78784*

## Abstract

*This study examines the factors that affect employees' job satisfaction post-M&A in the Nepalese context. This study has used a descriptive survey research design. Data are collected from 340 employees across seven commercial banks that underwent M & As employing structured questionnaires. The findings demonstrate that M & As significantly affect employees' job satisfaction. The five key factors that influence job satisfaction are career growth and advancement, remuneration and benefits, co-workers, supervision, and cultural adaptation. These factors collectively explain 41.8% of job satisfaction variability. This research serves as a vital resource for Nepalese banks grappling with the challenges presented by transformative events like M&As.Investing in training and career development programs, promoting teamwork, providing leadership training, and ensuring respectful supervision can positively impact on job satisfaction.*

**Keywords:** Job Satisfaction, Employees, Perceptions, M&As

## 1. Introduction

The paper presents companies using mergers and acquisitions (M&As) as a strategic tool to gain market share, reduce competition, increase brand portfolios, expand to new geographic locations, and capitalize on economies of scale. These actions lead to increase in shareholder value. However, many of the merged entities divest within few years of getting merged (Schoenberg, 2006). Gugler et al. (2003) report that 44% of US mergers do not result in the expected increase in sales. Clayton (2010) links the failure to achieve synergies post-merger to cultural clashes, inadequate communication, and ineffective human resource management. The success of any merger not only depends on financial gains but also on the harmonious integration of human resources and their coordination with a new organizational setting. Employees, being the driving force behind organizational operations, play a crucial role in determining post-merger success. Their attitudes, motivations, and job satisfaction can significantly influence their overall work performance, which has direct implications for the merged entity's operational efficiency and customer service quality. Therefore, the paper focuses on analysing the effect of M&As on employees' job satisfaction.

The Nepalese commercial banks are small compared to international peers. To increase their paid-up capital, International Monetary Fund (IMF) suggested reducing the number of banking and financial institutions (BFIs). Subsequently, Nepal Rastra Bank (NRB), the central bank of Nepal, introduced policies encouraging commercial banks to merge. The banking sector has, then, undergone a series of M&As as a way to strategically enhance competitiveness, streamline operations, and strengthen financial stability. These structural changes have not only reshaped the landscape of the Nepalese banking industry but also brought about significant shifts in the work environment and employee dynamics within these institutions.

Naveed et al. (2011) have found that employees in companies that underwent M&A activities exhibit reduced motivation towards their jobs. They report that employees involved in the company, both pre-and post-M&A, report lower job motivation levels and a strong sense of job insecurity. Conversely, employees who join the organization after the merger express higher job satisfaction due to the absence of prior merger-related challenges. Sacek (2012) has stated that most firms involved in M&As often neglect proper planning and provision for cultural and structural integration, overlooking the impact on employee job satisfaction, which, in turn, affects firm performance. Additionally, these firms commonly disregard the human aspects of such deals. Teerikangas (2012) has indicated that the influence of employee stress, job uncertainty, organizational and cultural changes resulting from a M&A directly correlate with employee and organizational performance. Akhimien and Kadiri (2017) have found that employees in Nigerian firms involved in mergers and acquisitions did not experience increased job satisfaction post-merger compared to pre-merger. The primary factors contributing to employee dissatisfaction in these situations were promotion opportunities, supervision, job characteristics, fringe benefits, and compensation.

Few studies have examined the effect of M&As on employees in the Nepalese context. Thus, this study focuses on Nepalese commercial banks and hypothesizes that factors related to motivators, such as career growth, supervision, co-workers, and pay, positively affect job satisfaction, while demoting factors such as challenges in culture adaptation, negatively affect job satisfaction. This analysis is particularly important given the context of ongoing mergers and acquisitions within Nepalese banks as it can provide valuable insights for organizational leaders, human resource professionals, and policymakers to strategically manage these transitions and ensure the sustained success of merged banks.

## 2. Literature Review

### 2.1 Failure in M&A Market

The business world has seen an increasing number of mergers and acquisitions across various industries, including the banking sector. Even though the motive of these M&As is to generate value for the shareholders, not all mergers are successful. Gugler et al. (2003) have found that 44% of US mergers between 1981 to 1998 resulted in lower sales up to 5 years after the merger. Schoenberg (2006) has stated that 44% of the acquired managers perceived that their firms did not achieve the expected financial gain. 11% of these mergers were divested during six years.

Several scholars have examined the causes of failure of M&As. Some factors encompassing the issues are clashes in organizational culture, deficient communication, and challenges related to human resources (Clayton, 2010). Davy et al. (1988) conducted a survey involving 1985 executives from merged companies and reported that 85% of the participants held the view that challenges related to personnel are more influential on the long-term success of mergers compared to financial issues. The study highlights four crucial managerial strategies to ensure a successful transition post-merger: engaging in effective employee communication, identifying employee apprehensions, mitigating uncertainty and ambiguity, and addressing job security matters. Vijaywargia (2016) has explained that mergers and acquisitions are often considered primary strategies for achieving business growth and success. However, these strategies often face significant challenges due to the neglect of employee-related concerns.

Examining the challenges of human resources management, Ismail (2011) has asserted that an ineffective assimilation process post-M&A can negatively affect employee behaviour, resulting in frequent absenteeism, counterproductive practices, low morale, and ultimately leading to high job dissatisfaction. Sanda and Adjei-Benin (2011) and Koi-Akrofi (2016) have also related the failure of M&As to manage employees and state that when human resources are effectively managed, the failure of M&As can be substantially reduced. In addition to this, employee satisfaction increases.

### 2.2 Post-Merger Employees' Perception and Job Satisfaction

For Shrawan (2022), the banking sector encountered challenges due to introducing novel products and competitors utilizing technological advancements, along with shifts in customer behaviours and preferences for cost-effective services. To swiftly access new markets and integrate advanced technologies, banks resorted to mergers and acquisitions to enhance their market presence. When two banks undergo a merger, it can impact employees' perceptions and job performance.

Joshi and Goyal (2015) have found that employees' post-merger perceptions of their identity, justice, and job characteristics strongly influence their satisfaction levels. Vijaywargia (2016) has asserted that job transfers, changes in compensation, shifts in power dynamics, and job security issues can lead to reduced employee performance and increased absenteeism. Effectively addressing human resources during mergers and acquisitions can lead to a favourable outcome regarding employee satisfaction (Sanda & Adjei-Benin, 2011; Koi-Akrofi, 2016; Gautam, 2016; Akhimien & Kadiri, 2017).

Sekaran (1989) has concluded that personal, job-related, and organizational climate factors play pivotal roles in shaping individuals' involvement in their work. These factors, in turn, influence their sense of competence and ultimately have a direct impact on employees' overall job satisfaction. Cranny et al. (1992) have stated that job satisfaction has been extensively explored in psychology, human resources management, and organisational behaviour and is often considered the important determinant of organisational success. Georgiades & Georgiades (2014) has explained that employees who sense a loss of independence in their way of doing things when asked to work in a new work environment, such as new people, systems, or rules, have a higher probability of being dissatisfied with their current job. Erwin (2010) has concluded that cultural diversity could harm organizational effectiveness if not managed properly.

Jain and Kaur (2014) have examined the merger between the Bank of Rajasthan and ICICI Bank and report that job dissatisfaction among employees increased post-merger when they opposed the merger. During the M&A process, work rules and procedures were regarded as the most essential factor determining employees' satisfaction, while pay increases garnered the least essential factor. Communication, co-workers, and working conditions were associated with higher satisfaction levels, whereas promotion opportunities, work supervision, job nature, fringe benefits, and pay were less satisfying. Maitra (2018) has concluded that most bank employees expressed high job satisfaction following mergers.

Robbins et al. (2019) have explained that job satisfaction is the favourable sentiment towards a job that arises from assessing its attributes and one's perception. Vidyakala (2021) has explored various issues, including motives, financial performance, work environment, job satisfaction, employee morale, and employee stress, gathering insights from both Indian and international contexts. While many companies studied reported improvements in their work environments and job satisfaction following M&A, this positive effect was likely due to reduced operating costs achieved through economies of scale. However, it was noted that job satisfaction is influenced by multiple factors beyond M&A. Shrestha et al. (2021) conducted a study with the objective of delving into post-merger employee satisfaction among commercial banks in Nepal. The study's findings underscore banks' importance in identifying their employees' needs and creating a flexible working environment during the post-merger phase. Priyadarshi et al. (2022) stated that the merger had resulted in a significant majority of bank employees expressing satisfaction with their jobs. This contentment extended to various aspects of their work, potentially exerting a positive influence on overall employee job satisfaction.

Raj and Pathak (2022) have found significant disparities in job satisfaction levels within the employee groups as well as between officers and clerks within the same banking institutions. Shrestha et al. (2023) have found that mergers and acquisitions significantly reduced employee satisfaction, with just a quarter of employees reporting high satisfaction levels post-M&A.

### 2.3 Determinants of Job Satisfaction

M&As can significantly impact job satisfaction among employees. Understanding the key determinants of job satisfaction in this context is crucial for both organizations and their employees. Herzberg et al. (1959) investigated the two-factor theory, emphasizing the contrast between motivation (intrinsic) and hygiene (extrinsic) factors. While motivation factors elevate job satisfaction, hygiene factors primarily aim to diminish job dissatisfaction. Locke (1976) posited that job contentment results from the alignment between an employee's job expectations and actual experiences, with factors such as the meaningfulness of work and autonomy playing pivotal roles in this satisfaction.

Okpara (2004) concluded that elements including salary, nature of the work, supervisory support, interpersonal relationships with colleagues, and prospects for career advancement play significant roles in shaping job satisfaction. Daft (2008) stated that employee satisfaction occurs when their job aligns with their personal needs and interests, when they find working conditions and compensation satisfactory, have positive relationships with co-workers, and foster a positive rapport with their supervisor. Eid and Larsen (2008) indicated that individuals who are satisfied working with their supervisors are more likely to experience job satisfaction. Jones et al. (2009) highlighted that changes in compensation and benefit policies during the post-merger period can significantly impact employee satisfaction. Jain and Kaur (2014) identified salary, pressure, recognition, cooperation with supervisors and colleagues, and working conditions as major contributors to post-merger job dissatisfaction. Kaur (2015) examined the satisfaction level of 380 bank employees in India and finds that supervision, peer cooperation, work allocation, and employee acceptance significantly affect job satisfaction.

Chatterjee and Banerjee (2016) examined employee performance during M&A and determined that goals, systems, capacity, motivation, and expertise are critical factors for success or failure. Akhimien and Kadiri (2017) identified several key factors influencing employee satisfaction amidst mergers and acquisitions, including work rules and procedures, communication, co-worker dynamics, working conditions, promotion opportunities, work supervision, job nature, fringe benefits, and compensation. Shazliand Sami (2023) indicated that certain variables, including performance-based rewards, employee welfare programs, competitive salaries, robust insurance, bonuses, and retirement plans, emerged as the foremost factors contributing to satisfaction with the State Bank of India. Shrestha et al. (2023) found that employee satisfaction and motivation determinants include organizational climate, compensation, recognition, and job nature.

Drawing from the insights in this literature, the determinants of job satisfaction can be distilled into several key factors: career growth and advancement, supervision, colleagues, compensation and additional benefits, job nature, and organizational culture. Thus, this study formulates the following hypotheses:

$H_1$: M&As significantly impacted employee satisfaction in Nepalese banks.

$H_2$: Motivators such as career growth and advancement, reasonable remuneration, supportive co-workers, and effective supervision positively affect employee job satisfaction, while demoting factors such as forced cultural adaptation negatively affect job satisfaction.

## 3. Research Methodology

This study explores the perception of employees' post-M&As and to examine factors that affect their level of job satisfaction in the Nepalese context. Following Akhimien and Kadiri (2017), this paper employs a descriptive survey research design to measure employees' perceptions. This study exclusively relies on primary data collection. A survey is conducted among seven commercial banks (class A), out of fifteen, that underwent M&A processes during June 2013 to June 2023. Structured questionnaires were distributed to employees in 35 branches of the seven Nepalese commercial banks, with each of the seven sample banks contributing five branches. The structured questionnaire, developed based on insights from existing literature, consists of 20 questions. The list of questions is included in Section 4.1. The questionnaire employs a 5-point Likert Scale, ranging from '1' (strongly disagree) to '5' (strongly agree). Conveniently chosen employees from the branches responded to structured questionnaires, yielding a 97.14% employee response rate (340 out of 350).

To analyse the data, completed employee questionnaires are assigned code numbers and inputted into Statistical Package for Social Sciences-26 (SPSS-26). Both SPSS and Microsoft Office Excel are used. First, univariate statistics such as frequency, minimum, maximum, sum statistics, mean, standard error, standard deviation, percentage, correlation, and ranking are populated. Subsequently, a regression analysis approach is used to determine factors that affect job satisfaction. The reliability of employee data is evaluated using Cronbach's Alpha, while data suitability for factor analysis is determined through tests involving a correlation matrix at a significance level of 5% and an anti-image matrix for diagonals at 0.5. Kaiser-Meyer-Olkin (KMO) measures of sampling adequacy are also examined to ensure data validity, with a minimum threshold of 0.6. Factorability analysis exploratory factor analysis is performed on twenty questionnaires, treating them as distinct variables to assess perceptions. These comprehensive procedures established the integrity and underlying patterns within the data collected.

The conceptual model provides a simplified representation of how post-merger perceptions can influence employees' job satisfaction in Nepalese banks. The five factors listed under independent variables are identified based on prior literature.

**Independent Variable** **Dependent Variable**

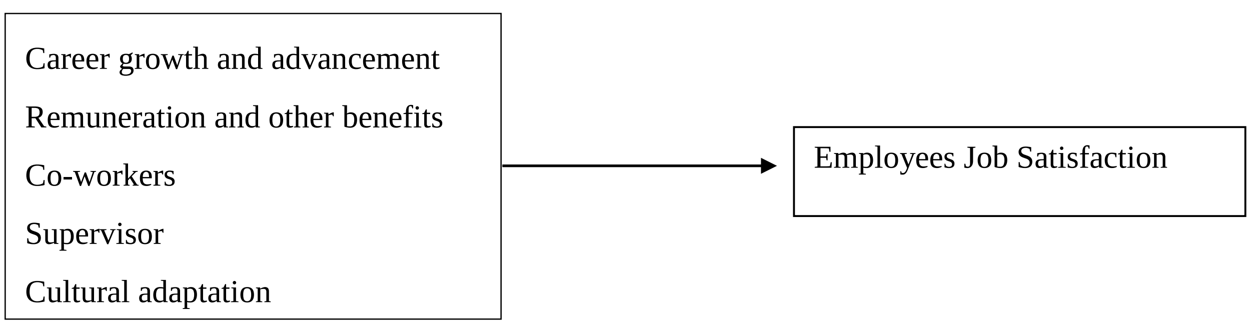


*Figure 1:* Conceptual Framework.
Source: Authors

## 4. Results and Discussions

This study first presents the univariate analysis, followed by determining six components using factor analysis. Finally, it identifies factors that significantly affect employee job satisfaction in the case of Nepalese banks.

### 4.1 Descriptive Statistics

Table 2 *Employees' post-merger perceptions and job satisfaction scores*

| SN. | Perception questions | 1 | 2 | 3 | 4 | 5 | Mean Scores |
|---|---|---|---|---|---|---|---|
| 1.1 | Are you happy with the position that you are currently working on? | 4.1 | 22.1 | 10 | 42.4 | 21.5 | 3.55 |
| 1.2 | Is the written job description accurate? | 0.6 | 11.2 | 14.4 | 64.7 | 9.1 | 3.71 |
| 1.3 | Do you see a bright future for yourself in the bank? | 1.2 | 4.7 | 8.5 | 57.4 | 28.2 | 4.07 |
| 1.4 | Does the bank provide related job orientation? | 0.9 | 5.6 | 8.5 | 65.6 | 19.4 | 3.97 |
| 1.5 | Are you happy with the physical facilities at work? | 3.2 | 12.4 | 18.8 | 55 | 10.6 | 3.57 |
| 2.1 | Do you see any opportunity for yourself to utilize your skill set at work? | 1.5 | 5.6 | 10.6 | 74.1 | 8.2 | 3.82 |
| 2.2 | Do you see any opportunity to learn new skills at work? | 1.2 | 7.9 | 13.8 | 65.9 | 11.2 | 3.78 |
| 2.3 | Does the company provide any encouragement? | 0.9 | 5 | 12.6 | 73.8 | 7.6 | 3.82 |
| 3.1 | Do you have good benefits such as paid vacation, retirement benefits and leave allowance? | 0.9 | 27.4 | 23.2 | 43.2 | 5.3 | 3.25 |
| 3.2 | Are you satisfied with facilities at work related to insurance, health care, transportation and canteen? | 0 | 14.4 | 24.4 | 50.9 | 10.3 | 3.57 |
| 3.3 | Are you satisfied with any incentives schemes at work? | 0.5 | 10 | 23.2 | 55 | 11.2 | 3.66 |
| 3.4 | Are you satisfied with your overall pay and other benefits? | 0 | 9.4 | 15.3 | 58.5 | 16.8 | 3.83 |
| 4.1 | Do you feel the work environment is supportive, friendly and cooperative? | 1.5 | 1.5 | 11.5 | 64.4 | 21.2 | 4.02 |
| 4.2 | Do you enjoy working with the teammates? | 0.3 | 3.2 | 12.1 | 64.4 | 20 | 4.01 |
| 4.3 | Do you clearly understand your role in the new bank? | 1.8 | 3.5 | 13.2 | 59.4 | 22.1 | 3.6 |
| 5.1 | Do you feel any pressure from the new bank to finish your work on time? | 4.7 | 19.1 | 17.9 | 44.4 | 13.8 | 3.44 |
| 5.2 | Do you consider your workload to be fair? | 1.5 | 12.6 | 21.2 | 62.1 | 2.6 | 3.52 |
| 5.3 | Do your supervisors treat you with respect? | 0.6 | 6.2 | 8.2 | 70.6 | 14.4 | 3.92 |
| 6.1 | Are you nervous and sometimes uncomfortable when meeting with colleagues? | 38.8 | 43.2 | 10 | 7.9 | 0 | 1.87 |
| 6.2 | Are you nervous, frustrated and stressed regarding the new work culture? | 36.8 | 40.9 | 12.6 | 9.7 | 0 | 1.95 |

*Note:* This table includes the percentage of responses based on Likert 5 points rating scale for each question in the questionnaire. The last column includes the average score of each question.

Table 1 presents survey results using a Likert 5-point rating scale, assessing various aspects of employee perception within a bank. Each question represents a distinct facet of the work environment, with respondents rating on a scale from 1 to 5, where 1 is the lowest and 5 is the highest rating. Each respondent answered all questions using the rating for each question, i.e., a respondent may have answered 4 for Q1.1, 4 for Q1.2, and so on. Table 1 includes the percentage of responses under each rating scale from 1 to 5, e.g. for Q1.1 (Are you happy with the position that you are currently working on?), the percentage of respondents being 4.1, 22.1, 10, 42.4, 21.5% of the respondents gave a rating of 1, 2, 3, 4, and 5, respectively. The weighted average of the rating equals 3.55.

Q1.1 asks respondents whether they are satisfied with their position in the bank. 42.4% of the respondents agreed that they were satisfied with their position. 21.5% strongly agree with the notion, while 22.1% disagree. The mean weighted score of this question is 3.55. All of these statistics show that employees are satisfied with their job. On a similar trend, the majority of the employees' sense that the job description is accurate (64.7%), they have good prospects in the future (57.4%), they have proper orientation related to the job (65.6%), and they are happy with the physical facilities at the workplace (55%).

Similarly, employees feel they have better career growth and advancement opportunities post-merger. 74.1% agree that they get opportunities to use their skills, 65.9% agree that they can learn new skills, and 73.8% agree that they are encouraged by their supervisors. This career growth and advancement is also supported by good remuneration. 43.2% of respondents agree that they have good vacation pay, 50.9% agree they have good facilities at work, 55% agree they have good inventive schemes, and 58.5% agree they are satisfied with their pay.

Employees also feel they have a supportive work environment. 64.4% agree they have supportive colleagues, 64.4% agree they enjoy working with the team members, and 59.4% agree they clearly understand their role. Employees also feel that the supervision from their managers is effective. 44.4% of the employees agree that they never feel pressure to finish their work one time, 62.1% agree that their workloads are fairly distributed, and 70.6% agree that their supervisor always treats them with respect. However, the same positive feelings among the employees may need to be validated concerning attitudes and feelings related to organisation culture. 43.2% feel that they are uncomfortable with meeting new individuals, and 40.9% feel that they have some frustration while adopting new culture.

On average, the data show that employees are moderately satisfied with the positions provided by the bank, find their job descriptions reasonably accurate, have a positive outlook regarding their professional future, and feel that the bank provides adequate job orientation. They are also moderately satisfied with physical workplace facilities, believe they have opportunities to use their skills and learn new ones, and feel encouraged to offer suggestions and improvements. However, there is room for improvement in areas like vacation pay, leave allowance, and retirement benefits satisfaction, as well as in dealing with the pressure to finish work on time and the stress associated with adopting the bank's culture. These findings lend support to hypothesis $H_1$.

### *4.2 Factor Analysis*

Internal consistency and reliability results, sampling adequacy assessments, and factorability tests have been examined for factor analysis. Field (2005) proposed a cut off range of 0.7 to 0.8 for Cronbach's alpha. The reliability statistics for the 20-item variable set reveal a Cronbach's alpha of 0.785, a value proximate to 1. This proximity signifies a desirable internal consistency within the scale's items. This outcome suggests that the 20 items effectively gauge the same or interconnected construct, showcasing reliability in evaluating the underlying phenomenon.

Two essential tests, Kaiser-Meyer-Olkin (KMO) and Bartlett's Test of Sphericity are prerequisites for conducting factor analysis. KMO, measuring sampling adequacy on a scale of 0 to 1, guides the assessment of data suitability. A KMO value above 0.6 is generally acceptable; here, the KMO value 0.828 signifies appropriate data suitability. Bartlett's Test of Sphericity, with a p-value of 0.000 ($<0.05$), confirms significant correlations between variables, meeting the necessary criteria for proceeding with factor analysis.

Factor data suitability is assessed through correlation and anti-image matrices at significance levels of 0.05 and 0.5 respectively. The correlation matrix reveals significant correlations among variables, and the anti-image matrix indicates strong diagonal values, ensuring support for analysis without excluding variables. Regarding communalities, variables display values from 0.506 to 0.858, indicating moderate variance shared with extracted factors; all variables had extraction values surpassing 0.5, obviating the need for removal in the factor solution.

The variance distribution across components is assessed by analysing initial eigenvalues, reflecting their relative importance. The cumulative percentages of variance accounted for by the components are tracked during the extraction of sums of squared loadings and the subsequent rotation. Applying Principal Component Analysis as the extraction method is integral to these analyses. The progression of cumulative variance illustrates the significance of the individual components in contributing to the overall variance. The cumulative sum of squared loadings from extraction amounts to 63.596%, surpassing the threshold of 0.5.

Table 3: *Rotated component matrix*

| | Component | | | | | |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| 1.1 | 0.821 | | | | | |
| 1.2 | 0.604 | | | | | |
| 1.3 | 0.626 | | | | | |
| 1.4 | 0.665 | | | | | |
| 1.5 | 0.607 | | | | | |
| 2.1 | | 0.685 | | | | |
| 2.2 | | 0.726 | | | | |
| 2.3 | | 0.652 | | | | |
| 3.1 | | | 0.832 | | | |
| 3.2 | | | 0.798 | | | |
| 3.3 | | | 0.576 | | | |
| 3.4 | | | 0.574 | | | |
| 4.1 | | | | 0.743 | | |
| 4.2 | | | | 0.769 | | |
| 4.3 | | | | 0.588 | | |
| 5.1 | | | | | 0.752 | |
| 5.2 | | | | | 0.743 | |
| 5.3 | | | | | 0.621 | |
| 6.1 | | | | | | 0.892 |
| 6.2 | | | | | | 0.892 |

*Note:* This table includes factor loadings of each question divided into six components. The questions can be found in Table 1. The components are created using principal component analysis of the questions. Varimax with Kaiser normalisation is used as a rotation method. The rotation convergence is achieved in eight iterations.

The rotated component matrix displays factor loadings for six components derived through principal component analysis. The varimax rotation method with Kaiser Normalization converged after 8 iterations. Loadings exceeding a threshold of 0.5 contribute to the interpretation of each component. These loadings highlight the relationship between variables and the components, elucidating the underlying structure of the data. Table 2 groups the loadings of different variables into six extracted components.

Component 1 represents employees' job satisfaction factor, with questions relating to 1.1 to 1.5. All questions have substantial loadings. Component 2 relates to career growth and advancement factors, involving questions 2.1 to 2.3. Component 3 relates to remuneration and other benefits factors involving questions 3.1 to 3.4. Component 4 relates to co-worker factors involving questions 4.1 to 4.3. Component 5 represents supervision factors involving questions 5.1 to 5.3. Component 6 is associated with challenges related to cultural adaptation factors, as seen in questions 6.1 and 6.2.

Table 4 *Cronbach's alpha value*

| Factors | Cronbach's alpha | N |
|---|---|---|
| Employees job satisfaction factor | 0.804 | 5 |
| Career growth and advancement factors | 0.702 | 4 |
| Remuneration and other benefits factor | 0.718 | 3 |
| Co-workers factor | 0.666 | 3 |
| Supervision factor | 0.591 | 3 |
| Culture adaption factor | 0.839 | 2 |

*Note:* This table includes Cronbach's alpha for each factor.

Table 3 includes Cronbach's alpha values for each factor obtained from Table 2. Cronbach's alpha above 0.7 is generally considered suitable for internal consistency, while values above 0.8 are excellent. Factors like employees' job satisfaction, career growth, remuneration, and culture adaption have strong internal consistency, while factors like supervision and co-workers exhibit moderate consistency.

Table 5 *Correlation matrix*

| | Factor-1 | Factor-2 | Factor-3 | Factor-4 | Factor-5 | Factor-6 |
|---|---|---|---|---|---|---|
| Factor-1 | 1 | | | | | |
| Factor-2 | 0.502** | 1 | | | | |
| Factor-3 | 0.310** | 0.191** | 1 | | | |
| Factor-4 | 0.504** | 0.461** | 0.192** | 1 | | |
| Factor-5 | 0.373** | 0.332** | 0.155** | 0.347** | 1 | |
| Factor-6 | -0.330** | -0.270** | -0.007 | -0.354** | -0.168** | 1 |

*Note:* This table includes the correlation coefficients between various factors. *, **, and *** represent significance at 10, 5, and 1 percent level (2-tailed).

Table 4 includes a correlation matrix showing relationships among the six factors. Factor-1 and Factor-2 show a moderate positive relationship with a correlation coefficient of 0.502 and is significant at the 1% level. Similarly, factor-1 and factor-4 exhibit a significant positive correlation of 0.504 at the 1% level. Factor-2 and factor-4 also display a significant positive correlation of 0.461 at the 1% level. Factor-3 and Factor-4 are moderately positively correlated with a coefficient of 0.192, significant at the 1% level. Factor-5 and

Factor-4 have a moderate positive correlation of 0.347, significant at the 1% level. Additionally, there are significant positive correlations among other pairs, such as factor-3 and factor-2, and factor-5 and factor-2, with varying significance. On the other hand, factor-6 is negatively correlated with factor-1, factor-2, factor-4, and factor-5.

Overall, factors 1 to 5 positively associate with one another, while factor 6, representing challenges to culture adaptation, negatively associates with factors 1 to 5.

### *4.3 Regression Analysis*

The study regression factors 2 to 6 against factor 1 to determine factors that affect job satisfaction. Factor 1 represents employee job satisfaction. Thus, this paper uses Factor 1 as the dependent variable and runs the following model.

$$H = \alpha + \beta_1 {*} F2 + \beta_2 {*} F3 + \beta_3 {*} F4 + \beta_4 {*} F5 + \beta_5 {*} F6 + \varepsilon \qquad (1)$$

Where H is employee job satisfaction (factor 1 – F1), F2 is career growth and advancement factor, F3 is the remuneration and other benefits factor, F4 is the co-worker factor, F5 is the supervision factor, F6 is the adaptation and culture factor, and $\varepsilon$ is the error term. In this model, $\alpha$ represents the intercept, and $\beta_1$, $\beta_2$, $\beta_3$, $\beta_4$, and $\beta_5$ are the coefficients associated with respective factors.

Table 6 *Regression estimates*

Panel A: Model summary

| Model | R | R Square | Adjusted R Square | Std. Error | df1 | df2 | Sig. F Change | Durbin-Watson |
|---|---|---|---|---|---|---|---|---|
| 1 | 0.646 | 0.418 | 0.409 | 2.627 | 5 | 334 | 0.000 | 1.318 |

Panel B: ANOVA

| | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Regression | 1652.092 | 5 | 330.418 | 47.879 | 0.000 |
| Residual | 2304.953 | 334 | 6.901 | | |
| Total | 3957.044 | 339 | | | |

Panel C: Regression coefficients

| | Unstandardized coefficients | Standardized coefficients | Collinearity statistics |
|---|---|---|---|

| | B | Std. Error | Beta | T-stats | Sig. | Tolerance | VIF |
|---|---|---|---|---|---|---|---|
| (Constant) | 1.832 | 1.520 | | 1.206 | 0.229 | | |
| Career growth and advancement | 0.525 | 0.096 | 0.266 | 5.454 | 0.000 | 0.734 | 1.363 |
| Remuneration and other benefits | 0.254 | 0.058 | 0.189 | 4.384 | 0.000 | 0.938 | 1.066 |
| Co-workers | 0.480 | 0.100 | 0.242 | 4.803 | 0.000 | 0.686 | 1.457 |
| Supervision | 0.255 | 0.079 | 0.147 | 3.227 | 0.001 | 0.837 | 1.195 |
| Cultural adaptation factor | -0.295 | 0.091 | -0.147 | -3.241 | 0.001 | 0.853 | 1.172 |

*Note:* This table includes estimates from the regression model used to analyse the effect on job satisfaction. The dependent variable is the summated scale 1, representing employees' job satisfaction. The independent variables consist of the remaining 5 summated scales. Panels A and B include statistics related to the regression, while Panel C includes regression coefficient estimates and their significance level.

Table 5 includes details about the regression, such as model summary in Panel A, ANOVA in Panel B, and regression estimates in Panel C. Panel A summarises the linear regression model (1). The coefficient of multiple determinations ($R^2$) is 0.418, which indicates that approximately 41.8% of the variance in the dependent variable (Employees' job satisfaction) is explained by factors 2 to 6. The adjusted $R^2$ is slightly lower at 0.409. This value adjusts the $R^2$ for the number of predictors and provides a more accurate estimate of the model's explanatory power. The standard error of the estimate (2.627) reflects the average distance between the observed values and the values predicted by the model. The Durbin-Watson statistic (1.318) is used to detect the presence of autocorrelation in the residuals. A value close to 2 suggests no significant autocorrelation. Here, the value of 1.318 indicates that there might be some positive autocorrelations present in the residuals. The F-test for model significance has a p-value 0.000, indicating that at least one of the predictors in the model significantly contributes to explaining the variance in the dependent variable. In sum, the model can appropriately explain a significant variation of the dependent variable, "Employees' job satisfaction."

In Panel B, the "Regression" row presents information about the variance explained by the regression model. The sum of squared deviations from the mean (Sum of Squares) is 1652.092, explained by 5 degrees of freedom. The mean square, calculated as the sum of squares divided by degrees of freedom, is 330.418. The F-statistic (47.879) indicates the overall significance of the regression model, and the associated p-value (Sig. = 0.000) confirms that the model is statistically significant. The "Residual" row represents the unexplained variance in the dependent variable. The sum of squared deviations from the mean for the residuals is 2304.953, and there are 334 degrees of freedom. The mean square for the residuals is 6.901. The "Total" row provides the total sum of squared deviations from the mean, which is 3957.044. In sum, the model's significant F-statistic suggests that the predictor variables collectively contribute significantly to explaining the variability in the dependent variable. However, further analysis might involve assessing the individual contributions of each predictor, evaluating the effect sizes, and considering potential assumptions of the regression model, such as normality and homoscedasticity of residuals.

In Panel C, the unstandardized coefficients column presents the coefficients (B) associated with each predictor. The career growth and advancement factor has a coefficient of 0.525, indicating that a unit increase in the “Career growth and advancement" factor leads to a 0.525 unit increase in employees’ satisfaction, holding other predictors constant. The standardized coefficients (Beta) measure each predictor's relative importance, considering their scales. The standardized coefficient for the Career growth and advancement factor is 0.266, which signifies its proportional impact on the variability of the dependent variable. The "t" values represent the ratios of the coefficient estimate to its standard error. Higher absolute "t" values suggest more significant effects. The "t" value of the Career growth and advancement factor is 5.454, indicating its significant impact in explaining variation in the dependent variable. The associated Sig. values (p-values) assess the significance of each predictor. All predictors have p-values less than 0.001, indicating their statistical significance in the model.

The collinearity statistics provide information about multicollinearity. The tolerance values and variance inflation factor (VIF) assess the extent to which one predictor can be predicted from the others. All tolerance values are well above 0.1 and have VIF scores below 10, indicating no severe multicollinearity issues.

Column (6) of Panel C shows that all five factors have significance levels below 1%, indicating that all factors affect employee satisfaction. As seen in the correlation matrix in Table 4, factors 2, 3, 4, and 5 positively affect employee satisfaction, while factor 6 negatively affects employee satisfaction. These findings confirm hypothesis $H_2$.

### *4.4 Discussion*

The regression results show that employees who feel that they have better career prospects (factor 2), better pay benefits (factor 3), higher co-worker coordination (factor 4), or better supervisory support (factor 5) post-M&A are more likely to have better job satisfaction. These findings are similar to those of Opkara (2004), Daft (2008), and Jones et al. (2008). Locke (1976) emphasize the important of alignment of job expectation and actual experience in increasing job contentment. Factors 2 to 5, all, are highly likely to encourage self-assessment of employee’s belief regarding their job. Moreover, with increased benefits, employee's actual experiences increase, thereby reducing the gap between expectation and actual experience. This results in higher job satisfaction. Furthermore, employees tend to find an increased level of supervision post-M&A. With more engaged co-worker or supervisor, the expectation of the job is updated to match the reality, i.e., very few workers will have unnecessarily high level of expectation that does not match reality. With more factual expectation, the gap is again lower, thereby leading to higher satisfaction.

Additionally, higher cultural adaption (factor 6) is less likely to create job satisfaction. This is in line with the findings of Jain and Kumar (2014). Two companies that are merging into one have different work cultures. When they are combined, a different set of culture may emerge or a culture of one company dominates. This situation leads to some employees being exposed to a entirely different set of culture than what they are accustomed to. Since the work environment changes with culture, employees may find it difficult to adjust. This difficult transition phase will then lead to the employees being dissatisfied.

## 5. Managerial Implications

The results offer valuable practical insights for Nepalese banks, particularly in the context of mergers and acquisitions. Ranking employee well-being through enhanced compensation and benefits packages adjusted with employee expectations can facilitate more efficient changes and improve job satisfaction. Investing in training and career development programs, promoting teamwork, providing leadership training, and ensuring respectful supervision can positively impact job satisfaction. Besides, effective change management strategies are crucial to address challenges related to adaptation and cultural shifts during M&A, helping employees guide these changes and reduce associated stress.

## 6. Theoretical Implications

Based on the analysis of effect of mergers and acquisitions on employees' job satisfaction in Nepalese, banks should focus on key recommendations, including improving compensation, offering career growth opportunities, promoting strong employee relationships, ensuring effective supervision, and implementing efficient change management. These recommendations form a strategic roadmap for Nepalese banks to enhance organizational success during mergers and acquisitions by supporting employee well-being and job satisfaction.

The study provides valuable insights into this impact, and future research directions could involve longitudinal studies, comparative analyses, leadership practices, employee turnover, well-being, cultural integration, and organizational performance. These directions aim to enhance understanding of the dynamics in mergers and acquisitions, helping organisations enhance employee satisfaction and well-being during these transformative events.

## 7. Conclusion

The study has shown that employees generally exhibited moderate satisfaction with various aspects of their work environment, including job positions, job descriptions, and professional outlook within the bank after the merger. Employees also expressed moderate satisfaction with physical workplace facilities and opportunities for skill development. However, some areas needed improvement, such as vacation pay, leave allowance, and stress management related to cultural integration. These findings conform to hypothesis $H_1$, indicating the significant impact of mergers and acquisitions on employee job satisfaction.

Factor analysis identified five key components in employees' job satisfaction, within the data are: career growth and advancement, remuneration and other benefits, co-workers, supervision, and cultural adaptation. These insights provide a comprehensive understanding of the factors influencing employees' job satisfaction within Nepalese banks, particularly in the context of mergers and acquisitions. The findings also harmonize with established theoretical frameworks in organizational psychology, including Herzberg's theory, the job characteristics model, social exchange theory, and organizational culture and change management theories. They highlight the complexity of factors influencing job satisfaction and emphasize the importance of effective change management strategies during organizational transitions like mergers and acquisitions to enhance employee well-being.

The study confirmed that mergers and acquisitions significantly impact employees' job satisfaction in Nepalese banks, with five key factors identified as influential: career growth and advancement, remuneration and other benefits, co-workers, supervision, and cultural adaptation. Statistical analyses, including regression, revealed that these factors collectively explain 41.8% of the variability in job satisfaction, with all predictors demonstrating statistical significance. Motivators, such as career growth, good remuneration, supportive co-workers, and effective supervision, positively affect employee job satisfaction, while demoting factors such as challenges to cultural adaptation negatively affect job satisfaction

## 8. Limitations and Scope for Further Research

This study examined the factors that affect job satisfaction in employees' post M&A. Structured questionnaires were distributed to employees in 35 branches of seven Nepalese banks. An extensive study involving all branches of the seven banks increased the sample size and could further strengthen the findings. Moreover, job dissatisfaction may lead to higher employee turnover during and after M&As. This study did not examine employee turnover. Understanding the drivers of turnover can help banks develop strategies to retain valuable talent and minimize disruptions in workforce stability. Likewise, it examined the concept of cultural intelligence and its role in facilitating successful cultural integration during mergers.

## References

Akhimien, O. G., & Kadiri, A. P. (2017). Influence of mergers and acquisitions on employee's job satisfaction in Nigeria. *University of Benin Journal of Humanities*, *5*(1), 127–153.

Chatterjee, S., & Banerjee, S. (2016). A comparative study on the performance of employees in cases of Indo-UK and Indo-USA mergers and acquisitions. *IUP Journal of Organizational Behavior*, *15*(4), 7–26.

Clayton, B. C. (2010). Understanding the unpredictable: Beyond traditional research on mergers and acquisitions. *Emergency: Complexity & Organization*, *12*(3), 1–19.

Cranny, C. J., Smith, P. C., & Stone, E. F. (1992). Job satisfaction: Advances in research and applications. *Lexington, MA: Lexington Books*.

Davy, J. A., Kinicki, A., Kilroy, J., & Scheck, C. (1988). After the merger: Dealing with people's uncertainty. *Training & Development Journal*, *42*(11), Article 11.

Draft, R. L. (2008). *Management (8th end.)*. Thomson South-Western.

Eid, M., & Larsen, R. J. (2008). *The science of subjective well-being*. Guilford Press.

Erwin, C. (2010). Social identity in diverse workgroups: An empirical investigation. *Research Journal of International Studies*, pp. *15*, 69–76.

Field, A. P. (2005). Is the meta-analysis of correlation coefficients accurate when population correlations vary? *Psychological Methods*, *10*(4), 444.

Gautam, C. M. (2016). Employees' job satisfaction and switching intention associated with mergers and acquisition of Nepalese banks and financial institutions. *International Journal of Research in Business Studies and Management*, *3*(2), 36–48.

Georgiades, G., & Georgiades, S. (2014). The impact of an acquisition on the employees of the acquired company. *Journal of Business and Economics*, *5*(1), 101–112.

Gugler, K., Mueller, D. C., Yurtoglu, B. B., & Zulehner, C. (2003). The effects of mergers: An international comparison. *International Journal of Industrial Organization*, *21*, 625–653.

Herzberg, F., Mausner, B., & Snyderman, B. B. (1959). The two-factor theory of job satisfaction. *Journal of Applied Psychology*,*44*(1), 1-8.

Ismail, A. (2011). Does the management's forecast of merger synergies explain the premium paid the method of payment, and merger motives? *Financial Management*, *40*(4), 879–910.

Jain, R., & Kaur, S. (2014). Impact of merger & acquisition on job satisfaction in banking sector: A case study on pre & post-merger of Bank of Rajasthan in Jaipur city. *International Journal of Business and Management Tomorrow*, *4*(1), 1–11.

Jones, C., Hohenshil, T. H., & Burge, P. (2009). Factors affecting African American counsellors' job satisfaction: A national survey. *Journal of Counseling & Development*, *87*(2), 152–158.

Joshi, V., & Goyal, K. A. (2015). An empirical case study on employees' satisfaction after the merger in selected bank. *Productivity*, *55*(4).

Kaur, G. (2015). Perception of bank employees' towards working environment of selected Indian universal banks. *International Journal of Bank Marketing*, *33*(1), 58–77.

Koi-Akrofi, G. Y. (2016). Mergers and acquisitions failure rates and perspectives on why they fail. *International Journal of Innovation and Applied Studies*, *17*(1), 150.

Locke, E. A. (1976). The nature and causes of job satisfaction. *Handbook of Industrial and Organizational Psychology*.

Maitra, R. (2018). *Impact of merger and acquisition on employee's job satisfaction in the banking sector of selected banks in Mumbai region between 2000-2011*. (Doctoral dissertation, Tilak Maharashtra Vidyapeeth)

Naveed, M., Anuar, M. A., & Bilal, A. R. (2011). Impact of mergers & acquisitions on job security and motivation. *Interdisciplinary Journal of Contemporary Research in Business*, *3*(7), 667–673.

Okpara, J. O. (2004). The impact of salary differential on managerial job satisfaction: A study of the gender gap and its implications for management education and practice in a developing economy. *Journal of Business in Developing Nations*, *8*(8), 65–92.

Priyadarshi, A., Pandey, A. K., Singh, R., & Wadhawan, S. (2022). Impact of mergers & acquisitions on job satisfaction and employee productivity in Indian banking. *Journal of Information and Optimization Sciences*, *43*(6), 1443–1452.

Raj, P., & Pathak, P. (2022). Level of job satisfaction among acquisition and Erstwhile Bank employees after merger and acquisition. *Journal of Humanities and Social Sciences Studies*, *4*(3), 113–118.

Robbins, S. P., Judge, T. A., & Vohra, N. (2019). *Organizational behaviour by Pearson 18e*. Pearson Education India.

Sacek, A. (2012). The merger syndrome: The emotional aspect of mergers and acquisitions. *New Challenges of Economic and Business Development*, pp. 566–575.

Sanda, M.-A., & Adjei-Benin, P. (2011). How is the firm dealing with the merger? A study of employee satisfaction with the change process. *Journal of Management and Strategy*, *2*(2), 28–37.

Sekaran, U. (1989). Paths to the job satisfaction of bank employees. *Journal of Organizational Behaviour*, *10*(4), 347–359.

Shazli, B., & Sami, L. (2023). A study of employee satisfaction, job and organisational performance of SBI in the post-merger scenario. *Research Bulletin*, *48*(3–4), 22–50.

Shrawan, A. (2022). *A study on the dynamics of structural transformation, international trade, and business cycle synchronisation* (Doctoral dissertation, Indian Institute of Technology Delhi).

Shrestha, E., Devkota, N., Paudel, U. R., & Parajuli, S. (2021). Post-merger employee satisfaction in commercial banks of Nepal: Findings from employee satisfaction index. *Journal of Business and Social Sciences Research,6*(1), 45-62.

Shrestha, E., Devkota, N., Mahoto, S., Upretee, S., Paudel, U. R., & Basyal, D. K. (2023). Effects of merger and acquisition on employee satisfaction in Nepalese banking sectors. *Journal of Business and Management*, *7*(1), 28–47.

Schoenberg, R. (2006). Measuring the performance of corporate acquisitions: An empirical comparison of alternative metrics. *British Journal of Management*, *17*, 361–370.

Teerikangas, S. (2012). Dynamics of acquired firm pre-acquisition employee reactions. *Journal of Management*, *38*(2), 599–639.

Vidyakala, K. (2021). A literature review of merger and acquisition on employee perspective. *Aut Aut Research Journal*, *12*(8), 80–85.

Vijaywargia, T. (2016). Analysing the consequences of mergers and acquisitions on human resource. *Global Journal of Commerce & Management Perspective*, *5*(1), 32–34.

**Conflict of interest:** There are no conflicts of interest.

**Authors' contributions to the paper:**

Author 1: Conceptualization, Data collection, Modelling, Writing

Author 2: Conceptualization, Writing, Revision and Supervision