

PERFORMANCE OF NEPAL AIRLINES CORPORATION

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DECLARATION

I hereby declare that the thesis entitled “**Performance of Nepal Airlines Corporation**” is all my own research work. The source of information and materials I have used in the thesis have been fully identified and properly acknowledged as required. It is an original research study for the award of degree.

.....

Rishikesh Panthi

LETTER OF RECOMMENDATION

This dissertation entitled "*Performance of Nepal Airlines Corporation*" has been prepared by Mr. Rishikesh Panthi under my supervision and guidance. He has conducted research during the period of January 2016 to August 2016.

Therefore, I recommend this dissertation to the evaluation committee for the final approval.

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ABBREVIATIONS AND ACRONYMS

A-320	-	Airbus 320-200
ADB	-	Asian Development Bank
AIO	-	Airlines Industry Overview
ARC	-	Administrative Reform Commission
ATC	-	Air Traffic Controller
B-757	-	Boeing 757-200
BEL	-	Bangalore
BKK	-	Bangkok
BOM	-	Bombay
BPM	-	Based Performance Management
CAAN	-	Civil Aviation Authority of Nepal
CDG	-	Paris
CMP	-	Colombo
CRM	-	Crew Resource Management
CRP	-	Capacity Requirements Planning
CSD	-	Customer Service Department
CUST	-	Custom
DAC	-	Dhaka
DEA	-	Data Envelopment Analysis
DEL	-	Delhi
DOH	-	Doha
DXB	-	Dubai
ENG	-	Engineering
FLT	-	Flight
FRA	-	Frankfurt

GON	-	Government of Nepal
GRP	-	Governance Reform Program
HKG	-	Hong Kong
HRM	-	Human Resource Management
HRP	-	Human Resource Planning
HRS	-	Hours
IATA	-	International Air Transport Association
ICAO	-	International Civil Aviation Organization
IMF	-	International Monetary Fund
IMMIG	-	Immigration
IPA	-	Importance performance Analysis
KIX	-	Osaka
KTM	-	Kathmandu
KUL	-	Kuala Lumpur
LHR	-	London
LOI	-	Details for Letter of Intent
M. Phil	-	Master of Philosophy
MBO	-	Management by the objectives
MKT	-	Marketing
MLE	-	Male
MOF	-	Ministry of Finance
NAC	-	Nepal Airlines Corporation
NPE	-	Nepalese public enterprise
NPG	-	New Public Governance
NPM	-	New Public Management
NPR	-	National Performance Review
NRB	-	Nepal Rastra Bank

OECD	-	Organization for Economic co-operation and Development
OPS	-	Operation
OPSQ	-	Appraising Operation Performance and Service Quality
OPT	-	Operated
OT	-	Overtime
PBI	-	Performance Incentive Method
PBM	-	Performance Based Management
PEs	-	Public Enterprises
PhD	-	Doctor of Philosophy
PIA	-	Pakistan International Airlines
PIP	-	Performance Improvement Plan
PM	-	Performance Management
PPP	-	Public Private Partnership
PSC	-	Public service commission
PSG	-	Passengers
R.V	-	Revenue
RA	-	Royal Airlines
RGN	-	Rangoon
RNAC	-	Royal Nepal Airlines Corporation
SCH	-	Schedule
SHA	-	Shanghai
SPSS	-	Statistical program for Social Science
SUBS	-	Subsequent
TEM	-	Threat and Error Management
TPT	-	Transportation
U.S	-	United States
UK	-	United Kingdom

UN - United Nations
USA - United States of America
XXD - Cancelled

CHAPTER -I

INTRODUCTION

1.1 Background of the Study

Since 1930s, and particularly after the world war-II, numerous states owned enterprises were created in both develop and developing countries to address market deficits, reduce capital shortfalls, promote economic development, reduce mass -unemployment or ensure national control all over the overall direction of the economy of the country (U.N, 2005 P. 3). Airlines also have been established in Nepal primarily with a view to improve the socio-economic condition of the country as well as planned development. Aviation plays a significant role in the world today. It supports social and economic development in both emerging and established nations. The strong air travel growth, globalization of economics; air travel deregulation and technology have allowed more connectivity between cities. (Airbus, 2009).

Nepal Airlines established on July 01, 1958 as the national flag carrier of Nepal by special Act, 2019. Then Royal Nepal Airlines Corporation has been considered as the geographical and cultural bridge connecting Nepal within and beyond the country. Nepal Airlines started glorious aviation landmarks of airlines business with its DC-3Docota within 97 employees in 1958. From 1958 onwards fleet expansion process accelerated till the induction of two jets-Boeings 757 in the year 1987 and 1988 in its fleets, totaling 19 aircrafts. It was remarkable developments in its history. In between, few twin otters, Avro, Focker and two-Boeings 727 were added to its Fleet. Nation flag carrier served from sea level of 249 ft. to 12300ft. within the nation in diverse terrain. The airlines were on growth stage till 1990 which was also marked as golden era in the history of the airline. It has 4 jet aircrafts, 3HS, 748Avro, 10 Twin otters and 2 Pilatus porters. The airlines had spread it wings from Japan in east to Europe in west in addition about 40 domestic operations within the country. But the growth stage could not last for long. RA decided to stop its Europe Operation in 2001. Shortly before the infamous 9/11 after operating Flights to Frankfurt (FRA), London (LHR) and peris (CDG) from 1987 to 2001 for about 13 years and Flights to Osaka (KIX) and Shanghai (SHA) were also withdrawn from RA'S networks from 2007 which was operated from 1994 .So, flights to China and Japan were also withdrawn after operating for 13 years Colombo (CMB),Rangoon (RGN) ,Karachi(KHI),Dhaka (DAC) and Male (MLE) sectors were operated (KC, 2010, P.1). Beside national flag carrier was a pioneer for chartered flights for UN and British Gorkha-Regiments. It was the days of golden time of Nepal Airlines history and pride of its employees to be introduced oneself as being associated with the then Royal Nepal Airlines (RNAC).

Till early nineties, was reputedly known as a boutique airline, with gracious Nepali Services. But it was unable to sustain this image as it slowly adopted many of the insensitivities of Nepalese public sector-enterprises and appeared to be driven more by more priorities of certain people than its mission, vision and goals that of the valued customers with liberalized economic policy, sensing opportunities, private sectors and foreign mega carrier entered into lucrative Nepalese aviation market to compete with the then Royal Nepal Airlines. It is a threat in one hand and opportunities as well in another hand for the nation flag carrier.

At one time, RA had operated in 7 places internationally which is now confined to merely 7 places. We are still surviving with 27 and 28 years old B-757 aircrafts which nobody operates in the world and last year NAC had bought only two new modern aircrafts Airbus-320 for their international flights. Region on domestic sectors, We have 3 twin otters, 1 MA60, 1 Y12 in the inventory out of which a maximum of 4 are in a operation most of the time. In airlines industry frequency, reliability and punctuality are the most desired factors which have been very difficult for RA to maintain due to shortage of aircraft. RA badly needs new and modern aircraft both for the operation of domestic and international flights in order to survive as a nation flag carrier.

One of the major thrust of Nepal Airline is the development of a strong and stable Institutional base with enough flexibility, dynamic required to stay competitive with the objective in view. The airlines has recently modernized its organization setup for greater efficiency, productivity, transparency, accountability and improve the standard quality services in keeping with changing market environment. Gonenc and Nicofetti (2000) quoted in (Piermartini, R., Rousova, L. 2008) that international air passenger transport is an important factor in facilitating trade and development of other sectors of an economy. Trace Keith, Frieling Barend, Hew Denis (2009) also mentioned that improved air connectivity through air transport links is an essential component of economic growth, also it provides personal access to the region for business, social or recreational purpose as well as physical access to resources and markets. NAC have been reduced on its flight day by day due to shortage of aircrafts as well as difficult to maintain schedule and operational performance on-time service delivery behind these causes may question arises about the organizational performance of NAC. Job performance is the most important construct in industrial and organization psychology and human resource management (HRM) (Campbell, 1990). NAC will have to face greater challenges in future. In order to meet these challenges successfully. It needs human resource planning as regularly, properly and fulfillment of demands of employees. Improve the high motivation of the employees and maintains their morale to achieve the mission, vision goals, and objectives of NAC. There is no doubt that well motivated staffs are the best assets of business enterprise to increasing the performance in any organization.

The most important element in the management are the “4M+I” man, money, materials, method and information. Out of these all the most important aspect to deal with is man. They are the only element who has the power to think and react. Thus, it is upon them that the efficiency of the organization depends. Hence, how they perform depends upon how they are motivated. They are ones who use money, materials, methods and information to run the organization.

Regardless of whether organizations are in the private sector or in the public sector, there is a general agreement that human resources are critical to keeping organizations effective as well as maintain a high level of organizational performance. While more serious effort has been made to empirically examine how human resources influence organizational performance. Wright and McMahan in 1992 defined strategic HRM as the pattern of planned human resource developments and activities intended to enable the firm to achievements goals (wright & McMahan, 1992 p.298). implicit in this definition is that the ultimate goal of strategic HRM is to contribute to organizational performance through increasing the likelihood of goal attainment.

Organizational performance is an engine in determining the organizational goals and objectives in any business organization. Organizational performance is one of the most important variables in the management research. The strategy, structure, performance measurement, information technology, leadership, innovation and development, employee satisfaction, quality of service, customer satisfaction and relation, supplier efficiency, competitors, clients, corporate governance, organizational culture, utilization of resources, external and internal environment of organization are the some important variables for leads to organization performance. Continuous performance is the objective of any organization because only through performance .Organizations are able grow and progress knowing the determinants of organizational performance is important especially in the context of the current economic crises because it enables the identification of those factors that should be treated with an increased interest in order to improve the organizational performance. The objectives of this research is to find out the level of performance of Nepal Airlines corporation and so that the study about onperformance of Nepal Airlines Corporation as the corner stone of for any organization to study about organization performance.

1.2 Statement of Problem

Nepal Airlines cooperation has been developed as nation flag carrier in Nepal. Its role is to provide safety, cheapest and quality air transportation within a country or outside the country. Geographically Nepal is in central between west and east. Because of its location and natural beauty it can be developed as tourist destination as well as transit point. Tourism industry is the basis for economic development of the country and nation flag carrier is the back bone to foster

tourism industry. Many tourist destination as well as remote and far remote areas are in accessible without air transport. Nepal airline has only connector of major parts of the country with the capital and some destination of other foreign country.

Nowadays, it role has been going to be increasing to provide safety ,accountable and quality air transport service and helps to develop tourism in Nepal as well as financial development.

The organization status and future prospect depend on the plan, policy and program of the organization. The human resources planning isthe one of the importance factorsto determine organization goals and objectives and also determinants the organizational capabilities as well as organizational performance.

Unsatisfied employee naturally poses the negative effect on performance. Nepal airline has expand on time to time strikes. The major demands of these strikes taken together were primarily concerned with increment of benefits and facilities. Frequently, strikes give one the impression that there is sufficient room for frustration and dissatisfaction among the employees. At the same time, Nepal airline facing the criticism from various sectors that the performance is no satisfactory.

Being a leading as a airlines organization it's aim and objectives achieve the safety accountable and quality air service time to time and develop the air transport in the nation.

However, the image of Nepal Airlines Corporation has been declining. General feeling among the equality service, efficiency ,accountability transparency ,safety ,time to time service delivery question may be arise why the efficiency is declining? Though the causes may be multi-dimensional the major causes may be low level of motivation and morale of the employees, resource utilization, lack of technology ,customer dissatisfaction, organizational culture and harmony,and so on. Therefore, performance of Nepal Airlines Corporation have been taken as major problems for investigation under this study. The study on Performance of Nepal Airlines Corporation has not taken place before. Therefore, the study will be corner stone for further study.

1.3 Research Questions

The research question of this study are:

1. To what extent NAC is able to perform its primary objectives?
2. Does the NAC perform well or not?

3. What are the factors affecting for its performance?

1.4 Objectives of the Study

The objectives of this study are:

1. To review and analyze the overall performance of Nepal Airlines Corporation
2. To identify the factors affecting on performance

1.5 Significance of the Study

Most of the service provider institutions in Nepal have been criticized on the ground of their poor performance and inefficiency. Nepal airlines also cannot be an exception. The asset of Nepal airlines has been expanding day by day. But its image on the market or ground of public satisfaction seems to be declining people complain that, there is no stable policy, plan and program to develop the organization.

Indicate that the performance of Nepal airlines must be improved in terms of efficiency, accountability, transparency, safety and effectiveness. Various researchers on the behavior science have proved that a high level of motivation and morale among the employees has been a prerequisite for bringing about any kinds of improvement in performance. But, due to the different values, attitudes needs and expectations of the employees. It is very difficult to trace the exact measures of motivation and morale for the universal applicability situation factor may be influence the level of motivation and morale of the employees. which is directly related to organizational performance .There are some sorts of variables which is leads to be organizational performance by using individual performance so that human resource management is the one of the best asset of improving performance in any business organization. Performance is current status or position of the organization which determinants the organizational goals, visions, mission and objectives of any organization. it's also define as policy, program, and plan action of the any organization so that performance always related with organizational goals ,vision, mission, objectives, plan ,policy and program because only through the performance organizations able to grow and progress. Thus, organizational performance is one of the most important variables in the management research and arguably the most important indicator of organization performance. Performance is the set of financial and nonfinancial indicators which offer information on the degree of achievement of objectives and results (Leban&Euske 2006 after Kaplan &Norton, 1992). Performance is a dynamic concept mainly

focuses on quality, effectiveness, and consequences of results of any organization. In this study will be focus on the performance of NAC.

Therefore, this study attempts to identify the real performance of Nepal Airlines Corporation. It's affecting factors, which induce them to seek possible ways for improving performance from the present status. If concerned authority and stakeholder take care and attempt to apply to finding of this study at the tools of improving performance of Nepal Airlines Corporation. It will be definitely helpful in terms of making improvements in Nepal Airlines Corporation.

On the other hand, so far, no studies have been carried out on performance in Nepal Airlines Corporation. In this context, this study is the important dimensions in research studies on this subject.

1.6 Delimitation of Study

Research is common parlance refers to a search for knowledge. One can also define as a scientific and systematic search for pertinent information on a specific topic. In fact, research is an art of scientific investigation. Research is an academic activity which comprises defining and redefining problems, formulating hypothesis or suggested solutions, collecting, organizing and evaluating data; making deductions and reaching conclusion and at all carefully testing the conclusions to determine whether they fit the formulation hypothesis. So that research is a deep difficult process to gaining a new knowledge with and in whole sample due to time, cost, money, materials, methods and information. A limitation identifies potential weaknesses of the study. The researcher should think about his analysis, the nature of self- report, his instruments and the sample. Researcher should think about threats to internal validity that may have been impossible to avoid a minimize. A delimitation addresses how a study will be narrowed in scope, how it is bounded, So that this research will be limited on following Delimitation.

This study will be bounded the following delimitations:

1. This study is based on responses provided by employees of NAC.
2. Only NAC staff or employees are selected for the study.
3. Mainly policy level and officer level employees are selected for the study.
4. This study is limited only on NAC international and internal station.

1.7 Structure of the Study

The whole study has been classified into five chapters. The major chapters are: introduction, review of the literature, research methodology, presentation and analysis, summary, conclusion and further research.

In the first chapter, the subject matter has been introduced, the problem under the study has been started, objectives are set and research questions are formulated. Need and importance, scope, limitation and delimitation are also mentioned.

Second chapter, related literature or conceptualization framework had been reviewed in second chapter. The literature consists of related previous research, journals, magazines, newspapers, books, Articles and some M. Phil., & Ph.D. dissertations.

In the third Chapter covers the research methodology, research design, source of data, sampling size, sampling technique or tools size have been determined. Variables of the study have been identified and terms used in the study have been defined.

In the fourth chapter covers the identification of various subjects of the study which is related with performance of aviation industry. The factors affecting on performance of Nepal Airlines Corporation have been determined and major findings also been presented in this chapter.

Lastly, at final Chapter, the previous chapters have been summarized briefly, conclusion and suggestions have been made. Bibliography and some appendices are annexed at the end.

CHAPTER -II

REVIEW OF RELATED LITERATURE

Review of Literature on Related Topic

2.1 Meaning and Definition of Airlines performance

Performance Management (PM) is more than the end of the year appraisal about it translating goals in to results. Performance Management focuses not only on individual employees but also on teams, programs, processes and the organization as a whole. Performance is a multi-dimensional concept. On the most basic level (Borman and Motowidlo, 1993). Job performance is the most important construct in industrial and organization psychology and human resource management (HRM). The performance appraisal is the proves of assessing employee performance by way of comparing present performance with already established standards which have been already communicated to employees subsequently providing feedback to employees about their performance level for the purpose of improving their performance as needed by the organization. According to Randall S. Schuler “Performance appraisal is formal, Structured system of measuring and evaluating an employed job, related behavior and out comes to discover how and why the employee is presently performing on the job and now the employee can perform more effectively in the future so that the employee, organization and society all benefit” again Dale Yoder, “Performance appraisal includes all formal procedures used to evaluated personalities and contributions and potentials of group members in a working organization. It is a continue process to secure information necessary for making correct and objective decisions on employees.”

A company that owns and operates many airplane which are used for carrying passengers and goods to different place or an Airlines industry the business of transporting paying passengers and Flight by air along regularly scheduled routes, typically by air plane but also by helicopter. Public enterprises (PES) have been established in Nepal with multiple goals, and responsibilities. Though Nepal airlines have also assisted in developing the air service infracted and institutional base in the country, Nepal Airlines neither been functioning in an efficient manner nor been able to perform their assigned roles. Performance analysis, in terms of the financial economic and social parameters, show that the Nepal Airlines have not been successful in achieving the financial and economic objective and also in providing social benefits to the people at large.

Performance of Airlines depends up on the aircraft utilization tendency, Aircraft availability Aircraft designs, Fleets, Resources utilization capacity, Flight schedule planning and operational capacity, organization capacity and management commitments, organization leadership, trade union, organization politics, state policy towards the aviation Industry/Airlines operational capacity, trained and skillful manpower, Human Resources planning and others Human factors

Management, Age and modality of the aircraft, employees satisfaction, motivation and moral of the employees, organization philosophy, civil aviation policy of the nation. Passenger perceptions and follow rate of the organization, Revenue collection rate of the organization Air lines maintained programs and other natural variables also impacts on Nepal Airlines, Corporation Performance.

2.2 Global and Regional Scenario of Airlines Industry:

Aviation plays a significant role in the world today it support social and economic development in both emerging and established nations. The strong air travel growth, globalization of economics. Air travel deregulation and technology have allowed more connectivity between cities (Air bus, 2009). Gonenc and Micoletti (2000) quoted in (piermartini, R. &Rousova, L. 2008) that international air passenger transport is an important factor in facilitating trade and development of others sectors of an economy. Trace, Keith, FrielingBarend, Hew Denis (2009) also mentioned that improved air connectivity through air mentioned that improved air connectivity through air transport links is an essential components of economic growth, tourism growth, trade growth and so on as it provide personal access to the regions for business, social or recreational purpose as well as physical access to resources and markets. Improved access allows producers to take advantages of an expansion of trade, commerce, economic of scale and specialization (Kankaew, P.1, 2014).

Owing to the fast economic growth, people have gained improved opportunities to enjoy national and International tours and business Rapid economic growth and the deregulation of commercial airlines market worldwide have driven growth in air passenger transportation. Public enterprise (PES) in most of countries of the world, so as also in Nepal were created to accelerate, economic and social development but today main issue in Management and organization is corporate sustainability which includes organization performance. Organization performance is one of the strategic issues for any management. Therefore is need to for airlines to focus on service quality if the airlines aspire to improve on market share and further enhance financial performance in Domestic and international Market (Albrecht and Zemke, 1995).

Higher productivity of airline industry is the key to faster economic growth of an economy. In this back group productivity of Airlines depends up on the capacity utilization performance, operational performance, Flight scheduling and planning, on time performance. Employee satisfied and capacity, Human Resource planning and management and some of the Natural phenomenon which is directly related with airlines performance.

Air transportation is a major industry in its own right and it also provides important inputs in to wider economic, political and social process (Gaudalagara, 2008, P.5). Globalization, in its most

literal sense, is the process of making, transformation of things or phenomena in to global ones. It can be described abstractly as a process by which the people of the world are unified in to a single society and function together. This process is a combination of economic, technological, socio-cultural and political. The idea of globalization is however, also often used to refer in the narrower sense of economic globalization involving integration of national economics in to the international economic thorough the trade, foreign direct investment, capital flows, migration and the other spread of technology.

Now, 2000 Airlines operating more than 23,000 aircraft, providing service to over 3,700 airports (AIO-2006, P.2). In 2006, there were 28 million scheduled flight departures and carried other the 2 billion passengers and growth of world air travel has averaged approximately 5% per year over the past 30 years with annual growth in air travel has been about twice the annual growth in GDP it will be double over next 10-15 years (AIO, 2006, P.2).

The global transportation sector will face several Un precedential challengers over the next four decades (2010 to 2050) the world's population is expected to increasing by 2.2 billions, reaching 9.2 billion, with more than 2/3 (two-thirds) of the population living in cities compared to about half the population of today (Freijand et. all, 2011, P.7).

The aviation industry is, by it very nature a global industry or large growing industry, facilitating economic growth, world trade, international investment and tourism so that central to the globalization taking place in many other industries. In order to survive and be prosperous in this industry, airlines have recognized the need for radical change. The new trends emerging in the aviation industry in global scenario are the increased globalization of economics, liberalization of aviation policies, new technological developments in civil aviation. The first practitioners of NPM emerged in UK, New Zealand and Australia, USA and eventually to the Rest of the world. According to Gruening (2007) and Mutahaba (2011), NPM was identified as having emphasis on out sourcing of non-core functions, budget cuts, user charges, separation of politics and administration, improve the financial management, accountability, performance auditing privatization, use of information and technology, improving the accounting, and also focus on Re-venting Government. Since 1980s, Government reforms agenda became popular for government reforms in direction of "works better and cost less" The leader of the world have welcomed a new management tool from the private sector to make government more accountable for their performance results. Most of the countries in the world introduce with the performance improvement tool in the public sectors. Many airlines and Airports were privatization due to liberal and open skies bilateral agreements (Durge, 2011). According to IatridisHoppes (1998) privatization affects the nature and environment of any business in any country there has been a high level of privatization activities in the aviation industry in recent years especially in the airports sectors. Block (2008) and Durge (2011) argued that the privatization of all aspects of the industry is the most effective way to ensure that the free

enterprises market system can efficiently allocate scarce resources and Maximize consumer and producer welfare. However, some form of the participation of the government in the industry is necessary to ensure that the government puts in place favorable policies that will contribute towards the achievement of the privatization goals.

Performance contract on the global scene, France in late 1960s, was the first country to introduce Performance improvement tools in a public sectors, Pakistan, Korea, India and Nepal by 1990s PC Model had been adopted in management of public service in many countries (Kobia& Mohammad, 2006).

The global and Regional scenario of Air lines industry both emphasis on Aircraft utilization, on time performance, proper planning and scheduling, maximum operational performance, Financial performance, improve the passenger flown rate and also focus on human resource management and planning for the improvement efficiency and effectiveness of the airlines overall performance in the world. The performance seems to be high in developed country than developing country. Some of the developing countries aviation sectors, NPM has been popular agenda for administrative and management reforms. Some of the countries focus on privatization policy and some of the developed counties also back up from the privatization policy and try to enhance the capacity in their public sector by using their owns methods. But privatization in the aviation industry is a phenomenon that has and is still being practiced in the world.

Over the last decades, the airlines accumulated massive financial losses along with crippling debt arrears from it failure to the service. Its loans and sustain its operation. Nepal airline also can't be exception of this phenomenon so that overall global scenario of aviation industry the travellers are increasing day by day but performance improvement of the aviation sector need to be reforms by (using NPM) various modality which was already recommended by NPM, tools and techniques.

2.3 Factors Affecting on Airlines Performance

Performance management is a concerned with encouraging behavior that leads to an attainment of the organizational objectives. Airlines performance depend up on the some sort of variables, like: aircraft utilizations, resource mobilization, human resource planning and management, operational capacity utilization, planning and scheduling, co-ordination and communication, on time performance ability, capacity of marketing, customer service, operational, engineering and ground support department of NAC, organization leadership and commitment, organization philosophy, organization culture, civil aviation policy, service quality, travellers perceptions of airlines alliance, employee job satisfaction and motivation, autonomy, professionalization in governing work, training skill and qualification of the employee, organization efficiency and effectiveness, passengers flown rate, flight equipment and

maintenance program, internal and external environment of the organization, environmental factors also influence the overall performance of Nepal airlines corporation .

2.4 Review of Performance on the Airlines Industry

The purpose of this chapter is to review literatures related to the topic of this study. In this regard, there are not many research studies carried out on Nepal Airline Corporation as well as their performance in Nepal. However, attempts have been made to discuss the finding revealed by some research studies where it was possible. Beside these, some researchers conducted regarding performance of Airline of the other countries have also been reviewed. In addition to this, various theories of performance have been studied in order to formulate the concept about the study. Reviewed literatures have been organized in to theories of performance on related topic as follow.

Flore Bridoux, (2004) conducted her research on “A resource based approach to performance and competition”. An over view of the connections between resources and competition. Specifically it develops a conceptual framework explaining competitive advantages and performance that incorporate the resource based view of the firm and porters approach to competitive environment. On this study there has been much debate in the strategy literature as to whether organizational capabilities or market competition are more important in shaping firms action and outcomes but this debate has generated little consensus about comparing firm-level and industry-level influences for both organization and competition are clearly important in shaping strategy and performance are fundamentally endogenous. On this research mostly focused up on the reciprocal interactions at multiple levels of analysis between the market environment and firm capabilities shape business strategy and performance. The research based view has since one of the dominant contemporary approaches to the analysis of sustained competition advantage a central premise of the research based view is that firm compete on the basis of their resources and capabilities (Peter ,A.F.and Bergen, (2003).the research based view emphasize the firm’s resources as the fundamental determinants of competitive advantage and performance.

Similarly, another study conducted by William Gibson and peter morel(2004)concerned with the theory and practice in Aircraft financial evaluation specially focus up on the traditional measure of aircraft economic viability, including direct operating cost comparison, ignore both the non-elements of costs and the time value of money.

Likewise, Kamalini Ramdas and Jonathan Williams (2008) conducted their research “on an empirical investigation into the tradeoffs that impact on time performance in the airlines industry” The purpose of the paper was to describe and discuss about investigate the tradeoffs between aircraft capacity utilization and on time performance a key measure of airlines quality. Build on prior theory (Porter 1996, Schemer and Swank 2004) and empirical work (Lapre and Scudder 2004). Airlines that are close to their productivity or asset frontiers would face steeper tradeoffs between utilization and performance. On this research we found that greater aircraft utilization results in higher delays with this effect being worse for airlines that are close to their asset frontiers in terms of already being at high level of aircraft utilization and also we found that the negative effect of utilization on delays is greater for aircraft that face higher relative variability in travel time along their routes and is lower for aircraft on routes with higher capacity flexibility in terms of the ability to substitute in a different aircraft for a particular flight than the one that was originally scheduled. Additionally writers examine how load factor a measure of how full an airlines flight are and therefore a key revenue driver, effects on time performance. Basically on this research analysis of difference in on time performance across airlines as a function of key operational variables and to provide insight on how airlines can improve their own time performance by their aircraft utilization. On time performance is a critical to customer when choosing which airline to fly so it is a key competitive dimension in the airline industry. Since on time performance is a key dimension of airline quality airlines can choose to incur higher costs in order to improve on time performance.

Bomber, Gittell and et. al. (2009) did research on “Up in the air: How airlines can improve performance by engaging their employees”. The research explore the competitive strategies and employment relations strategies found in the united states(US) and in a range of other countries before and after the deregulation as well as analyze recent trends in quality, productivity, costs and employee outcomes in new entrant airlines and find a wide range of competitive and employment relations strategies being used in this segment of several legacy airlines and identify the distinct strategies they have adopted to respond to competitive pressures from new entrant airlines. On this research writer were focus on employee management relationship with a good human resource planning and working environment for airlines employees to determinants the performance of airlines industry and also balance between investor employee customer and societal interests.

According to Dr. Roberto Acumen (2003) who has carried out his research entitled “The impact of restructuring on the airlines performance the cause of Garuda Indonesia”. Another study as a similar field was conducted by K C Leong (1998-2002) on “Alliances and performance in the airlines industry, 1998-2002 a network perspective”. The study focused on uses a network approach to examine the impact of strategic alliances on organizational performance in the airlines industry. This study aim for a more comprehensive examination of the link between

alliances and performance as well as specifically examine the impact of all known airlines alliances (both bilateral cooperative arrangement between any two airlines partners as well as multilateral arrangement of the global alliance networks) on the airlines performance. On this study well known organizations with prestige good reputation alliance negotiation strength of alliance public endorsement of the partnering firm products or service organization capacity technologies, structure and other environmental factors also impact up on the alliance organization performance in airlines industry.

Again another study was conducted by Gin-Shun Liang, Tsung-xuchou and Shan-Shan Chuang on “A study of the performance evaluation for airlines operation”. The purpose of this research is a build a systematic and suitable performance evaluation model for airlines operation. At first the concept of balanced scorecard is used to construct performance evaluation criteria under the perspectives: finance, customer, international business processes and learning and growth and also emphasize on also try to solve the practical airlines performance problem as well as modern evaluation system which is closely related with airlines performance.

Another similar study was conducted by Amir Armanda and Jürgen Seufert (2014) on “an evaluation of the world’s major airlines technical and environmental performance”. In this empirical study apply bootstrapped Data Envelopment Analysis (DEA) model under variable returns to scale to examine both the environmental and technical efficiencies of airlines by using the regional classification of the international air transport association (IATA) and also try to find out the trend analysis of 48 world major full service carriers and low cost carriers from six different regions and then estimate their performance over the period of 2007-2010 and also find out the best environment and technologies performance in Europe than China and North Asia and low cost carrier are still more environmentally and technically operated that means technical and environmental factors played the vital in airlines performance.

Chen min feng and RongTsuwang (2000) also conducted research on “performance evaluation for airlines including the consideration of financial ratios”. Most of previous studies concerning airlines performance evaluation focus merely on operational performance. However financial performance which may directly influence the survival of an airline is usually ignored. The absence of financial ratios will directly lead to biased assessment. This paper tries to focus on the performance evaluation process for airlines with financial ratios taken in to consideration and also indicate with production, marketing and management which are leads to total performance of airlines. Researcher mainly focus on Taiwan’s major five airlines and empirical result shows that performance evaluation for airlines can be more comprehensive if the financial ratios are considered.

Likewise, JenjiraPromduang (2010) conducted his research on “A proactive approach to customer service in the airline industry: the relationship between emotional intelligence, customer orientation and self-rating performance”. This study aims to investigate the relationship between emotional intelligence and the performance of frontline service workers. In this case airlines cabin crew members specifically assesses the scope and importance of emotional intelligence within the trait-emotional theory developed by Perreides and Furham in 2001. Survey was conducted among 357 participants, cabin crew members of middle-east airlines with no leadership position and person’s correlation coefficient method used for data analysis and also finds out medium positive relationship between emotional intelligence and customer orientation and a medium positive relationship between emotional intelligence and cabin crew performance. The result suggests that higher emotional intelligence among airlines cabin crew member could lead to superior customer orientation and superior customer availability improved the overall performance of the organization.

Another similar study was conducted by Whitney E. Leatherwood and Jason L. Drago (2013) on “Effect of airline travel on performance a review of the literature.” The review are mainly focus on need for athletes to travel long distances has spurred investigation in to the effect of air travel across multiple time zones on athletic performance. Rapid eastward or westward travel may negatively affect the body in many ways therefore strategies should be employed to minimize these effect which may hamper athletic performance. In this review, the fundamentals of circadian rhythm disruption are examined along with additional effects of airlines travel including Jet lag, sleep deprivation, travels at altitude and nutritional considerations that negatively affect performance. Evidence based recommendations are provided at the end of the manuscript to minimize the effects of airline travel on performance. Performance versus environmental time of day led to the performance and studies investigating the impact of the direction of travel on performance have had different results or output.

Likewise, KunnapatKankaew (2004) conducted a study on “Importance performance analysis in airlines service quality: A case study of Legacy Airlines in Thailand”. This study applied the importance performance analysis (IPA) technique to evaluate the service quality of legacy airlines in Thailand which are Thai Airways international and Bangkok Airways. The assessment defines the passenger’s level of importance and level of service satisfaction as well as influenced factor to respondents on their airlines selection. This research focus on Thai Airways domestic flight both ground level and in flight level services. The results reveal that overall importance and performance level are high for both ground and on board activities. The result fell in to IPA’s grid “keep up the good work and the factor affecting passenger’s choice toward airlines are safety, variety of flight schedule, spacious seat, price, ease of reservation, efficiency of baggage handling, courtesy and professionalism of staff.

Another study was conducted by AsiegbuIkechukwu F. (2012) on “physical evidence and marketing performance of commercial Airlines in Nigeria.” The main purpose of this study was to determine the extent to which physical evidence affects marketing performance of commercial airlines in Nigeria. Physical evidence dimension are ambience, personnel competence and service system designs affect marketing performance measures, sales growth, market share and profitability of these airlines in Nigeria recommend that for commercial airlines to substantially increase their marketing performance they should imbibe strategies that are capable for providing air passengers reliable, safe and comfortable flights. These include very sound aircrafts which attractive ambience highly experienced and competent staff and air passenger friendly service system design.

Another, study by JoosungLee and Jeonghoonmo (2011) on “Analysis of technological innovation and environmental performance improvement in Aviation Sector.” The study focus on fuel efficiency in all industrial sectors; aircraft manufacturers and airlines capacity with innovation of new and advanced technologies, air frame materials innovation in energy saving aircraft as well as environmental impact influence the airlines performance. Thus the writers focus on used of modern fuel saving aircraft with innovation of new and modern scientific technologies to developed the airlines overall performance.

Michael A. Lapre and Gray D. Scudder were conducted on their research on “Performance improvement paths of in the U.S. Airlines Industry: linking trade-offs to asset frontiers “This article/research focus on examining performance improvement paths and various from of efficiency frontiers in operations strategy in airlines industry as well as defining and describing these frontiers and raise question concerning how to improve operations performance of airlines by using their asset frontiers and trade-offs by using strategy of service.

HashemSalarzadehJenatabadi (2013) did research on his topic “Impact of economic performance on organization capacity and capability: A case study in Airline Industry.” This study mainly (emphasize) focus an integrated investigation of the interrelations among economic performance, organizational capacity and organization capability in airlines industry. Airline capacity and capability are measured based on organization capacity and capability theory and also examined the relationship with structural equation of modeling from 209 airline companies annual report data and find out the demonstrate the significant and interrelated role of economic performance in enhancing the airline capacity and capability.

Another similar study conducted by MuhammadIqbal and AyseKucukYilmaz (2014) on “Analysis of workplace stress and organizational performance in human resource management:

A case study of air traffic controllers of Pakistan.” The article focus on today bourn issue in management and organization is corporate sustainability which includes organization performance. Organizational performance is one of the strategic issues for any management. The purpose of this study is to investigate relationship between the workplace stress and organization performance and meditational effect of employee’s health issue between workplace stress and organization performance. Writers were found where the negative relationship between workplace stress and organization performance as well as there is also partial meditational effect of employees health issues between workplace stress and organization performance. The practical implications of the study include implementation of the results provided by the researcher to reduce workplace stress by providing appropriate health facilities and other suitable or favorable working friendly environment and increasing the organizational finding have a potential to contribute related field as well as the field of aviation management and strategy since ever workplace stress has an direct impact on both performance and employee sustainability in aviation business. The research aim to raise awareness of organization behavior to achieving business objective since human resource is most critical risk on the way of corporate sustainability.

Likewise, Alvi, Mohsin and et. al., (2013) conducted in their research on “The effect of performance evaluation on employee’s job satisfaction in Pakistan international airlines corporation.” This research mainly emphasized on relationship between the performance evaluation system and its impact on job satisfaction of employees in Pakistan International Airlines Corporation. Major finding of this study were job satisfaction appraisal system are closely related with performance evaluation system which is the prime factors to determinants of overall performance PIA or Airlines Industry.

Wen-kuei Lee (2005) analyses the research on “Appraising Operation Performance and Service Quality (OPSQ) of Airlines in Taiwan”. According to him an effective and fair appraisal system of airlines is extremely important for governments. The authorities must be adopt such a system for various reasons including safety management, operational surveillance, impartial public resource allotment and so on and also develops an effective qualitative model for appraising the Operational Performance and Service Quality (OPSQ) of airlines by using on the spot investigation and record review and also focus on customers a safe and high quality air transport environment to achieve a winning situation for government holding airlines and on their costumer.

Chikwendu DU and et.all (2012) paper entitled “Evaluation of service quality of Nigeria airline using Seroquel model”. The study try to evaluate the service quality of a Nigerian airline with objectives to determining what constitutes the service variable in the Nigerian air transport industry. How satisfied are the passenger with the above mentioned airlines and promote satisfaction level of passengers by providing quality service and try to fulfillment of customer

expectation and improve the organization goals to increasing airlines overall performance in Nigeria.

Karin Weber (2005) did research on “Travellers perceptions of airline alliance benefits and performance.” This study assessed air traveller perceptions of the importance of airline alliance benefits and the performance of airline alliance. The study mainly focus on frequently traveller passenger perception for organization benefit for airlines industry to convenience that were ranked highest rather than to earn frequent flyer points and also show the relationship between frequent traveller perception with organization performance are closely related to improve the airlines performance.

Khalil Ahmad and Mukhtar Khan (2011) conducted on their research “A comparative analysis of productivity of airline industry: evidence from selected Asian Airlines.” Examines the higher productivity of airline industry is the key to faster economic growth of an economy. In this backdrop, this study estimates and compares average employee productivity of three Asian airlines: Pakistan International Airline, Singapore International Airline and Air Lanka over the period of 1995-2009. According to results of this study Singapore performed the best in terms of average employee productivity and average stage length. Air Lanka performed the best in terms of unit cost. Pakistan International Airline performed poorly in terms of all the three measures. PIA can improve in all three fields. Singapore can improve in unit cost terms and Shree Lanka can improve in average employee productivity and average stage length.

Another similarly study was conducted by Mulaku D Ochieng and Anwar H Ahmed (2014) on the effects of privatization on the financial performance of Kenya Airways. The study set to establish the effect of privatization on the financial performance of the Kenyan aviation industry with specific reference to the Kenya Airways Limited. The study has explored literature on the financial performance of Kenya Airways before and after it was privatized by analyzing financial statements through this period. The research showed that to a large extent, privatization has had a positive impact on the financial performance of the aviation industry.

Similarly Captain Dan Maurino (2005) was conducted on “Threat and Error Management (TEM).” Threat and error management is an overarching safety concept regarding aviation operations and human performance. TEM is not a revolutionary concept, but it evolved gradually as a consequence of the constant drive to improve the margins of safety in aviation operation through the practical integration of human factors knowledge in this research writer has focus on flight safety and human factors programmed are directly related to the performance of aviation sector. The human contribution to the safety of flight operations, strategies and tactics, individual

and team counter measures that include canvassed skills, knowledge and attitudes developed by human performance training provided by Crew Resource Management (CRM) which is highly impacts up on the performance of aviation sector industry.

Another similar, study was conducted by Mattijs Backx and et. all (1990) in their research on “public, private and mixed ownership modes and the performance of international airlines.” Over the past few years many publicly owned and operated national flag carriers have been fully or partially privatized. The motives for ownership restructuring through privatization are diverse, but normally include the objective of enhancing carrier financial performance and operating efficiency for several reasons, efforts to evaluate the effects of privatization on airlines performance have been inconclusive. Many airlines are neither completely public, private enterprise but have hybrid or mixed public private ownership. Theory and evidence regarding the performance of private, public and mixed ownership are addressed in the context of the international airline industry. The study empirically examines the influence of an airlines ownership structure on multiple dimensions of its performance. The research indicate that public sector airlines under-perform relative private sector airlines in addition, we writers find that airlines with mixed ownership modes tend to perform better than public sector airlines but worse than private sector carriers.

Another study was conducted by Dilekerdogan and Ergun kaya (2014) “on understanding performance indicators of organization Achievement in Turkish Airline companies”. The aim of this study is to analyze performance indicators used in airlines industry within framework of performance and strategic management.

In the Nepalese context, the aviation history of Nepal started in early 1950s initially, neighboring Indian aircraft used to land on Gaucharan in Kathmandu. After 1 July 1958, Royal Nepal Airlines Corporation was registered as national flag carrier in Nepal. Nepal Airlines had been played the vital role for air transportation management as well as national economical social and adventure tourism development like our landlocked beautiful developing country on different period of time still 1990s. After the liberalized in 1992 and new megacarriers emerged in to Nepalese aviation sector NAC had been facing different tip of problems since deregulation of aviation sector. Now, many of the organization or costumer complain or criticized on tuier the NAC service performance. The Royal Nepal Airlines Corporation has brought out a “white paper on the controversial Jet-leasing deal that has paralyzed the country for past few years ago. Now, the performance of NAC has been criticized from various sector so that NAC management also want to improve the performance of Nepal Airlines Corporation(NAC)and enhance its operational efficiency behind the reason NAC has just published “Details for Letter of Intent (LOI) for management consultancy for improvement of the overall performance of Nepal

Airlines Corporation on 2th August 2015. The research on Airline performance of Nepal has not been carryout until yet. Such a condition “performance of Nepal Airlines Corporation will be a guide line for further study or review of aviation or Airlines Industry.

2.5 New Public Management

New Public Management (NPM) is conceived as administrative argument and administrative philosophy (Hood 1991). It’s begin in the late 1970s and early 1980s from UK under the Prime Minister Marget Thatcher has been origins from public choice theory and managerialism (Au coin 1990, p 11s) in muncial government of vs. that had suffered most heavily from economic recession and tax revolts. Next the government of New Zealand, Australia, Canada and USA introduced some radical approaches later learned NPM which is called paradigm since the 1980. NPM has been developed as a popular reform agenda in the world. NPM has been emphasize on modernize structural process and improvement of the performance of the public sector. NPM reform have been focus on revolutionary change in to the public sector by in chancing on adopting the such organization structural model and reform of management by using private sector management for making their work efficiency effectiveness to better achievement. As a new paradigm of public administration, NPM points to the failures and inadequacies of public sector performance over time and the problems lying squarely in the nature and processes of public sector activity and traditional public administration. It has been developed as handy shorthand and summary description of the way of reorganizing public sector bodies to bring their management approaches closer to business methods. Size of the government, centralized bureaucracies inadequate mechanisms of accountability, waste in inefficiency in research mobilization (use) etc. are all problems which the NPM sought to address. However there are some doctrines of NPM according to Hood in his article (1991, p 4 .5) “A public management for all seasons” which is one of the important or valuable literature describes NPM as a doctrine including its meaning and justification. The table below highlights Hood Model of NPM.

<i>DOCTRINE</i>	<i>MEANING</i>	<i>JUSTIFICATION</i>
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Hands-on professional management.	Visible managers at the top of the organization, free to manage by use of discretionary power.	Accountability requires clear assignment of responsibility, not diffusion of power.
Explicit standards and performance measures.	Goals and defined targets which are specific, measurable, achievable, relevant and timed.	Accountability means clearly stated aims; efficiency requires a 'hard look' at objectives.
Emphasis on output controls.	Resource allocation and rewards are linked to performance.	Need to stress results rather than inputs and procedures.
Shift to disaggregation of units in the public sector.	Disaggregate public sector into corporatized units of activity, organized by products, with devolved budgets. Units dealing at arm's length with each other.	Make units manageable; split provision and production, use contracts or franchises inside as well as outside the public sector.
Shift to greater competition by the introduction of market disciplines in the public sector.	Move to term contracts and public tendering procedures.	Rivalry via competition as the key to lower costs, better standards and more innovation in product design.
Stress on private-sector styles of management practice.	Move away from traditional public service ethic to more flexible pay, hiring, rules, etc.	Need to apply 'proven' private sector management tools in the public sector.
Stress on greater discipline and economy in resource use.	Cutting direct costs, raising labour productivity, limiting compliance costs to business.	Need to check resource demands of the public sector, and do "more with less".

Table 1: Doctrinal Components of the New Public Management

Source: adapted from Hood, 1991.

The central idea of this doctrine in the application of private sector management practices in public sector for better performance and cost effectiveness. The OCED has listed a number of managerial doctrines in its NPM model of reforms which include. The adoption of private sector management practices in the public sector an emphasis on efficiency and movement away from

input controls rules and procedure toward output measurement and performance targets, performance for private ownership, contestable provision and contracting out of public service. The devolution of management as well as devolving authority, providing flexibility ensuring performance, control and accountability, optimizing information technology, developing competition and choice, improving the quality of regulation, improving the management of human resources, providing responsive service and strengthening functions at the center(see Kicker 1997 p 18)

NPM is also related to the notion of reinventing of government guided by Re-engineering management philosophy that seeks to revamp the process through which public organization operate in order to increase efficiency effectiveness and competitive ability. Its emphasis for changes in the structure of public organizations, their culture management system and other aspects in support of the new initiative and exercise participatory management using resource in new ways to heighten efficiency and effectiveness (Barzelay-1992 Osborne and Goeber, 1992: Hulachmi 1995).

According to Christensen and Per Lagreid (2001, p 19) NPM approach of reforms is based on economic and managerial theories. The application of managerial theories in public sector provides managerial flexibility in the public sector where the public managers have full autonomy to manage their job responsibilities. The applications of economic theory in public sector introduce market competition in the service delivery system of the government.

2.6 Application of NPM

NPM has become a global reforms agenda or movement in developing as well as developed countries by transformation of the public sector in many countries. However application of NPM oriented reforms have not been same everywhere (Christensen and PerLagreid 2001 pp. 13-41) since the 1980s. New public management (NPM) has been entrenched in theory and practice across the world. Many governments and several international organizations have embraced the NPM as the framework or paradigm through which governments are modernized and public sector re-engineered to strengthen the connections between government and mechanism both in government and civil society that are responsible for how well government works (Arm cost 2000, p.....). NPM has been reducing the traditional bureaucratic model increasing criticized for lack of efficiency and effectiveness of quality of public services by applying new public management. Improvement of qualitative indicator of public service decreasing account of problems such as corruption and low administrative capacity deregulation of line management conversion of civil service departments in to free-standing agencies or enterprises, performance based accountability, particularly through control and competitive mechanisms such as contracting out and internal market (Aucoin 1990, Hood 1991) various authors also include privatization and downsizing as part of the package (Ingraham 1996, Minogue 1998).NPM being undertaken as part of the world wide quest towards greater efficiency and cost savings which is said to be the driving force of the new public management (Minogue 1998) for reasons specific to the country concerned. According to the public management committee of the (OECD 1995)

and as summarized by Mathieson (1999) the NPM is aimed at fostering a performance oriented culture in a less centralized public sector and is characterized by:

1. A closer focus on result in terms of efficiency, effectiveness and quality of service.
2. The replacement of highly centralized, hierarchical structures by decentralized management environments where decisions on resource allocation and service delivery are made closer to the point of delivery and which provide scope for feedback clients and other interest groups.
3. The flexibility to explore alternatives to direct public provision and regulation that might yield more cost effective policy outcomes.
4. A greater focus on efficiency in the services provided directly by the public sector, involving the establishment of productivity targets and the creation of competitive environments within among public sector organization.
5. The strengthening of strategic capabilities at the center to guide the evolution of the state and allow it to respond to external change and diverse interests automatically, flexibly at least cost.

Above mentioned theory and principle NPM has been focused on government reforms agenda in both developed as well as developing countries. The core ideas of NPM such as customer orientation, productivity entrepreneurship, reduce the public budgetary burden and increasingly privatized government and also explain the value of business by enhancing the capacity development. NPM is a government reforms agenda to improve the overall performance and organization effectiveness so that NPM is the most dominant paradigm in the discipline of public administration (Aurora 2003). It mainly emphasize on performance management provide a systematic link between organization strategy, resources and process of comprehensive management.

2.7 NPM and Airlines Industry

New public management (NPM) is a discussion and investigation of economic and political system in various countries with various sector and their policies that aimed to modernized and render the public sector more efficient.

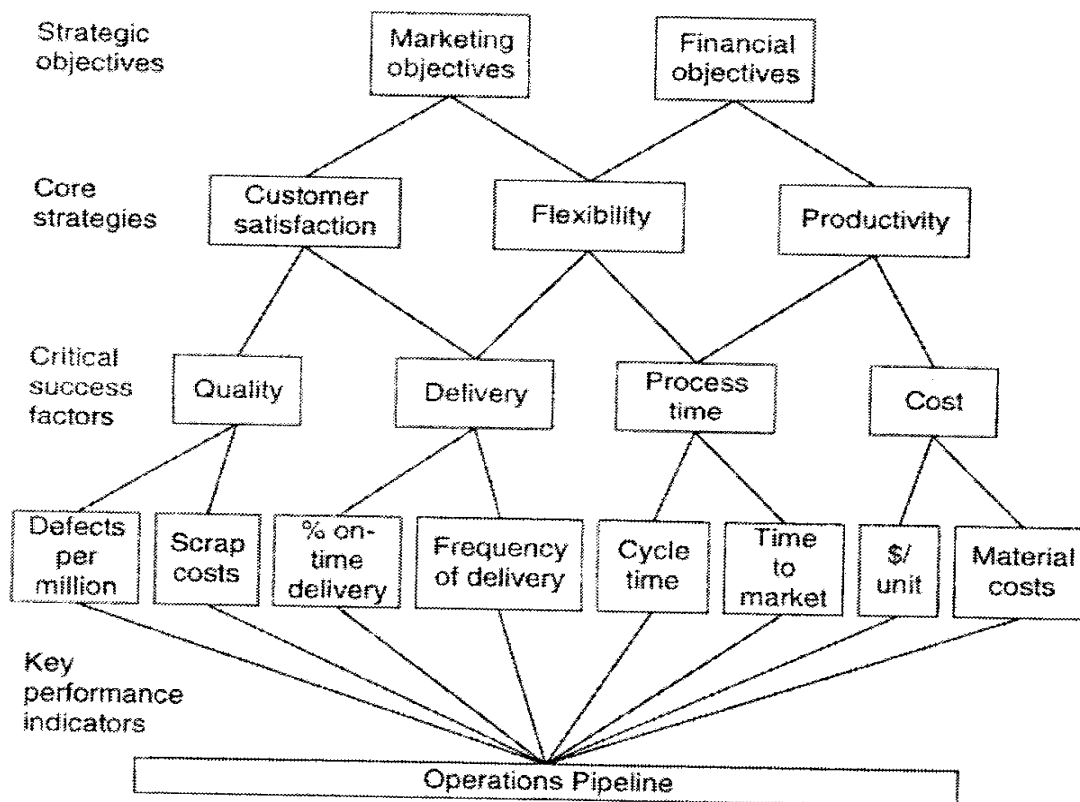
New public management has emerged as a reaction to the traditional model of public administration a bureaucratic, hierarchical, rigid, inefficient model which led to the distancing of government from citizens public organization which were organized by the traditional, bureaucratic model were increasingly criticized for lack of efficiency and quality of public service. NPM has been focus on efficiency, effectiveness and resources used capacity developed, improve the productivity with standards quality service as well as decentralization and

devolution of provide mechanism and also emphasize on performance based management to fulfillment the desire of public by provide quality service at affordable costs a price with specific period of time.

Airlines service has been considered as the geographical and cultural bridge connecting within and beyond the country. One of the major thrust of airline is the development of the strong and stable institutional base with enough flexibility dynamism required to stay too competitive with the objective in view. The airlines has recently moderated its organization set up for greater efficiency, productivity, transparency, accountability and need to be improve the standard quality service keeping with global changing market environment by applying new public management. The introduction of quantitative performance indicator to find out the acquisition of new means of air transportation and improvement of existing, shorter waiting time, increasing safety and security of aircraft and passenger NPM is focused on introducing performance standards testing and comparing results with quantitative and qualitative performance indicator, the principle of resources use, capability utilization. Mobilization of man, money, material, method and information (4m+I) and also find out the efficiency and effectiveness by using various indicator of performance evaluation in airlines industry or aviation sector. Like passenger follow, passenger satisfaction, operation time and cost analysis, flight of time performance, transport safety and security, age rage waiting as well as technological and environmental factors which may be impacts up on the airlines performance.

NPM has been focus on cost, price, time, quality, service standard, service avability, on time and operational capacity, technological and information capacity, resources mobilization in the airlines industry. It is also evaluated the safety quality service, time to time service delivery, efficiency and effectiveness and per unit cost of service so that NPM mainly focused on airlines reforms agenda by providing the concept of new public management aspect which was emphasize on cost, process, procedure, safety and security, performance of overall efficiency and effectiveness of airlines industry. NPM has been focus on to develop quality air transportation service in conceptualization frame work the world.

Conceptualization framework of performance of Airlines industry



Source: Adopted from Lunch and Cross 1991

2.8 Performance Indicator

The performance evaluation indicators included are presented in performance Evaluation Indicators for airlines industry as below

1. Financial

- (a) Gross margin to total capital employed
- (b) Total working capital employed
- (c) Total net interest payments due to working capital
- (d) Variance between the actual and the budgeted per unit cost.

2. Production

- (a) Capital utilization
- (b) Total value of production
- (c) Total outgo due to defaults on contractual performance obligations

3. Investment Efficiency

- (a) Average slippage on ongoing projects
- (b) Cumulative progress in the utilization of plan funds
 - (c) Deviation between actual capital costs and the budgeted cost of the completed projects.

4. Productivity

- (a) Growth in total factor productivity
- (b) Trends in international competitiveness

5. Social Audit

Victor Powell (1987:37) has explained that there are several indicators for measuring Organizational Performance. However, the indices can be classified into six groups:

- a. General performance indices
- b. Management performance
- c. Financial performance
- d. Investment performance
- e. Costs breakdown (input co-efficient)
- f. Physical performance (i.e. resource use)

2.9 Performance Analysis Tools of Airlines Industry in Nepal

1. Financial Performance

Financial performance occupies a significant place in the performance evaluation of Airlines. Financial profitability, with regard to the financial performance evaluation, shows its "ability to earn profits proves a measure of its market strength, its ability to keep down costs. Profitability also affects the amount of investment, for much industrial investment is financed out of reinvested profits, and hence the contribution of the firm to the overall growth of the

economy"(Killick, 1983:183) Similarly, Mary M. Shirley (1983:30) argues that "profit is a composite indicator that applies positive weights (price) to benefits (outputs) and negative weights to costs (inputs). If the prices are correct, a profit maximizing firm strives to achieve maximum benefits for minimum costs - the definition of efficiency. "Financial profitability is thus a simple and straight forward indicator which indicates the extent of success of an airlines .The Nepalese PEs have been largely criticized on the ground of financial performance. Despite the huge capital investment these enterprises have not been able to reveal satisfactory increase the volume of outputs to a given level of inputs. With regard to economic performance, a variety of indicators, such as capacity utilization, capital- output ratio, labour-output ratio, labour-administrative cost per output, etc. can be adopted.

2. Economic Performance

Economic performance provides a firm base for measuring the performance of PEs.is shows the result how far enterprises have been able to increase the volume of outputs to a given level of inputs. with regard to economic performance ,a variety of indicators ,such as capacity utilization, capital-output ratio, labour -administrative cost per output ,ect .can be adopted.

(i) Capacity Utilization

Capacity utilization is an important indicator in course of performance evaluation. Economic efficiency of an enterprise, indeed, depends much upon the capacity utilization. It has been well realized that the capacity of the enterprise has to be utilized to its maximum in order to improve the performance. However, the capacity utilization rate of the Nepalese PEs has not increased significantly over the past few years. A World Bank report (1979:25) has stated that the average capacity utilization rate is below 60 percent and this was regarded as one of the major causes for the poor PE performance. the capacity utilization rates for the selected PEs. It is noteworthy, while analyzing the capacity utilization rate on the individual enterprises, to note that there are variations in the capacity to use its potential capacity. But the capacity utilization in some PEs (textile, cigarette, cement) is found to be very low. It is true both in theory and in practice that optimum capacity utilization helps in achieving the objective of cost minimization.

(ii) Capital-Output Ratio

The capital-output ratio of PEs is also regarded as not being at a satisfactory Capacities of the enterprises have been utilized below to their optimum capacities .Capital-output ratio, labour productivity ratio, and value added-employee ratio have not been improved as desired by the government on the one hand and the enterprises on the other. These could be identified as the convincing reasons for the poor economic performance of the Nepalese PEs.

3. Distributional Performance

It has been clearly mentioned in the various periodic plans that one of the basic reasons behind creating PEs in Nepal is to generate employment opportunities and also reduce regional economic imbalances. It can, therefore, be observed that many PEs are expected to pursue social

objectives rather than the economic ones. It is more often noted that the "non-economic" considerations dominate the "economic" ones. The emphasis needs to be given to the PE performance in fulfilling "non-economic" objectives along with the financial and economic performance (Cook and Kirkpatrick, 1988).

PEs are increasingly considered as the major source of employment. They are also regarded as the vital instrument to redistribute income. In this respect, the enterprises and diminishing returns from them, the government-owned corporations have become more a liability to the government. However, corporations have proved to be a major source of employment." PEs have played a modest role in generating employment opportunities in Nepal. They provided employment to 39732, persons at different levels from top management to manual workers level in (MoF, 2014). Because of the privatization policy adopted by the government since 1992, there is a decreasing trend of employment in PEs.

2.10 Causes of Poor Performance

Privatization of airlines industry has been advocated on the ground that their performance is not up to the mark. The charges levied are basically financial performance and operations. Lack of uniformity in policy and ambiguity to operation of airlines Multiple of goals, Lack of efficient management Weak monitoring Lack of autonomy and decision making capacity Lack of capital and resources utilized, Lacks of modern scientific technology, Lack of performance linked with rewards and punishment, Vested interest and locks of common trade union (CBA), Insufficient reform in invest environment Political instability and interference

2.11 Performance Measurement and Its Criteria

Though, most of Airlines industry has been criticized in most cases on the ground of financial performance, it is equally important to note that they are not created with the sole objective of earning profits. They are rather expected to meet social objectives too. As such, it is more often argued that it is not appropriate to evaluate all enterprises on the basis of a single criterion.

Criteria for Organizational Performance Measurement

- Established objectives
- Social performance
- Economic performance
- Financial performance
- Equity/distributional performance

2.12 Steps for Improving Organizational Performance

A step of a Nepal Airlines corporation is the attainment of goals by the NAC. Performance refers to the extent to which a NAC achieve the objectives which have been set for it more specially,

Performance is interrelated in terms of success in achieving the stated objectives (Kirkpatrick et.al., 1984, P. 165). Performance is thus, essentially correlated with the objectives. Performance indicator provide guidance when considering matters relating to value of money. Financial performance occupies a significant place in the performance evaluation of Aviation industry. Ability to earn profits proves a measures of its marker strength, it's ability to keep down costs. Profitability also affects the amount of investment, for much investment is financed out of reinvested profits and hence the contribution of the airlines to the overall growth of the economy (Killick, 1983, P. 183).

In an Airlines industry the overall performance depends upon the aircraft utilization capacity, capital investment, Resource utilization capacity, on-time-performance, proper planning and scheduling of the operation, flight operation capacity, marketing, operation and customer service department capacity as well as some of the (natural) other variables. Performance involves also the economic concept of creation of wealth or value to the organization. Thus, Performance is a relation between cost (operation cost of the organization) and value of benefit obtained (Lorino, 2001).

The issue of Airlines performance has been central in strategy research for decade. There has been much debate in strategy literature as to whether organization capabilities or market competitions are important is shaping performance action and outcomes depend on greater autonomy and accountability, Rewards and punishment linked with performance of the organization leadership (CEO) appointed by merit system on the basis of performance (TOR) without political intervention. The NPM theories focus on restructure of organization. A new paradigm of public Administration. New public management (NPM) focus on performance contracting in the public service emerged with adoption of what scholars have come to refers to as New public Management NPM focus on performance can trusting in the public service emerged with adoption of what scholars have come to refers to as new public management. NPM principle emphasize on hands –on professional management, output controls resource allocation and rewards are linked to performance, shift to disaggregation of units in public sector, shift greater competition by the introduction of market disciplines in the public by move to them contracts and public tendering procedures, stress on private –sector style of management like privatization, Joint venture, and public, private partnership (PPP) modality for the steps of improving organization performance.

CHAPTER-III

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology refers to the various sequential steps to be adopted by researcher in studying a problem with certain objectives to perform this activity. This chapter provides a description of the methodology used in this research. It describes the tools used to data collection and techniques applied to analyze the data. It also presents sample population. Sampling procedure, description of respondent, study tools, data collection, procedure and method of data analysis procedure applied in the study.

3.2 Research Design

Research design refers to the sequence of action to be followed for the research by the researcher. Research design defines the steps, methods and techniques of research. According to Vienna Circle “Knowledge claimed without using certain methodology is metaphysics. Metaphysical knowledge does not require having proof, but scientific knowledge requires certain proof based on the scientific research” (as cited in Khan, 2001, p. 13). Therefore, methodology refers to a scientific way to collect data to the study of social phenomena. Research design from social science perspective is a methodological plan to study a particular social phenomenon. Methodology is a means that includes a series of strategies and techniques of data collection and their interpretation. Research methods may appear in various strategies having their own logics and general principles to conduct a scientific inquiry. “The formidable problem that follows in task of defining the research is the preparation of design of the research project, popularly known as research design.” (Kothari, 1950, P.39). Research design is the main part if any research work. The research design serves as a framework for the study, guiding the collection and analysis of the data to achieve the pre- determined objectives of the study. The comparisons are made and established relationship between two variable.

Research methodology is the combination of theoretical assumption for generating scientific knowledge verifications, falsification, explanations, and interpretation. Research methodology is also aggregation of various research strategies such as survey, case study, historical description, and comparative study (Gautam, 2012, p. 50). NPM based performance evaluation has become a popular approach that is taking place to modernize public sector across the world. Causal variables associated in the application of NPM inspired performance based reform phenomena may differ from one country to another. There are three major research methods i.e. quantitative, qualitative, and mixed methods which have mainly been applied in social science research

(Creswell 2003, Yin 2003, Bryman 2001, Gary et al. 1994, Ragin 1989, Silverman 2006, and Layder 2005). This research study is based on mixed methodology, combining both quantitative and qualitative methods.

The mixed method is more adaptive and whole process of research moves in the both ways that is inductive to deductive and deductive to inductive (Layder, 2005, P. 133). According to Creswell (2003, P. 208-217) mixed method allows to collect and analyze the data from the both quantitative and qualitative method in a single case mixed method is also useful to expand n understanding form one method to another, to converge and to confirm the findings from data triangulation. Whatever research methods we use, the way a research work is designed is important to draw the scientific research findings. So the research design of this study is based on mixed methods on the basis of descriptive and analytical study. For the study data are collected direct from NAC, Management and also taken some data from respondent and analyzed to achieve the prescribed result.

Research design includes which method we used to collect related data and information of the specified subject. I applied descriptive and analytical method of research to collect and analyze the data of this study.

a. Descriptive Research Method

Descriptive research is a process of gathering facts for adequate information. It is a fact finding operation and does not necessary seek to explain relationship, make prediction test of hypothesis, etc. this type of study research design is conducted to evaluate behaviors, opinion, features of a given population and to describe the situation of performance and events occurring at present. Descriptive research generally involves in define objectives of research design to approach needed to collect necessary data, collect data and writing the report the result and so on.

b. Analytical Method

Analytical method is used to analyze available data to make critical evaluation of the related research. I used to analytical method of this research to analyze the overall performance situation of NAC which I collected information and data directly through the NAC, Management and questionnaire from the respondents. In this study, data and information are analyzing based up on the Actual life situational operational data of NAC, also Summited respondent view.

3.3 Sampling size/population

A sample is a part of the population from which was drawn. In other words, it is a collection of items or elements from a population or universe. Sample is hence only a portion or subject of the population. In surveys, the researcher normally cannot survey the entire group or population due to various causes such as time ,budget or other constraints what he normally does is taking a small part of the population on the assumption that is fairly represents the total population. sampling is a technique that saves the time ,money and trouble of questioning entire population. In this Research ,Researcher have been taking a 20 No.of sample population overall 1200 permanent employee of NAC on the basis of stratified random sampling method.

3.4 Source of Data

Data have collected from different sources. The source are mainly two types, primary and secondary source of data. Primary data have collected through direct from the 20 respondents of NAC, employees by the interview on the basis of questionnaire. it is a first hands data to the researcher. Secondary data were collected from the Nepal Airlines Corporation, Flight Operation, planning & Engineering Division, Engineering Department, Flight operation Department, Commercial Department, Finance Department as well. Data which are first recorded by the primary data collectors used by others. As the name of implies itself, the source of these data are also called secondary source of data. Secondary source of data provide second-hand data to the researchers. In this research researcher have been taken some document, report, notice, book, newspaper, census etc. Basically, this study is based on primary data source. The primary data collected through the questionnaire from the respondent of NAC employees and collected information by the researcher himself from the field.

3.5 Instrument or tools for data collection

The method of data collection is also called the instruments of data collection. These methods generally using for primary data collection like observation, interview etc.Questionnaire is an important method or tools of primary data collection. It is a proper list of question on which the responses are collected from the respondents. In this method, the question developed typed in the form of list with or without likely answer and then distributed to the NAC respondents for their answers.

3.6 Reliability of the data

Reliability is related to the question of whether the results of a study are repeatable (Bryman, 2003, P.29). Reliability is concerned with the degree to which variables designed to measure a

concept hold consistent stable and repeatable results. Reliability like a validity, is a way of assessing the quality of the measurement procedure used to collect data in a dissertation in order for the results from a study to be considered valid the measurement procedure must first be reliable. Reliability of the claimed results of any study can be measured by applying some research methods in the same ways and procedures that produce similar finding it means same results may be expected from the research work in the another time by the application of same process of sampling and study. The important guidelines for improving reliability is to make sure the data collection methods are valid and reliable. When reliable nothing would be changed to the true statement that we are measuring and the same results will be observed (King et al., 1994, p.25 cited by Gautam 2012, p. 67).

The measurement procedure should provide an accurate representation of the construct it is measuring if it to be considered valid. There is co-relation between the degree of reliability and error in data collection. It means we may assume that larger the reliability, small the error in data or reliability is a set of data that may led to produce a satisfactory results and it can be tested from the same way of data collection techniques in any time. To maintain reliability in a research work it may require those respondents and document that can providetrue information about the phenomenon being studied in an efficient and proper way in any kind of circumstances. The main characteristic of the reliability is results and way of testing research design could be maintain causal relationship in their finding in two independent researches. To maximize reliability, data collection is always important in research where human behavior is always critical and rarely perfect. In this phenomenon, due to various factors such as mood, time, environment location, experience, norms and values of both of the respondents and researcher that may have an effect on research activities as whole however, reliability can be maximized by standing as many of these factors as much as possible.

To in this study, reliability of the finding is maximized through the valid information collected from various respondents at different level and different department of NAC, who have important role and responsibility in the process of performance evaluation based on performance based management and application of NPM theory. Primary data were collected from questionnaires and interview guides were purposively used in collecting data form those people who have in-depth knowledge about airlines performance and who have been evaluating performance scheme of NAC. Secondary data has also been collected from NAC, operation, engineering, planning, commercial and finance department by their annual performance documents, reports and policy documents made by NAC management. Information form these primary and secondary sources is the authentic source of data collection to all researchers who wish to conduct an independent research in the area of Airlines performance based on NPM application. Therefore, these sources of data have maximized the degree of reliability of the research findings of the study on performance of NAC in general and application of NPM inspired performance based management in particular in the Nepal Airlines corporation.

3.7 Validity and Verification of the Data

Validity is one of the main concerns with research. Any research can be affected by different kinds of factors which, where extraneous to the concerns of the research can invalidate the finding (seliger&shohamy,1989,p.95). Controlling all possible factors that threaten the research's validity is a primary responsibility of every good researcher.

Validity is concerned with the measurement of data in a research work. Validity is also related with the integrity of the conclusion that is generated from a piece of research (Bryman, 2003, P.30). Therefore, validity refers to the truth, authenticity and relevancy of the data, it's also refers to realness of information it applies to the degree to which data and inferences in a research work are correct. Validity of the research depends on how surveys, measurements, case study, interviews observation, questionnaires, review of documents or other methods of investigation are designed and carried out in order to collect data in a research. The degree of validity also depends on the techniques of data collection used for measuring social phenomena. Validity is also concerned with whether the instruments or variables chosen to measure a phenomenon actually measure the phenomenon being researched. Validity in social science research consists of a numbers of facts that depends a logical truth to draw valid research findings. As an unbiased researcher, our ethic may need to orient in maximizing validity of our measurements. We may maximize validity of data through the valid measurement of information being measuring information is to identify the meaning of respondents choice.

Verification is an art of verifying information of collected data. It is a confirmation of truth of the data for an evidence of the phenomenon being studied. Verification helps to prove correctness of data in a scientific study. It is also a process of establishing truth, accuracy or validity of information for drawing scientific research finding. Therefore, data verification is a process where the data are checked for accuracy and inconsistencies are verified. In a social science research verification process consist of statistic, Structural and behavioral aspects where it re-examine and testifies the data and findings. Therefore, verification helps to retain validity of research findings.

In this research work, validity has been maximized based on rich and reliable data generated from NAC actual information and respondents of NAC those who are very much aware and involved in the process of agenda setting of performance evaluation. Their responses on the positive or negative choice have also been measured on the basis of questionnaire. Validity of research has also been maximized through collecting textual documents that are related to performance evaluation on the basis of NPM application. Verification data collected from the questionnaire made through the cross examination of the respondents. So that validity is very important in a research study to ensure that our results can be used effectively and variables that may threaten validity should be controlled as much as possible in this research.

3.8 Ethical Consideration of the Study.

Ethical behavior of organization members has been the subject of considerable interest during the past decade both among practitioners and academics (Selvarajand&Sardessai, 2010, P. 1). Ethical behavior at the organizational and individual level has been of considerable interest to

research. The issue of ethics has recently become the focus of media attention in the wake of public organization, private organization and international organizational. In addition to being a current issue in the media domain, unethical behaviors in organization has also been identified as a relevant social issue demanding the attention of researchers. The recent attention on ethics among practitioners and researcher underscores the need for improvement ethics in organization. We believe the employee and organization performance appraisal and Management system can apply the critical role in improving ethical conduct o employees in organization. Explicit in corporation of ethical behavior in to performance appraisal has been recently recommended by researchers (Buckly, 2002; Weaver, 2001; Weaver & Trevino, 1999).

Unethical behavior among organizational members can take a variety of forms, ranging from breaking civil or criminal law to the disregarding company policies some instances of unethical behavior may result in objective evidence that unethical behavior occurred However, Just as with the assessment of Job performance (Cardy& Dobbin, 1994). Determination of the level of ethical performance requires subjective judgment. Given the importance of accurate measurement of ethical performance in organizations, investigation of the level of accuracy of ethical performance, performance judgments and influences on the accuracy of their judgment is needed. The objective of this study is to apply the methodology commonly used in the appraisal literature and evaluation of ethical role of performance evaluation research.

Ethical considerations can be specified as one of the most important parts of the research. In this research work, research participants should not be subjected to harm in anyway of research work. Researcher should be unbiased. Respect for the dignity of research participants should be prioritized, protection of the privacy of research participant has to be ensure, adequate level of confidentiality of the research's data should be ensured, aims and objective of the study should be mention clearly. Possible conflicts of interests have should be declared. Communication, information, Data collection, methodology, interpretation of data, tabulation of data, summary, finding, conclusion of the study to the research should be done by researcher with honesty and transparency.

Ethical consideration are so important in research, the codes address issues such as professionalism, honesty, activity, effectively, respect for intellectual property, social responsibility, confidentiality, non-discrimination, un biasedness and may others. The most important ethical considerations in research is the use of human subject which were already mentioned on this research of performance of Nepal Airlines corporation.

3.9 Limitation of the Data/Study:

A limitation identifies potential weakness or barrier of the study. Data access/Accessibility is a procedure by which any individual or organization can freely acquire and use datasets collected or generated by the foundation grantees or vendors with founding by the foundation. Data access generally involves activities such as factual information, especially information organized for the analysis or used to make decision or produce research outputs such as publications or working papers. Accelerating the translation of Knowledge in to products delivery models and policies

can same and improve lives. The research whole depends up on the access of data collection or without access of data or information research would not have been completed. So that access to data collection is also called foundation of any research. Satisfactory access of data, data implementation of access plan may be taken in to consideration for future funding requests and decision in any research work. In this research, researcher should be collected data by their personal access by conventional mechanism from NAC, Management and respondents in his research duration. Researcher should be following principle underpin our approach to data collection such as respect, accountability, stewardship cost-effectiveness, proportionality, innovation, efficiency capacity strengthening, collaboration and so on.

Generalization, which is an act of reasoning that involves drawing broad inference form particular observation, is widely- acknowledged as a quality standard in qualitative research but is more controversial in qualitative research (Polit& Beck 2010, P. 1451- 1458). The goal of most qualitative studies is not to generalize but rather provide a rich, contextualized understanding of some aspects of human experience through the intensive study of particular case. Qualitative and quantitative researchers' issues relating to generalization are.

In this research we generalized (as classic) sample-to-population statistical) generalization analytical generalization and case to case transfer generalization. Sampling strategy, systematic reviews reflexivity and higher-order-conceptualization, thick description, mixed method of research.

3.10 Presentation and Analysis of Data

After the collection of primary as well as secondary data, the collected data are required to be presented in a readable manner. The analysis of the data which comes later becomes good and easy, if the collected data are well presented. Presentation of data is therefore taken as an art in report writing. The data collected can be presented graphically or in tables. In this study some obtain data from the field has been using some require statistical tools and finding has been presented by with interpretation analyzed carefully worded questionnaires. The collected data are presentation and analyzed in table, pie-chart, and bar diagram according to nature of the study.

CHAPTER-IV

DATA PRESENTATION AND ANALYSIS

4.1 Aircraft Utilization (fleet wise in HRS:)

Air Plane utilization is a key performance indicator for airline operations and a significant differentiator for some business models. Airplane utilization is a function of a number of elements, including air plane design, features and characteristics, Airlines maintenance programs, airplane technical reliability, airlines business philosophy, market demand characteristics and availability of trained and skilled labor. So that in this research try to find out what is the real Aircraft utilization status in Nepal airlines Co-operation. Which is given below table No. 1

Table No.1

Aircraft Utilization (Fleet wise in HRS:)

FleetB-757&A-320	Early Operated 365 days	Revenue flights hours	Average per day flt.HRS:	Maximum per day fit HRS
9N-ACA	250	3,602.86	14.41	20
9N-ACB	179	1808.33	10.10	20
9N-AKX	185	1,387.27	7.49	18
9N-AKW	251	1,836.44	7.37	18

Source :Engineering Department NAC, Management, 2016

The Aircraft or Airplane utilization was calculated as the sum of block -to-block hours divided by aircraft days available. Analysis was conducted on monthly and yearly basis allowing further bench marking (ICAO).

According to the definition, utilization of an airframe is calculated as a sum of block-to-block times of all flights which were realized during the observed period of time (numbers of days in the month). Afterwards, for each airframe, daily value of utilization is calculated as sum of block-to-block times divided by the numbers of days in a month. Depending of the types of utilization analysis grouping (range, aircraft type, business model, Airlines philosophy and market segment), a medium value for all airframes per month was calculated and adopted as a representative utilization value for bench marking.

Capacity utilization is an important operational metric for airlines business and it's also a key economic indicator applied to aggregate productive capacity. Capacity is an important for assessing a company's current operating efficiency and it's helps to illuminate cost structure in

the short term or long terms. A company with less than 100% utilization can theoretically increase production without incurring expensive overhead costs associated with purchasing new equipment or property.

From above table, the NAC was operated own it's four Aircraft with Boeing B-757 and Airbus, A-320 From Different sector during the period of Baishak 2072 to Chaitra 2072 (with out Shrawna and Chitra). NAC was operated own it's flight maximum for 251 days per year and 14.41 hours for per day in the operation and minimum for 179 days per years and 7.31 hours per day in the operation. NAC have two Boeing B-757 which have been operating since 30 years in Nepalese Aviation history but nobody can be operated in the world. The Boeing Aircraft utilization rate is higher than the Airbus utilization rate calculated from the above data. In above data, we can say that NAC has not been able to get success for maximum Aircraft utilization. Airlines operational pan aim to maximize profitability. Aircraft utilization is a key indicator which can be used to optimize planning for airlines schedules and thus increasing profitability. According to most of respondents of NAC said that” One of the major factors of aircraft utilization is the number of operating flights and Aircraft type, features, characteristics, maintenance programs airplane technical reliability, airlines business model or philosophy, market strategy, Demand, characteristics and availability of trained skillful main power.”

Optimizing airplane utilization, which includes efficient airplane turn-time at the gates, can help an airline maximize the large capital investment it has made in it's airplanes. Efficient airplane utilization requires close coordination among the airline's own fleet planning, schedules planning, passenger reservations, flights operation, ground operations and airplane maintenance system as well as with air traffic controllers and Airport authorities.

Low capacity utilization is a concern for fiscal and monetary authorities that are willing to engage in stimulation in adequate or improper capacity management can affect a company's financial performance and impede it's business prospects. So that NAC also need to be a capacity Requirements planning (CRP) and capacity management of an organization. Capacity management is of critical importance in ensuring that an organization operates smoothly.

4.2 On time flight Performance: (Only KTM Station)

On time performance is a measure of the ability of transport services to be on time. Almost all transportation systems have time tables, Which describe when aircrafts are to arrive at scheduled stops. Transport services has a have a higher utility where services run on time as anyone planning on making a use of the service can align their activities with that of the air transport

service system. On time performance is particularly important where service are infrequent and people need to plan to meet services.

Airlines are closely monitored on their on time performance. Typically on time performance is measured by comparing each service with its flight schedule. Since on time performance is a key dimension of airlines quality. Airlines can choose to incur higher costs in order to improve on time performance. In this research we try to find out what's the actual on –time-performance situation of NAC? What is the punctuality and Reliability ratio of NAC flight? we get some data from the NAC, Operation department, Management system, international network on it's period of Basihak 2072 to Chitra 2072 (Without sharwan&Chaitra) which is given below in table No. 2

Table No.2

On time Flight Performance: (Only KTM Station) IN2072 B.S.

Fleet B-757 & A-320	Prop.	OPTD		Aircraft Change		ON Time	Delays	cancelled	Reliability (%)	Punctuality (%)
		OPT same day	Postpond next day	TO other	From other					
9N-ACA	410	390	03	-	08	227	163	16	94.87	61.79
9N-ACB	186	185	05	01	05	118	67	04	86.75	57.55
9N-AKX	226	231	-	01	08	182	49	-	100.00	83.64
9N-AKW	318	309	-	10	02	260	49	01	94.44	85.97
Overall	1140	1115	08	12	23	787	328	21	95.24	72.23

Source :Operations Department of NAC, Management, 2016

In above table No.2, According to data, NAC operations, Engineering & planning division proposed overall 1140 No. of , flight from KTM Station in that year, 1115 No. of.flights were operated as a same days and 08 flights were postpone for next day. All together 12 Aircrafts had been changed in that operation duration.Overall 787 No. of.flight were departed from on time, all together 328 No. of. flights was delayed and 21 No. of. Flight were cancelled due to different reasons. The Reliability rate of overall flights of this duration was 95.24% and punctuality rate was 72.23% NAC operated above all flight by their 4 Aircraft B-757 (2) and Airbus A-320 (2) in their international flight based up on the KTM Station which was found on time performance Airbus is better than Boeing. In this duration Boeing had been cancelled all together 20 No. of. Flights but Airbus only one. The punctuality and Reliability rate also higher that Boeing.

Airlines worldwide aim to maximize profitability. Facing worsening economic conditions airlines had to plan their operations in way to minimize losses. So that airlines best interest is to plan their schedules in the way which would allow them to maximize time spent air bone (block-to-block-time) in comparison to the time they spend other ground (turn around phase of flight, technical checks, overnight stays etc.). Efficient scheduling can have a significant influence on aircraft utilization and on time performance. On the day of operation scheduled times may differ from the actual ones due to uncertainty and lack of predictability (route, weather, Notam etc.). This forces airlines to compromise when creating their schedules. During the operational day,

airlines tend to maximize block-to-block time and minimizing turnaround time. When constructing schedules very tightly, airlines have to handle the problems of delays due to very rigid planning. The cost of delay is very high and varies depending of the length of a delay and whether it occurred on the ground or in the air.

Flights delays or cancelled rate determinants the overall performance of aviation industry worldwide. On-time-performance is an key indicator of air transport service. It's always deals with reliability and punctuality. Punctuality is one of the key performance indicators in the airlines industry and an important service differentiator especially for valuable high-yield customers. (Allen and Hamiltorn, 1999). In addition, improved on-time-performance can help achieve significant cost savings. Various Research on performance of major Airlines suggests that there is a positive correlation between on-time performance and operating profit. In this similar phenomenon on-time performance leads to highest productivity, quality service, reliability and punctuality as well.

On-time performance depends up on the Network planning and control of the management, Aircraft availability, Ground operations departure, process and arrival process, weather, Notam, civil aviation policy and others variables as well. Despite the increasing attention that Nepal Airlines pay to punctuality the industry's on-time performance is still far below satisfactory levels. So that Reliability, punctuality, investment, turnover, utilization, planning, scheduling, operational and other performance targets need to be managed effectively.

4.2.1 Reason for flight delays

Flight delay is a serious and wide spread problem in the world nowadays. Increasing flight delays place significant strain on Nepal air travel system and cost of airlines, passengers and society at many billions of dollars each year. While a number of previous studies have attempted to estimate the total economic impact of delays. Scientific knowledge about the cost of delay is still limited. This research analysis a variety of cost components caused by flight delays, including cost to airlines, cost to passengers, cost of lost demand, as well as the indirect impact of delay on the NAC economy. We take same sorts of causes for NAC flight delays in 2072 BS based on KTM station which is given below in table No.3

Table No. 3

Reason for Flight delaysin 2072 B.S

S.N	Reason for Delay	No. of. Flight Delay	Percentage of delays %)
1.	Marketing/customer service	-	
2.	Engineering	23	7.01
3.	Operators	9	2.74
4.	Transport	-	
5.	Weather/Notam	15	4.57
6.	Immigration/custom	-	
7.	Subsequent	89	27.13
8.	KTM ATC	15	4.57
9.	Other station	-	
10	Other	177	53.96
	Total	328	100

Source :Operations Department of NAC, Management, 2016

In above table No.3, Delays refers to the inability of aviation system to handle the flight as per predetermine schedules. In this duration NAC delays overall 328 flights per year due to different reasons. Which is 31.56% of total flight of this duration 53.96%of. Flights were delayed by others reasons, 27.13% of. Flights for subsequent reasons 7.01% of Flights were in efficient of engineering department 4.57% of flights were delayed by KTM ATC and 2.74% of flight were due to delay by operational reasons.

Illustrate these phenomena, flight delay degrades the quality of the airline service product while the many air travelers choose to "grin and bear it". Some of travelers also searching for alternative transportation and do not bear the cost of air travel due to delay, pricing behavior are also influenced by flight delays. Social recognition, welfare, image, performance, productivity, creditability, reliability and punctuality also decrease due to flight delays. The impact of flight delays are not confined to airlines and their passengers. Other segment of the economy are also affected. Increasing in airline costs caused by delay and schedule padding causes passenger to pay higher fares. These higher fares affect not just the demand for leisure travel but also lead to be increases in the cost of production for aviation industries that rely on air transportation to conduct business. Demand for the output of such aviation in turn decreases. Schedule padding and flight delays also add to the time required for business trips leaving business travelers with less time to do their work. As a results, delays cause employers to experience a loss in productivity.

We can (says) see from the above table, most of the flights delays due to other reasons. Some of flights delays due to subsequent and weathers problem of KTM station which is can't be controlled our self. But some of the flight delays due to operational and engineering department in efficiency of NAC which can be minimize or controlled by providing skillful manpower, training, communication, coordination and performance linked with based of on the reward and punishment system as well. Delays impose a large cost on NAC, passengers, society and so on. So that policies and mechanism that limit the level of operations at NAC should be considered in concert with capacity enhancements to insure effective use of new capacity in order to reduce flight delay and associated (with) costs.

4.2.2 Reason for flight cancellation and post pond

A flight delay is when an airplane takes off and lands later than it's schedule time. A flight cancellation occurs when the airlines does not operate flight at all for a certain reasons. When the flights are cancelled or delayed passengers may be entitled to compensation due to rules obeyed by every flight company. Exclusively on flights cancellation impact of upon the service quality and revenue relationship, productivity, Reliability, punctuality and overall performance of Airlines industry/ service.

In this research also try to find out major reasons of NAC flight cancellation during the period of 2072 BS (without Sharwan&Chaitra). The data was taken from NAC, operational, engineering & planning division of operations Department which is given below, Table No. 4

Table No. 4

Reason for flight cancellation and post pond

Fleets B-757 and A-320						
S.N.	Reason for FLT. Cancellation	9N-ACA	9N-ACB	9N-AKS	9N-AKW	Total
1.	Station KTM	-	-	-	-	0
2.	MKT/CSD	1	-	-	-	1
3.	ENG	9	2	-	-	11

4.	OPS	-	1	-	-	1
5.	TPT	-	-	-	-	-
6.	WX/Notam	-	-	-	-	-
7.	Cust./Immig.	-	-	-	-	-
8.	SUBS	1	1	-	-	2
9.	Others	5	5	-	1	10
	Total	16	9	0	1	26

Source : Operations, planning & engineering division of NAC, Management, 2016

In above mention table No.4, During the recent years, airlines have use "Capacity discipline" to reduce the number of flights contributing to airlines profits, profit by increasing load factors on remaining Flights (Matthew, 2015, P.1). In this period of time NAC proposed all together 1140 Number of flights but Only 1115 No. Of.Flights was operated as a same day and 08 flight for next day. In addition all together 328 flight were delayed and 26 were cancelled as a same duration due to various reasons. Overall 10 flights were cancelled due other reasons (to late arrival of Aircraft, late departure of Aircraft weather, lighting, Hindering, Visibility, runway problems, Air traffic Jam, technical etc.) and 11 flight were cancelled due to inefficient or role of engineering Department, 2 by subsequent problems and 1/1 flight was cancelled by the role or function operational and customer service to department of Nepal Airline cooperation in 2072 BS.

NAC Operate own's 4 Aircraft for their international flight including with airbus A-320 & old Boeing B-757 in a operation. The Flight cancellation rate was found B-757, 9N-ACA was very high (16 flight) than other Aircraft due to technical discourse of Aircraft. Other Boeing B-757, 9N-ACB also cancelled 9 times in operation and new Airbus A-320, 9N-AKW, also cancelled only one time. In above situation we can says that most of Boeing B-757 schedule of flight were cancelled due to the technical problems of Aircraft.

When the flight is cancelled, passengers are automatically entitled to their entitled to their choice of re-routing to the same destination at the earliest opportunity, later re-routing at the passenger's convenience, to the same destination under comparable conditions (subject to seat availability) and a refund of the ticket as well as a return flight to the point of first departure, when relevant. Any ticket refund is the price paid for the flights non used. The cost of flights already flown in cases where the cancellation has made those flights of no purpose where applicable, passengers are also entitled to refreshments, communication and accommodation according to rules and Regulation of concern airlines.

Previous empirical research on service quality primarily has focused on flight delays, instead of cancellation (Mayer and Sinai, 2003a & 2003b; Mazzeo, 2003 cited from Rupp and Holmes, 2005). Flight cancelled is arise the question for potential operation objectives, efficiency, accurancy, efficitiveness, Reliability punctuality and overall performance of Airlines Industry. New Classical economic theory) assumes that airlines maximize profits and also focus on relationship between revenue and service quality. Airline service quality by examine determinants of flight cancellations. NAC also need to planning for minimize their flight cancellation by reducing Human error, Replacing Traditional management system. Smoothly run the operation & marketing department and other concern authorities as well for being a leading aviation organization in Nepal.

4.3 Traffic & Revenue performance of NAC

Aviation plays a significant role in the world today. It support social and economic development in both emerging and established nations. The strong air travel growth, globalization of economics, air travel deregulation and technology have allowed more connectivity between cities (Airbus, 2009). According to Gonenc&Nicoletti (2008) quoted in (piermartini, R.; Rousava L; 2008) that international air passenger transport is an important factor in facilitating trade and development of other sectors of an economy. Trace Keith, FrielinkBarend, Hew Denis (2009) also mentioned that improved air connectivity through air transport links is an essential component of economic growth, as it provides personal access to the region for business, social or recreational purposes as well as physical access to resources and markets.

Performance is behavior evaluated in terms of its contribution to goals of the organization (Dalrymple et al, 2004; Johnston & marshal, 2003). Sales volume and profitability are among the most frequently used marketing performance (Kokkinaki&Amblier 1999; Ambler and kokkinaki 1997; Cark 2000). Financial performance measure of aircraft depend upon the economic viability, including directing cost comparison, ignore both of the non-cash elements and the time value of money. Aircraft investment out of general revenues to support overall economic development rather than the to produce profit. Operation performance focuses on financial performance such as profit ration and sales growth rate. No-financial performance factors, such as customer satisfaction, employee satisfaction and operating efficiency are important with company's future success. In this Research we can try to find out what the actual traffic and Revenue performance of NAC on the basis of financial performance which is given below on table No. 5

Table No. 5**Traffic & Revenue performance of NAC**

S.N	Station	Period of time for Revenue collection (in %)			
		Shrawan 2068 to Ashad 2069	Shrawan 2069 to Ashad 2070	Shrawan 2070 to Ashad 2071	Shrawan 2071 to Ashad 2072
1.	KTM-BKK	4.35	5.08	4.78	4.64
2.	BKK-KTM	4.32	4.15	3.25	4.20
3.	KTM-DOH	5.03	11.48	16.60	14.01
4.	DOH-KTM	5.21	10.14	11.38	11.93
5.	KTM-DXB	3.34	0.41	-----	-----
6.	DXB-KTM	3.21	0.23	-----	-----
7.	KTM-HKG	11.68	11.19	10.59	11.19
8.	HKG-KTM	12.08	10.78	9.55	11.24
9.	KTM-KUL	22.74	22.76	26.63	20.60
10.	KUL-KTM	26.77	23.73	17.19	18.00
11.	KTM-DEL	0.65	-----	-----	2.46
12.	DEL-KTM	0.57	-----	-----	1.68
Total		100	100	100	100
		3636525584	4551554201	4629989343	4624968831

Source :Commercial Department of NAC, Management, 2016

In above table No.5, NAC has been conducted/operating six countries within 6 international destinations in 2068 BS. In this duration NAC earned highest revenue from KUL-KTM sector 22.74% and lowest from DEL-KTM Sector 0.57%. In the fiscal year 2068/69 Overall NPR-3636525584 Revenue was collected from international network or flight. Next fiscal year 2069/70, Also highest revenue earned from KUL-KTM sector 23.73% and lowest from DXB-KTM sector 0.23%. In this fiscal year all together (NPR-4551558201) revenue collected from international network. Again, Fiscal year 2070/71 also highest revenue collection through the KTM-KUL which is on 26.63% and lowest from BKK-KTM sector is only 3.25%. Overall NPR-4629989343 revenue collected from international flight network as a same fiscal year. At last fiscal year 2071/72, Highest revenue collection through the KTM-KUL sector which is 20.60% and lowest from the DEL- KTM which is 1.68%. All together NPR-4624968831 revenue collection from Nepal airline international Network in the fiscal year 2071/72

According to above data flight revenue is going to be increasing every years but flight is going to be decreasing due to shortage of sufficient Aircrafts. Malaysia (KTM-KUL-KTM) sector is very high revenue earned sector of all of above fiscal years. Hong Kong (KTM-HKG-KTM) is the second profitable business revenue collection sector of NAC and Quarter (KTM-DOH-KTM) is

the 3rd largest revenue collection sector of NAC and other sectors also satisfactory for revenue collection point of view.

In above situation of revenue we can say that NAC, get satisfactory revenue collection from it's all international Networks. Higher productivity of airline is the key to faster economic growth of an economy. Backdrop, of this study estimate and compares average all international sector revenue, productivity which leads to NAC financial performance as well as overall performance of NAC, In above real life situation of NAC, need to be proper planning for capacity utilization, Aircraft utilization and expanded their wings all over the world.

4.4 Passengers Follow/Capacity Utilization

Capacity is defined as the managerial and strategy system required for realization of performance improvement(Jas and Skelcher,2005).The term "capacity" is defined as the integration of a firm's of knowledge, skills, routines and ability to create and deliver a product or service that is of superior value to their customer (Day, 1994). Organization performance depends up on the Aircraft capacity utilization. Aircraft capacity utilization depends up on the airline philosophy, marketing strategy business models, operational performance and overall productivity, safety, security, Reliability and punctuality as well passenger follow also depend on some sorts of variables like: Image of organization, philosophy of organization price of service, quality of air service, service delivery time and costs, safety and security of aviation industry, operation and marketing planning of the organization, Reliability and punctuality, cancellation and delays rate of flight operation. In this research, try to actual finding of what is the NAC passenger follow rate of it's international flight which is given below on table No. -6

Table No. -6

Passengers Follow/Capacity Utilization

S.N	Sector	68 to 69		69 to 70		70 to 71		71 to 72	
		Seat production	PSG. Flown (%)	Seat production	PSG.flo wn(%)	Seat production	PSG.Flo wn(%)	seat production	psg flown(%)
1.	KTM-BKK	19950	54.27	19760	72.57	17860	78.67	19030	79.19
2.	BKK-KTM	19950	43.57	19760	45.38	17860	41.11	18964	55.05
3.	KTM-DOH	13624	86.52	33725	89.08	33921	84.58	32300	87.37
4.	DOH-KTM	14124	91.07	33193	83.11	32384	84.38	30062	81.37

5.	KTM-HKG	26132	73.37	26320	78.14	24440	74.43	25418	74.56
6.	HKG-KTM	25944	71.97	26299	71.54	24440	64.09	25268	66.84
7.	KTM-KUL	52820	80.63	54150	87.93	55290	89.39	50730	79.64
8.	KUL-KTM	52440	82.22	53960	78.34	55480	67.37	50920	83.57
9.	KTM-DEL	9500	42.07	-----		-----		16914	70.36
8.	DEL-KTM	9500	37.76	-----		-----		16914	59.86
9.	KTM-DXB	13490	61.69	1805	65.54	-----		-----	
10	DXB-KTM	13395	68.72	1710	43.62	-----		-----	
TOTAL		260869	73.92	270682	78.37	26175	75.69	286520	76.44

Source: Commercial Department of NAC, Management, 2016

In above table No.6, NAC, has been operating its flight for 6 international countries within six destination all sector wise passenger was mention on table No.-6. In a fiscal year 2068/69. The total seat production for all sector overall, 260869 and occupancy was 192842 (73.92%). The highest seat production capacity was KTM-KUL (52820) and DOH-KTM was 91.07%. The highest passenger flown in KUL-KTM sector was 43117. In this fiscal year 2069/70. The total seat production capacity of NAC was 270682 and occupancy rate is 212124 (78.36%). In this year highest seat production capacity of NAC International Network is also KUL-KTM which was 53960 and occupancy rate of passenger was KTM-KUL sector 87.95%. The lowest seat production sector of this year was KTM-DXB only for 0.35% But after their few time flight was withdraw due to shortage of Aircraft so that KTM-DXB-KTM and KTM-DEL-KTM both sector flight schedule remove from its international network. Again, Fiscal 2070/71, NAC only operate its Flight for only 5 international countries within 5 point o Network. In this year total number of seat production capacity of all of above international network of NAC was 2626875 and occupancy capacity was 198080. Both of capacity of this year decreasing than previous fiscal year due to shortage of Aircraft. In this year highest seat production capacity of KUL-KTM sector 55480 and highest occupancy rate passenger was KTM-KUL sector which is 89.39% and lowest seat production form KTM-BKK was 17860 and occupancy rate of BKK-KTM sector which was only 41.11%. At last fiscal year 2071/72 the total number of seat production capacity of NAC from its international network was 286520 and occupancy rate or passenger follow of 75.69% which was greater than previous all years. The highest seat production capacity of these fiscal years was KUL-KTM 50920 and Highest occupancy rate of KTM-DOH sector was 87.37%. The lowest seat production capacity of this year was KTM-DEL-KTM 16914 and occupancy rate of BKK-KTM sector was (DEL-KTM) 55.01% because of KTM-DEL-KTM flight only re-launching or started from 15 Falgun, 2071.

Passenger follow of Airlines is of almost importance for the overall growth of the economy of Airlines. Seat production capacity is an importance productivity of any Airlines. Seat selling capacity or marketing capacity/strategy only determinants the load factors of Airlines industry. The High level of load factors or occupancy rate determinants to the capacity utilization of

Aviation industry. High capacity utilization leads to be high productivity and high productivity lead to be high performance of any organization.

In above phenomenon we can says that seat production capacity utilization depend up on the marketing policy or strategy of the organization. So that, NAC also need to focus on online sells, online booked, online check-in, frequent flyer card and priority (facilities), firm issued, pay by credit card, mobile team for capacity sells, code sharing, transit connection management and provide for different skills for regular passenger (like; buy two get one free, etc.) and also need to be improve their regularity, reliability punctuality, aviation safety and security as well.

4.5 Operations performance of NAC:

Operational performance occupies a significant place in the performance evaluation of airlines. Operational performance determinates to the financial profitability, with regard to the financial performance, shows its "ability to earn profits proves a measure of its market strength it is ability to keep down costs. (Operation)". Profitability also affects the amount of investment, for much industrial investment is financed out of reinvested profits and hence the contribution of the firm to the overall growth of the economy (Killick, 1983, P.183). Capacity utilization depend upon the operational performance so that in this research try to find out the what is the actual operation performance of NAC in their different fiscal years which is given below on table No.-7.

Table No.7

Operations Performance of NAC

S.N	Station Sector	2068/069			2069/70			2070/71			2071/072		
		Flt as per schdule	No. of flt. opt.(%)	No. of flt.xx.D.(%)	Flt as per schld.	No. of flt. opt.(%)	No. of flt.xx.D.(%)	Flt as per schld	No. of flt. opt.(%)	No. of flt.xx.D.(%)	Flt as per schld	No. of flt. opt.(%)	No. of flt.xx.D.(%)
1.	KTM-BKK	156	67.30	32.70	134	77.61	22.39	141	66.67	33.33	105	96.19	3.81
2.	BKK-KTM	156	67.30	32.70	134	77.61	22.39	141	66.67	33.33	105	97.14	2.86
3.	KTM-DEL	241	20.74	79.24	---	---	---	---	---	---	107	96.26	3.74
4.	DEL-KTM	241	20.74	79.24	---	---	---	---	---	---	107	96.26	3.74
5.	KTM-DOH	157	90.45	9.55	192	97.40	2.60	205	87.32	12.68	190	89.47	10.53

6.	DOH-KTM	156	90.38	9.62	193	97.93	2.07	204	87.75	12.25	192	86.98	13.02
7.	KTM-DXB	157	90.45	9.55	19	100	---	---	---	---	---	---	---
8.	DXB-KTM	156	90.38	9.62	18	100	---	---	---	---	---	---	---
9.	KTM-HKG	155	89.68	10.32	147	95.24	4.76	153	84.97	15.03	149	91.28	8.72
10.	HKG-KTM	155	89.03	10.97	147	95.24	4.76	153	84.97	15.03	149	91.28	8.72
11.	KTM-KUL	316	87.97	12.03	303	94.06	5.94	345	84.35	15.65	347	76.95	23.05
12.	KUL-KTM	317	87.07	12.93	304	93.42	6.58	345	84.64	15.36	348	71.02	22.98
TOTAL FLT.		2363	72.24	27.76	1591	92.39	7.61	1687	82.34	17.66	1799	86.33	13.67

Source: Operations Department of NAC, Management, 2016

In above table No.7, Nepal airlines co-operation has been purposed 2363 flight as per schedules form it's international network in Fiscal year 2068/069. All together 1707 No. of flight were operated as a same day and overall 656 No. of flight were cancelled due to different reasons which is previously mentions in table no. 2 also. Next fiscal year 2069/070, All together 1591 No. of flights proposed as per schedules but only 1470 No.of flights were operated as a same day of flights schedule but 121 flights were cancelled of this years. Again, fiscal year 2070/071, Overall 1687 No. of flights on proposed as per it's schedules but only 1389 No. of flight were operated as the same day but 298 No. of flights were cancelled as same duration. At last fiscal year 2071/072, all together 1799 No. of flights on their schedule but only 1553 No. of flights were operated and 246 No. of flight were cancelled in the duration of last fiscal year 2071/072

In above operational performance situation of NAC, The flight cancellation rate is still high due to some sorts of technical discourse, having old aircraft, insufficient management and operational ability, of skills or trained skillful manpower planning, lack of proper planning & management, various fleets of aircraft utilization, lack of proper resource planning and other natural phenomenon (lighting, weather, hindering etc.) as well.

In above phenomenon, we can say that NAC, need to be proper planning for reducing its flight cancellation.

4.6 Revenue & Passenger flown performance of Domestic Sector

Financial performance occupies a significant place in performance evaluation of airlines. Financial performance depends up on the total income revenue of airline business sells and overall capacity utilization of the Aircraft by pre determinants their flight schedules. Operation

performance, Aircraft designs, Aircraft viability, skilled and trained manpower, organization philosophy and engineering and planning of the organization and other natural phenomena also impact on passenger flown and revenue collection process. In this research try to find out the Actual passengers flown trends and total revenue from the NAC domestic sector which is given below on table No. 8.

Table No.8**Revenue & Passenger flown performance of Domestic Sector**

S.N	Region	2068/069		2069/70	
		Total passenger flown	Total revenue(%)	Total passenger flown	Total revenue(%)
1.	Central Region	35105	45.80	24139	53.99
2.	Eastern Region	16228	31.91	23874	27.60
3.	Western Region	9807	22.30	12082	18.40
Domestic Total		61140	100	60095	100
		-	2429377172	-	249265971

Source: Commercial Department of NAC, Management, 2016

In above table No.8, In a fiscal year 2068/069. All together 61140 No. of passengers flown and NPR-242397172 revenue collected from it's domestic network. The rate of passenger flown in central region (35105) and revenue collection also highest at same sector (111277189) and lowest passenger flown from the eastern region (9807) and revenue on NPR-54179997 only. Again next fiscal year 2069/070, All together 60095 No. of passenger flown and NPR-249265971, revenue collection from it's domestic networks.

In above situation analysis, NAC flight operation situation in domestic network is not highly satisfactory and revenue collection was not satisfactory due to lack of autonomy for determinants their airfares monopoly and NAC also have some sorts of social and co-operative responsibility in the society and nation. So that we can say that NAC still need to be plan, program and policy for proper resource utilization and maximize their potential revenue from domestic sector.

4.7 Operational performance of Domestic Sector

Higher productivity of airline industry is the key to faster economic growth of an economy. The total economy of airline depend up on the operating capacity of airlines which is determinants by operational performance so that, operation performance is very important factor for overall productivity of/or performance of any airlines. In this research try to show actual NAC, domestic sector operational performance which is given below in table No. 9

Table No. 9**Operational performance of Domestic Sector**

	2068/069	
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S.N	Region	Flights as per schedule	No. of Schedules flight operated(%)	No. of flight cancelled(%)	Total(%)
1.	Central	1384	88.05	11.95	100
2.	Western	2016	80.10	19.90	100
3.	Eastern	1457	87.98	12.02	100
Total		4857	84.72	15.28	100

Source: Operations Department of NAC, Management, 2016

In above table, no. 9, In the fiscal year 2068/069 altogether 4857 No.9. flights as per schedule but only 4115 No. of flights operated and 749 No. of flights were cancelled on this duration of operation. Western Region proposed 2016 No. of Flight as per schedule but only 1615 no. of flight were their given period of time which is highest proposed, operated and cancelled also in this duration of operation in domestic network. All together 1384 No. of flights as per schedule in central region only 1218 were operated and 166 no of flight were cancelled on their given duration which is lowest proposed schedule, operated and cancelled on it's given duration of domestic network.

In above phenomenon, we can say that NAC domestic flight cancellation rate also high so that total revenue of domestic sector going to be loss day to day to lack of efficient and effective flight operational performance in domestic sector. Overall domestic performance is neither high nor low it is also called moderate.

4.8 Capacity Utilization in Domestic sector

capacity is defined as the managerial and strategy system required for realization of performance improvement Gas &skelcher, 2005 cited by Jentabead, 2013 P.1). Organization capacity and capability utilization in Airline determinants the overall productivity and performance of airline. Organization capacity covers the study of the capacity within the organization level (child & Falkner, 1998; Finder & Brand, 1999). In this research also try to find out the what is the real/Actual capacity utilization situation of Nepal airlines own it's Domestic sectors which is given below in table No. 10.

Table No. 10

Capacity utilization in Domestic sector

S.N	Region	total seat production	passenger flown/capacity utilization	In %
1.	Central	20203	17103	84.65

2.	Western	22129	19987	90.32
3.	Eastern	25375	24147	95.16
Total		67707	61237	90.44

Source: Commercial Department of NAC, Management, 2016

In above table No. 10, In the fiscal year 2068/069, NAC determinants all together 67,707 No. of seat production in their domestic sector but only 61,237 No. of seat used by passengers flow as the same period of time which is 90.44 of total No. of seat production. The capacity of seat production of Eastern region was 25,375 No. of seats but only 24147 were occupied by passengers flown on this domestic network during this given period of time. The total seat production capacity of central region was 20203 but only 17103 No. of capacity used by passenger flown on same duration.

In above situation analysis we can says that the percentage of capacity utilization was good but need to planning for maximum capacity utilization in Nepal Airlines domestic sector also.

4.9 NPM and Performance of NAC

New public management has emerged as a reaction to the traditional model of public administration, a bureaucratic, hierarchical, rigid, inefficient model, which led to the distancing of government citizens. Public organization which, were organized by the traditional, bureaucratic model were increasingly criticized for lack of efficiency, effectiveness and quality of public services. As a new paradigm of public administration, New public management (NPM) points to the failure and inadequacies of public sector performance over time and the problem laying squarely in the nature and process of public sector activity and traditional public administration. It has been developed as a handy shorthand and summary description of the way of reorganization public sector bodies to bring their management approach closer to the business model since 1980s. NPM has become a dominant model of administrative reforms. The basic principle of NPM is based on economic and managerial theories. Application of economic theories in the public sector always to introduce competition in the public service delivery system, to contract out function of government, and private state owned agencies. Application of managerial theories in the public sectors gives an opportunity provide flexibility in managing the functions of government where public managers have been more autonomy to manage their jobs. NPM application focus on Devolution of power and authority, to the semi-autonomous agencies, quality service delivery, use of optimum resource utilization, operation capacity and enhance the efficiency, effectiveness and overall performance of the organization.

Performance management is concerned with encouraging behavior that leads to attainment of the organizational objectives it creates shared understanding on how to improve performance by

agreeing what need to be done and how achievement will be measured (Amstrong, 2006). Buytendijk (2009) argues that a good performance management system should be focus on outputs and not outputs. According to Armstrong (2006), Performance measurement is the process of establishing achievements and gaps in order to provide feedback.

Performance measurement is at the heart of the organizational process. The process of management emphasizing value and service to the customer is replacing traditional vertical and functional structures and focus on overall organizational performance. In this research, the aircraft utilization capacity, Human resources planning capacity, resources utilization capacity, flight operational capacity, on-time performance capacity, scheduling planning and rigid flight schedule management capacity, marketing capacity engineering capacity, passengers flown capacity, revenue generating capacity, and also other assets frontiers management capacity of Nepal Airlines corporation were found below the satisfactory level..

NPM focus on modern management technology for the improvement overall performance of any organization but still NAC suffering from huge lossin their business due to lack of autonomy, Due to political intervention in management, lack of proper human resource planning, lack of sufficient skilled and trained manpower, lack of sufficient investment in their business, organization philosophy, national civil Aviation policy, lack of organization commitment and leadership, entrepreneurship and some of internal and external variables which are directly and indirectly influence on the performance of NAC. So that NAC should not be run smoothly according to NPM principles.

CHAPTER-V

SUMMARY CONCLUSION AND FURTHER RESEARCH

5.1 Introduction

This Chapter Presents the finding, conclusion suggestion and Further course of research of the study. The first chapter present the research findings that have been down form the discussion based on the both primary and secondary data. Then it draws a conclusion based on the NPM theory, empirical, investigation, and discussion on the factors affecting application of performance based management (BPM) in Nepalese Aviation Industry. Finally the chapter recommends some importance areas of the study for future course of research. Further studies would be more meaningful for generating additional knowledge, skills through the scientific investigation in the field of performance improvement and factors that affect application of reform agenda in Nepalese Aviation industry/sector. From the philosophy of scientific point of view, Finding of the once investigated subject matters are always opened for future Research to explore the new finding knowledge reconfirm earlier finding, knowledge or modify once established causal relationship between the independent and dependent variables in a different time and context.

In this chapter finding of the study has been summarized, conclusion have been drawn and some recommendation have been made.

5.2 Summary

The main objective of the study was to examine actual performance situation of Nepal Airline Corporation in Nepal focusing on performance based management (PBM) based upon the new public management (NPM) theory as a case in Aviation Industry. The second objective of this study was to analyze the main causes of poor performance and also to find out the methods of improving performance of Nepal Airlines Corporation. The focus of this study was on the organizational performance as well as organization efficiency and effectiveness.

Organization performance is an engine in determinately the organization goals and objectives in any business organization. Organization performance is one of the most important variables in management Research. The organizational philosophy, strategy, structure, work environment & culture, organization Tendency, performance measurement, information technology, Leadership,

innovation and development, Resources management or utilization capacity, Human Resources Planning (HRP), employee satisfaction, quality of service, customer satisfaction, organizational culture, trained and skilled manpower of the organization, safety and security reliability and punctuality are the some important variables for leads to organization performance. The study depends upon the Aircraft utilization, on time (operational) flight performance, seat production capacity, passenger flown Rate, Flight schedule planning, operation & management, management of flight Delays and cancellation, Therefore, the investigator deemed it necessary to focus organizational operational performance of NAC, particularly.

Nowadays, NAC has been criticized on various ground of poor performance. Though, there are may be various other causes responsible for create this situation, low level of Aircraft utilization low level of capacity utilization, low level of on time flight performance. Most of flights were cancelled due to rigid schedule or mismanagement, Lack of inefficiency or skilled manpower, Inefficiency of Marketing, customer service, Ground operation and engineering Department of NAC and so on.

Performance is assumed, in this study to be a central cause. That is why the level of performance has been considered the major problem for investigation. The main objective of this study has been defined accordingly i.e. review and analyze the overall performance of Nepal Airlines corporation, to identify the main cause of poor performance and find out the methods of improving performance of Nepal Airlines corporation it is assumed that expected and fulfilled (needs) gaps are reliable indicator of the performance. Performance, however is a very (complex) critical issue involving issue involving the large number or factors and actors. Many theory have been developed to explain the Human and Organization performance but it is still very difficult to define a formula which will be ensure actual performance. So, performance needs to be provided serious attention as per environment specific and enterprise specific situation.

Performance is the most important construct in industrial and organization psychology and Human resource management (HRM) (Compbell, 1990). Components of performance such as internal and External environment of organization. Organization structure and philosophy, Resource and capital or capacity utilization, on time operational performance, flight safety and aviation security passengers flown rate and seat production capacity schedule planning, skilled and trained manpower, Accountability, transparency, reliability and punctuality and professionalism as well. The research has been followed Descriptive analytical (Mix) methods in this research. Only 15 person of NAC, manager, officers were taken as a sample of opinion based on situational explanation view of performance and other data were collected through direct from NAC, operational, engineering and planning division which based up on the previous various years of Actual data of NAC both primary and secondary data collection technique were

used in this research. Basically event based on performance data are used to this research. Some essential statically devices were used analysis and interpretation of data.

The analysis shows that, Airplane utilization is a key performance indicator for airlines operations. Capacity utilization is an important operational metric for airlines business and it's also a key economic indicator applied to aggregate productive capacity. The current operating efficiency of aircraft was found highest 251 and lowest 179 operation days in a year. The highest flying hours of each aircraft was found 14.41 HRS: and lowest from 7.37 HRS: in a day. The aircraft utilization rate of NAC was found Boeing is better Airbus. On time flight performance is a measure of the ability of transport services to be on time. On time flight performance of NAC was found 97.80 % of flights were operated as a same day and 3.20% of flight were post pond for next day and 70.58% of flight were on time, 29.4% were delayed and 1.88% were cancelled in fiscal years 2072. The reliability rate was found 95.24% punctuality was found 72.23%. The reasons of flight delays reasons were found 53.96% due to others reasons, 27.13% were subsequent, 7.01% were engineering department, 4.57% were found KTM ATC/Weather or Notam, and 2.74% of flights were delays due to operation reasons. In NAC, overall 26 no. of flight were cancelled in KTM station in a fiscal year 2072. Which were (38.46%) were others reasons, 42.30% were engineering Department of NAC, 7.69% due to subsequent and (3.84%) Flights were cancelled due to reason of Marketing and Operations Department of NAC.

Delays refers to the inability of aviation system to handle the flight as per predetermines schedules. In this duration NAC delays overall 328 flights per year due to different reasons. Which is 31.56% of total flight of this duration 53.96%of. Flights were delayed by others reasons, 27.13% of. Flights for subsequent reasons 7.01% of Flights were in efficient of engineering department 4.57% of flights were delayed by KTM ATC and 2.74% of flight were due to delay by operational reasons.

In this period of time NAC proposed all together 1140 Number of flights but Only 1115 No. of Flights was operated as a same day and 08 flights for next day. In addition all together 328 flight were delayed and 26 were cancelled as a same duration due to various reasons. Overall 10 flights were cancelled due other reasons (to late arrival of Aircraft, late departure of Aircraft weather, lighting, Hindering, Visibility, runway problems, Air traffic Jam, technical etc.) and 11 flight were cancelled due to inefficient or role of engineering Department, 2 by subsequent problems and 1/1 flight

was cancelled by the role or function operational and customer service to department

of Nepal Airline cooperation in 2072 BS. NAC Operate owns 4 Aircraft for their international flight including with airbus A-320 & old Boeing B-757 in a operation. The Flight cancellation rate was found B-757,9N-ACA was very high (16 flight) than other Aircraft due to technical discourse of Aircraft. Other Boeing B-757, 9N-ACB also cancelled 9 times in operation and new Airbus A-320, 9N-AKW, also cancelled only one time. In above situation we can says that most

of Boeing B-757 schedule of flight were cancelled due to the technical problems of Aircraft. In this duration NAC earned highest revenue from KUL-KTM sector 22.74% and lowest from DEL-KTM Sector 0.57%. In the fiscal year 2068/69 Overall NPR-3636525584 Revenue was collected from international network or flight. Next fiscal year 2069/70, also highest revenue earned from KUL-KTM sector 23.73% and lowest from DXB-KTM sector 0.23%. In this fiscal year all together (NPR-4551558201) revenue collected from international network. Again, Fiscal year 2070/71 also highest revenue collection through the KTM-KUL which is on 26.63% and lowest from BKK-KTM sector is only 3.25%. Overall NPR-4629989343 revenue collected from international flight network as a same fiscal year. At last fiscal year 2071/72, Highest revenue collection through the KTM-KUL sector which is 20.60% and lowest from the DEL-KTM which is 1.68%, All together NPR-4624968831 revenue collection from Nepal airline international Network in the fiscal year 2071/72

In fiscal year 2068/69, The total seat production for all sector overall, 260869 and occupancy was 192842 (73.92%). The highest seat production capacity was KTM-KUL (52820) and DOH-KTM was 91.07%. The highest passenger flown in DOH-KTM sector was 91.07%. In this fiscal year 2069/70. The total seat production capacity of NAC was 70682 and occupancy rate is 212124 (78.37%). In this year highest seat production capacity of NAC International Network is also KUL-KTM which was 53960 and occupancy rate of passenger was KTM-KUL sector 87.93%. The lowest seat production sector of this year was KTM-DXB only for 0.35%, But after their few time flight was withdraw due to shortage of Aircraft so that KTM-DXB-KTM and KTM-DEL-KTM both sector flight schedule remove from it's international network. Again, Fiscal 2070/71, NAC only operate it's Flight for only 5 international countries within 5 points of Network. In this year total number of seat production capacity of all of above international network of NAC was 261675 and occupancy capacity was 75.69%. Both of capacity of this year decreasing than previous fiscal year due to shortage of aircraft. In this year highest seat production capacity of KUL-KTM sector 55480 and highest occupancy rate passenger was KTM-KUL sector which is 89.39% and lowest seat production form KTM-BKK was 17860 and occupancy rate of BKK-KTM sector which was only 41.11%. At last fiscal year 2071/72 the total number of seat production capacity of NAC from it's international network was 286520 and occupancy rate or passenger follow of 76.44% which was greater than previous all years. The highest seat production capacity of this fiscal years was KUL-KTM 50920 and Highest occupancy rate of KTM-DOH sector was 87.37%. The lowest seat production capacity of this year was KTM-DEL-KTM 16914 and occupancy rate of BKK-KTM sector was 55.01% because of KTM-DEL-KTM flight only re-launching or started from 15 Falgun 2071. Nepal airlines co-operation has been purposed 2363 flight as per schedules form it's international network in Fiscal year 2068/069. All together 72.24% of flights were operated as a same day and overall 27.76% of flights were cancelled due to different reasons. Next fiscal year 2069/070, All together 1591 No. of flights proposed as per schedules but only 92.39% of flights were operated as a same day of flights schedule but 7.61% of flights are cancelled of this years. Again, fiscal year 2070/071, Overall 1687 No. of flights on proposed as per it's schedules but only 82.34% of flight were operated as the same day but 17.66% of flights were cancelled as same duration. At last fiscal

year 2071/072, all together 1799 No. of flights on their schedule but only 86.33% of flights were operated and 13.67 of flight were cancelled in the duration of last fiscal year 2071/072

In a fiscal year 2068/069. All together 61140 No. of passengers flown and NPR-242397172 revenue collected from it's domestic network. The rate of passengers flown in central region 45.80% and lowest passenger flown from the eastern region 22.30%. Again next fiscal year 2069/070, All together 60095 No. of passenger flown and NPR-249265971, revenue collection from it's domestic network.

In the fiscal year 2068/069 altogether 4857 No.9. flight as per schedule but only 84.58% of fights operated and 15.42% of flights were cancelled on this duration of operation. Western Region proposed 2016 No. of Flight as per schedule but only 79.76% of flight were their given period of time which is highest proposed, operated and cancelled also in this duration of operation in domestic network. All together 1384 No. of flights as per schedule in central region only 88.01% were operated and 11.99% of flight were cancelled on their given duration which is lowest proposed schedule, operated and cancelled on it's given duration of domestic network.

In the fiscal year 2068/069, NAC determinants all together 67,707 No. of seat production in their domestic sector but only 61,237 No. of seat used by passengers flow as the same period of time which is 90.44% of seat capacity utilization. The capacity of seat production of Eastern region was 37.47% of seats but only 39.43% were occupied by passengers flown on this domestic network during this given period of time. The total seat production capacity of central region was 20203 but only 27.92% of capacity used by passenger flown on same duration.

In this study analysis of all kinds of variables which is directly related with performance of Nepal Airlines corporations. Aircraft utilization is a key performance for airline operation and it's also the key economic indicator aviation economy, productive capacity and overall performance of airlines which is found in NAC was below satisfactory level. On time performance is a measure of the ability of transport services to be on time. Almost all transportation systems have time tables, which describe when aircrafts are to arrive at scheduled stops. On time performance is particularly important where services are infrequent and people need to plan to meet services. Airlines worldwide aim to maximize profitability. Facing worsening economic conditions airlines had to plan their operations in way to minimize losses. So that airlines best interest is to plan their schedules in the way which would allow them to maximize time spent air bone (block-to-block-time) in comparison. It's always deals with reliability and punctuality. With positive correlation between on-time performance and operating profit. Despite the increasing attention that Nepal airlines pay to punctuality the industry's one-time performance is still far below satisfactory levels.

Flights delay is a serious and wide spread problem in the world now days. Increasing flight delays place significant strain on Nepal air travel system and cost of airlines, passengers and society at many billions of dollars each year. Illustrate these phenomena, flight delay degrades the quality of the airlines service product while the many air travelers choose to “grin and bear it”. As results, delays cause employers to experience a loss in productivity, Punctuality, reality and also decrease the good-well (image) of the company. Delays also impose a large cost of NAC, passengers, society and so on.

A flight cancellation occurs when the airlines does not operate flight at all for a certain reasons. When the flights are cancelled or delayed passengers may be entitled to compensation due to rules obeyed by every flight company. Exclusively on flights cancellation impact of upon the service quality and revenue relationship, productivity, Reliability, punctuality and overall performance of Airlines industry/ Service. Airline service quality by examine by examine determinants of flight cancellation. NAC also need to planning for minimize their flight cancellation.

Aviation plays a significant role in the world today. It supports social and economic development in both emerging and established nations. In NAC, flight revenue is going to be increasing every but flight is going to be decreasing due to shortage of sufficient Aircraft. The capacity is defined as the managerial and strategy system required for realization of performance improvement (jas and Skelcher, 2005). Organization performance depends up on the Aircraft capacity utilization and capacity utilization depends up on the organization efficiency and effectiveness. The seat production capacity utilization depends up on the marketing policy or strategy of the organization. The high level of load factors or occupancy rate determinants to the capacity utilization of Aviation industry. High capacity utilization leads to be high productivity and high productivity lead to be high performance of any organization. So, that NAC also need to be plan for maximum capacity utilization planning.

Operational performance occupies a significant place in the performance evaluation of airlines. Operational performance determinate to the financial profitability, with regard to the financial performance, shows its “ability to earn profits proves a measure of its market strength it is ability to keep down cost. Operational performance situation of NAC, the flight cancellation rate is still high due to some sorts of technical discourse, having old aircraft, insufficient management and operational ability, of skills or trained skillful manpower planning, lack of proper planning & management, various fleets of aircraft utilization, lack of proper resource planning and other natural phenomenon (lighting, weather hindering etc.) as well.

Performance measurement is at the heart of the organizational process. The process of management emphasizing value and service to the customer is replacing traditional vertical and functional structures and focus on overall organizational performance. In this research, the aircraft utilization capacity, Human resources planning capacity, resources utilization capacity, flight operational capacity, on-time performance capacity, scheduling planning and rigid flight schedule management capacity, marketing capacity engineering capacity, passengers flown capacity, revenue generating capacity, and also other assets frontiers management capacity of Nepal Airlines corporation were found below the satisfactory rate.

NPM focus on modern management technology for the improvement overall performance of any organization but still NAC suffering from huge loss in their business due to lack of autonomy, Due to political intervention in management, lack of proper human resource planning, lack of sufficient skilled and trained manpower, lack of sufficient investment in their business, organization philosophy, national civil Aviation policy, lack of organization commitment and leadership, entrepreneurship and some of internal and external variables which are directly and indirectly influence on the performance of NAC. So that NAC should not be run smoothly according to NPM principles.

In above phenomenon, we can say that Aircraft utilization, on time performance, Occupancy rate, Revenue collection rate is still low but Flight delays and cancellation rate still high in NAC due to the lock of organization commitment, due to shortage of aircraft, due to shortage of skillful and trained manpower, proper planning and management, marketing and business strategy, organization philosophy, current rules and regulation of Civil aviation authority of Nepal, operational ability, various fleets of aircraft utilization, lack of proper human resource planning another natural phenomenon. In above situation NAC need to be proper planning for resource utilization and maximize their efficiency and effectiveness for performance improvement.

5.3 Conclusion

Performance management or improvement are the major issues of on going debates and discussion among the researchers and academics engaged in research studies in the public sector (Gautam, 2012, p. 202). These issues are also a matter of challenge to the practitioners and professional working in the bureaucracy for organizational transformation since 1980s. A number of changes in the public management have been made under the banner of NPM in the

world. The NPM application of public sector reform has also become popular in developing countries since 1990s. The main feature of NPM reforms are right sizing the public organization, Break down of the state department into free standing agencies, procedural simplification use of citizen characters, out sourcing of public service, managerial autonomy, result orientation and performance based management.

Performance is behavior evaluated in terms of its contribution to goals of the organization (Dalrymple et.al, 2004; Johnston & Marshal, 2003). Aviation Plays significant role in the world today. It support social and economic development in both emerging and established nations. The strong air travel growth, globalization of economics, air travel deregulation and technology have allowed more connectivity between cities (Airbus, 2009). According to Gonenc and Nicoletti (2008) quoted in (pier martini, R; Rousava, L. (2008) that international air passenger transport is an important factor in facilitating trade and development of other sectors of an economy. The role of NAC also importance for national economic development. Performance of Nepal Airlines Corporation found to the following characteristics. The study conducted on the basis of different dimensional approach of performance evaluation, mainly the resource utilization capacity, on time performance capacity, seat production capacity and passengers flown rate, Financial performance, revenue collection tendency, flight Delays, post pond and cancellation tendency safety, security, reliability and punctuality rate, social recognition and image/goodwill of the carrier as aimportant (factors) variables depend upon Airlines performance. In this research the following conclusion can be drawn of the basis of finding.

- Airplane Utilization is a key performance indicator for airline operation. Capacity is an important operational metric for airlines business and also economic indicator of productive capacity. The Aircraft utilization capacity of NAC was found highest 251 days per years and 14.41 HRS: per day Aircraft flying hours and lowest 179 days per year and only 7.37 HRS per day. This is very low capacity utilization situation of NAC so that NAC need to be capacity management planning for maximum Aircraft utilization.
- On time flight performance is a measure of the ability of transports service to be on time. Which was found to be 70.58%, of flight, on time, 29.42% of flight delays and 1.88% of flight were cancelled.
- The reliability rate was found on NAC flight was 95.24% and punctuality rate was 72.23% in a fiscal years 2071/072.

- Flight delays is a serious and wide spread problem in the world now days. Increasing flight delays place significant strain on Nepalese air travel system. In NAC, 328 No. of flight were delayed and 26 No. of flight cancelled in a year. Which is very high rate of delays and cancellation in aviation Industry.
- Traffic & revenue performance of NAC, is going to be increasing every years but flight schedule is going to be decreasing due to shortage of sufficient Aircraft and effect of other variable as well.
- Capacity is defined as the managerial and strategy system required for realization of performance improvement. The passenger flown rate of NAC in fiscal year or capacity utilization rate or occupancy rate was 73.92% of total seat production capacity of this years 260869 and 78.37% in a fiscal year 2069/070, the total seat production capacity of 270682, Again fiscal years 2070/071 the occupancy rate of passenger was found 75.69% which decreasing than previous fiscal years and last fiscal year 2071/072 the rate of occupancy was only 76.44% of this year total seat production capacity of 286520.
- Operational performance occupies a significant place in the performance evaluation of airlines. Operational performance determinates to the financial profitability. NAC has been proposed all together 2323 No. of Flight in fiscal year 2068/069 which only 72.24% of fight were operated and 27.76% of flight were cancelled. Again, in the fiscal year 2069/070 was only 92.39% operated but 7.61% of flight were cancelled as a same duration. In a fiscal year 2070/071, 82.34% of flight were operated but 17.66% of flight cancelled and last fiscal year 2071/072 only 86.33% of flight were operated but 13.67% of flight were cancelled due to different reasons. Which rate is very high delays and cancellation rate of aviation industry which directly impacts of Airlines performance.
- Airplane utilization is a function of elements or factors including airplane design, features futures and characteristics, Airlines maintenance programs, airplane technical reliability airlines business philosophy, market demand characteristics, availability of trained and skilled manpower and so on.
- On time performance depends up on the scheduling planning, availability of Aircraft: Aircraft fleets, Aircraft capacity, Age of the Aircraft/modality of the aircraft, Technical discourse, Human Resource planning, crew and crew members management, role of passenger Handling (CSD), operational, engineering and Ground support department of

NAC, organization leadership and commitments, weather/ Notam, civil Aviation policy, subsequent, and other Natural phenomenon as well.

- Flights delays and cancellation rate determinants the overall performance of Airlines. It's always deals with reliability and punctuality. We found positive correlation between on time performance and operating profit. Despite the increasing attention that Nepal airlines pay to punctuality the industry's on time performance is still far below satisfactory levels.
- Increasing flight delays place significant strain on Nepal air travel system and cost of airlines, passengers and society at many billions of dollars each, year, Nepal Airlines also can't be exception of this phenomenon.
- In all the causes expect Nepal Airlines Corporation can't be able to utilization of their Aircraft as per their preliminary objectives. The capacity utilization rate of all aircraft both international and Internal sector which was found far below the satisfactory level. The flight delays and cancellation rate also found to be high due to some sorts of human factors as well as natural. But human factor can be control by providing proper planning and scheduling and other management technique should be adopted. The passengers flown rate is going to be increasing every year but flight schedule is going to be decreasing day by day due to management inefficiency and lack of effectiveness.
- NAC, need to be proper plan policy and programs to improve their organization efficiency and effectiveness for being as a leading aviation organization of Nepal with pride of (image/goodwill) National flag carrier otherwise NAC will have been faced grater challenges in futures.
- Performance measurement is at the heart of the organizational process. The process of management emphasizing value and service to the customer is replacing traditional vertical and functional structures and focus on overall organizational performance. In this research, the aircraft utilization capacity, Human resources planning capacity, resources utilization capacity, flight operational capacity, on-time performance capacity, scheduling planning and rigid flight schedule management capacity, marketing capacity engineering capacity, passengers flown capacity, revenue generating capacity, and also other assets frontiers management capacity of Nepal Airlines corporation were found below the satisfactory rate.

- NPM focus on modern management technology for the improvement overall performance of any organization but still NAC suffering from huge loss in their business due to lack of autonomy, Due to political intervention in management, lack of proper human resource planning, lack of sufficient skilled and trained manpower, lack of sufficient investment in their business, organization philosophy, national civil Aviation policy, lack of organization commitment and leadership, entrepreneurship and some of internal and external variables which are directly and indirectly influence on the performance of NAC. So that NAC should not be run smoothly according to NPM principles.

5.4 Further Research

Performance evaluation measurement and improvement is an ongoing agenda of the government across the world. At the same time, some sort of research works have also been conducted for the academic or non-academic purpose in the field of aviation performance improvements. Developing and highly developed both nations have been focused on performance of public sectors. However, there are many actors and factors that can be effect on performance of public sector in many ways. Depending up on their social economical, political and administrative cultures of country concerned. Therefore, the Geo-political setting also impacts up on the same investigation and research. The management skilled or capacity and human behavior also effect on performance to achieve overall goals and objectives of the organization. Therefore, there is a always room to conduct further research in the same field in different time and context.

This study is beyond in relating organization's performance achievement. The reason is that there is always a probability of finding additional variables in the scientific study. So that, further studies can be conducted on the same variables and also on the different variables that can have different causal relationship in different ways and scales. In many causes, variables may be same but the degree of causality may vary in different time (Gautam, 2012, p. 207). So that finding of this research work may contribute to obtain additional knowledge in the field of performance of aviation industry or Airlines Industry/Service.

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APENDIX- I

Questions for the NAC employees

Respected sir/ Madam,

I would like to request you to give your opinions towards your profession. The Researcher is conducting a research on the topic "Performance of Nepal Airlines Co-operation". The main objective of this research is to examine how the actual performance of NAC. This questionnaire survey is to prime parts of the data collection for the partial fulfillment of my M.Phil. Course. Your valuable response will contribute on the way to improving the quality of the study.

Thank you very much for your contribution.

Sincerely

Rishikesh Panthi

M. Phil. Student.

Central Department of Public Administration.

Faculty of Management.

Tribhuvan

University

Section -1 Personal Details

2. Do you know, what sorts of causes most of NAC flights were delayed or cancelled?

3. Do you have any ideas, how to improve NAC Traffic and Revenue performance?

4. Do you have any ideas, how to increase our seats production capacity and passengers flown Rate?

5. Do you have any ideas, how to improve of NAC operational performance?

Name of Employee:-

Signature:-

Date:-

Department and address:-