

CHAPTER : I

INTRODUCTION

Background:

An organization is nothing without human resources (Decenzo and Robbins, 1998 : 2). Effective organizations are not built merely on investment and returns but more so on the quality of their workforce that makes to achieve the organizational objectives. People working in an organization-human resource are the pivotal variables without which the inanimate assets are worthless (Robbins, 1978). All the activities of any enterprise are initiated and determined by the persons who make up the institution. Human beings design or order the equipment, they decide where and how to use computers; they modernize the technology employed; they secure the capital needed and decide on the accounting and physical resources to be used. Every aspect of a firm's activities are determined by the competence, motivation and general effectiveness of human resources (Lokert, 1967 : 1).

Without people an organization can not exist and function. Even in a highly automated plants, people are nevertheless required to coordinate and control the plant's operations (Cascio, 1986 : 11). Human resources add to value, other resources add to the cost. It is only human resource which are able to change, grow and to enlarge its value. It refers to the sum total of inherent abilities, acquired knowledge and skills represented by the talents and aptitudes of the employed person in an organization (Michael, 1998 : 1). Human resources constitute the ultimate basis for the wealth of a nation. Human beings with their knowledge and skills accumulate capital, exploit natural resources, build social, economic and political organizations, and carry forward national development (Harbison, 1973 : 3).

As the organizations are made up of people, and the existence, survival and growth of an organization revolve around the activities of these people; they have to be managed effectively – this is what human resource management (HRM) is all about. Decenzo and Robbins define HRM as process consisting of four functions – acquisition, development, motivation, and maintenance – of human resources. In less academic terms, these four functions can be described as getting people, preparing them, activating them, and keeping them (Decenzo and Robbins, 2005: 4). It involves all management decisions and practices that directly affect people who work for the organization.

Armstrong argues that HRM is based on four fundamental principles:

- Human resources are an organization's most important asset;
- Personnel policies should make a major contribution to achieve corporate goals, and strategic plans;
- Corporate culture exerts a major influence on achieving excellence and must be managed;
- Whilst integration of corporate resource, it must be recognized that people have different interests and concerns which they may feel need to be defended collectively (Armstrong, 1990).

Aswathappa argues that the following elements constitute the core of HRM.

- Organizations, in the real sense, are people who staff and manage organizations.
- HRM involves the application of management functions and principles in acquisition, developing, maintaining, and remunerating employees in the organization.
- Decisions relating to employees must be integrated.
- Decisions made must influence the effectiveness of an organization (Aswathappa, 2007:5).

Human resource management is the new version of personnel management. The generic functions of personnel and HR management – recruitment and selection, training and development, performance evaluation and rewards are similar. However, personnel management tended to be parochial and aimed to influence line managers, whereas HRM is integrated with the role of line managers and has a strong bias towards business orientation. Personnel management lays emphasis on 'control', a reactive approach to control the personnel and personnel-related systems. HRM brings people-related issues in line with business-related issues. It focuses on problem-solving, collaboration, and employee development. It underscores concern for development of leadership, vision, creation of commitment, and sustaining a strong proactive work culture, compatible with business objectives (Prasad, 2005: 7).

According to Keith Session, HRM is not only a strategic activity in itself, but one which is central to the achievement of business objectives. The focus is shifted from management of trade unions to employee relations. The emphasis is on commitment and the exercise of initiative with managers now donning the role of 'enabler', 'empower' and 'facilitator' (Session, cited by Ghosh, 2000: 3). HRM is the process of managing the people of an organization with a human approach which enables the manager to view his people as an important resource who are the means for success in accomplishing organizational goals.

The essence of the concept of the HRM is that people working in the organization are viewed as a valuable resource. If these people are managed properly, they can boost productivity through commitment and capability. HRM lays emphasis on the importance of integrating personnel functions (recruitment, selection, appraisal, reward, development, industrial relations, grievance and discipline, retirement, redundancy, dismissal) into the overall strategic management of the organization. Storey (1995) mentions HRM as a distinct approach to employee management that seeks to achieve a competitive advantage through array of cultural, structural and personnel techniques (Storey, 1995). HRM is, in fact, integrated into the role of line managers with a strong proactive stance in pursuit of bottom-line result.

The changing pattern of world economy and markets, the pressure on resources, and the new concern for employment and human rights have forced on all the managers, a new agenda. Likewise, problems related to productivity, quality of products and work life, environmental safety and health are dominating management thinking and practices. Hence the task of managers has become more challenging and demanding. But, people are at the heart of the issues of productivity, quality of work life, and legal compliance. As professional management has now assumed greater importance, training and skill development of managers in the current emerging concepts and techniques of management has become crucial. The success of any venture depends on the recognition of human potential, capabilities and proper utilization of human traits and emotions. This is the reason why human resource management has become the focus of attention of progressive organizations of today. With the changes in economic, technological, social and political forces, HRM will undergo considerable changes and will become more important in the days to come.

Watson argues that we might most usefully conceptualize HRM as the element of managerial work which is concerned with acquiring, developing and dispensing with efforts, skills and capabilities of an organization's workforce, maintaining organizational relationships within which these human resource can be utilized to enable the organization to continue into future within the social, political and economic context in which it exists (Tony Watson, 2006).

Statement of the Problem:

The approach to managing human resources is undergoing a revolutionary change. The focus is changing to ensure congruence between organizational objectives and people's aspirations as a strategy to motivate them. This more strategic concept is influencing organizational outcomes such as productivity, motivation, and return on investment and so on. Competitiveness can be achieved not through the best technologies and plants, but by effectively motivating employees to perform at higher standards. Company's competitive strategy can be implemented only through capable and motivated employees.

A majority of problems in organizational setting are human and social rather than physical, technical and economic. Organizations today, amidst competitive global environment, are struggling for their survival and growth. To pursue this objective, the enterprise must have well-trained, efficient and adequately motivated work-team. Thus, the human resources are assuming increasing significance in modern organizations. This is because of the fact that productivity is associated largely with the nature of human resources (the knowledge, skills, creative abilities, talents and aptitudes of employees), and their total environment (political, legal, sociological, technological, economic and psychological factors). A more participative style of management, better communication, greater autonomy, and more involvement of employees in day to day working and policy making have become imperative for corporate excellence (Bhargav, 2000).

Nepal has implemented a series of structural adjustment measures since 1984/85, which include abolition of licensing for industrial investment; opening of infrastructure, education and health sectors to private sector, liberalization of convertible currency transactions, trade and conditionality for foreign direct investment (FDI); introduction of one window system for industrial investors as well as FDIs, progressive reduction of tariff rates etc. (Acharya , 1999). Privatization program has been accelerated since 1988, with the help of donors. With the restoration of multi-party system and the enforcement of new constitution in 1990, democratic norms and values have been consolidated. Mass consciousness have grown about concepts like good governance, public participation, civil society, human rights (including the rights of children, women, workers and ethnic minorities), environmentalism etc. (Dahal , 1999). The recent liberalization and other economic, legal reforms pronounced by the government have thrown up many challenges and opportunities to the Nepalese industries. Only a learning organization that can learn, create and codify the knowledge has potential to manage existing turbulence and can provide competitive advantage. In fact, an organization's success is determined by its people, their caliber and their attitude to succeed

and outperform. This requires that the HRM activities such as recruitment, selection, training and development, performance evaluation, and compensation should be well integrated with a strategic focus. In Nepal there are numerous HR related problems such as low production and productivity, decreasing employee motivation, satisfaction and morale, adversarial union-management relations and hierarchal management practices (Adhikari, 1999 P.154).

In Nepalese context, human resources till date have not been developed and canalized to its optimum level. Nepalese organizations are still in the age of personnel management where people are generally regarded as input in the production process. The focus is on managing personnel functions like maintaining records, employee welfare, and discipline and labor relations. Most of the private business houses are based on traditional family business approach and thus lack corporate culture in running institutions. Very few of them use professional management approach. Labor problems are increasing in industrial sector. Most of the trade unions in Nepal are not concerned with enhancing of competitiveness to cope with the changing economic environment. They have no idea that the existence of industry is primary condition for the existence of labor and trade unions.

Like many other developing countries, HRM functions are not yet fully established in Nepalese organizations (Adhikari and Muller, 2001). HRM in Nepal is significantly influenced by national culture and institutions. HRM practices are governed largely by social contacts, based on caste, religion, economic status, and political affiliation. Besides, there exist traditional-type of numerous legislation and red-tape-ridden bureaucratic system. The provisions of labor laws are not seriously enforced and, moreover, the uncooperative nature of unions reduces the efficiency of the organizations. However, all these deficiencies and weaknesses are now challenged and are slowly changing due to the pressures created by liberalization of economy and the increased competition (Debrah and Budhwar, 2001). Growing impact of environmental influences on HRM practices, government regulations, labor unions, increasing globalization etc. have facilitated the focus of management towards strategic importance of HRM. The philosophy of "Human Resource Approach", which holds that people working in an organization are valuable resources whose talents have to be developed and utilized - is gaining ground in Nepalese enterprises. Issues like participation of employees in decision-making, manpower planning, selection procedures, employee training and development, retirement policies, pay and benefit structure, etc. have been drawing the attention of management.

HRM is a comparatively recent phenomenon in Nepal, knowledge in this area is very limited. There have been, in fact, a few research studies done in the field of HRM in Nepal. The numbers as well as scopes of such studies are limited, which do not cover various aspects and types of organizations. And, in fact, the findings being generated from such studies as a whole may not be consistent with different type and nature of organizations in the interpretation of personnel problems. There exists a wide knowledge gap in the HRM practices of the employees doing different types of jobs in different organizations. There is lack of competent policies relating to human resources as to hiring, manning, developing and compensation. The HRM practices in Nepalese organizations, as reviewed earlier, indicate that no research study has been undertaken so far, in the field of HRM in tea industry of Nepal, which calls for an investigation for better understanding of the phenomena. On these grounds, the major problem of this study is to trace out the basic procedures and practices that are being adopted in the management of people in tea industry of Nepal. Therefore, the problem toward which this study is directed is to investigate the following research questions:

- What are the procedures being adopted with regard to manpower planning, recruitment, selection, placement and orientation?
- How are the employees trained or developed?
- What are the procedures and methods of performance appraisal and promotion being practiced?
- How are the wage / salary and employee benefits administered?
- What procedures are being adopted for disciplinary actions and grievance handling?
- How is the labor relations maintained?

Objectives of the Study:

The primary objective of this study is to explore the existing state of HRM practices in tea industry of Nepal, with focus on the major functions of HRM. So, the specific objectives of this study are:

1. To examine the employment procedures relating to human resource planning, recruitment and selection and placement;
2. To evaluate the training and development procedures;
3. To assess the performance appraisal and promotion practices;
4. To analyze the compensation procedures and practices (pay and benefits);
5. To assess the impact of Trade Unions on HR related decisions; and
6. To examine the enforcement and impact of labor laws at enterprise level.

Theoretical Framework:

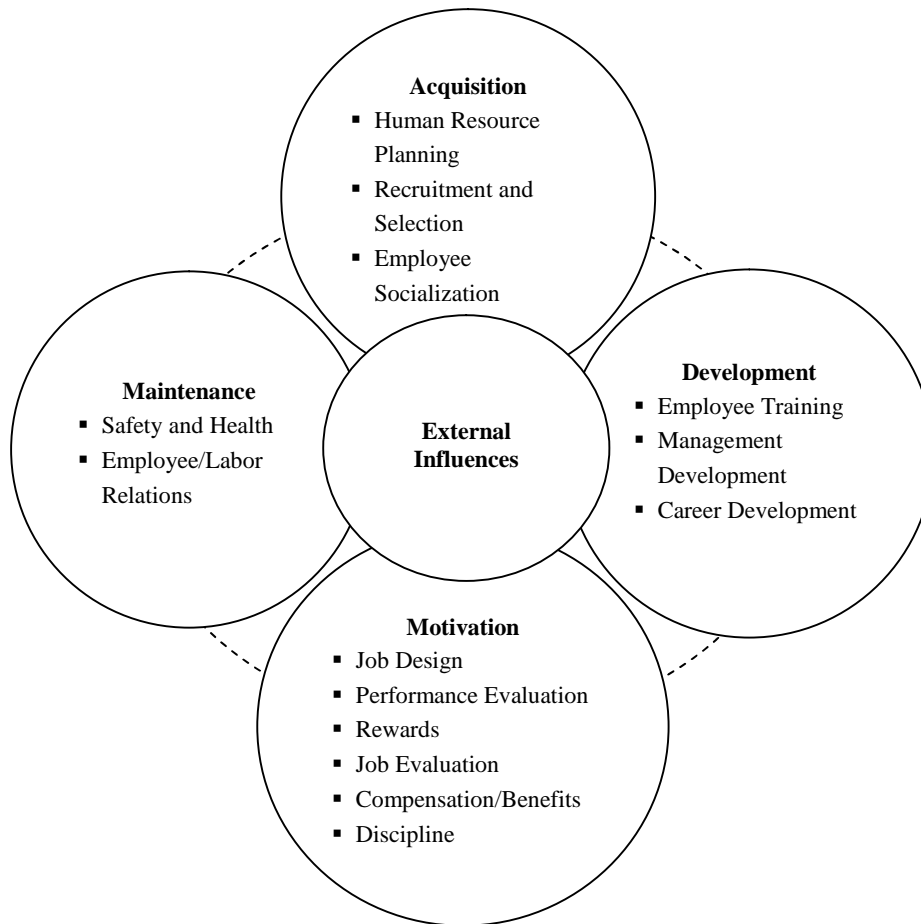
In this section different models of HRM have been discussed which may help understand the theoretical perspective on HRM. These models provide an analytical framework for studying HRM, legitimize certain HRM practices, and serve as a heuristic device that may help understand and discover the nature and significance of key HR practices.

Decenzo and Robbins argue that in recent years, there has been relative agreement among HRM specialists as to what constitutes the field of HRM. The model that provided focus was developed by the American Society for Training and Development (ASTD, 1983) which identified nine human resource areas as following:

1. **Training and Development:** identifying, assessing and – through planned learning – helping develop the key competencies which enable individuals to perform current or future jobs.
2. **Organization and Development:** assuring healthy inter and intra-unit relationship and helping groups initiate and manage change.
3. **Organization / Job Design:** defining how tasks, authority and systems will be organized and integrated across organization units and in individual jobs.
4. **Human Resource Planning:** determining the organization's major Human Resource needs, strategies and philosophies.
5. **Selection and Staffing:** matching people and their career needs and capabilities with jobs and career paths.
6. **Personnel Research and Information System:** assuring a personnel information base.
7. **Compensation / Benefits:** assuring compensation and benefits fairness and consistency.
8. **Employee Assistance:** providing personal problem solving, counseling to individual employees.
9. **Union / Labor Relations:** assuring healthy union/organization relationships.

These nine areas have been termed spokes of the wheel in that each impacts on human resource outputs: quality of work life, productivity, and readiness of change. This HRM model is generic in nature and is too broad for our study purpose. To accomplish this objective Decenzo and Robbins have offered a specific model that represents a more manageable form. This model (**Figure 1.1**) reflects the major activities existing within the major functions of HRM: acquisition, development, motivation, and maintenance.

Figure 1.1 **HRM Model with major components**



Source: *David A. Decenzo and Stephen P. Robbin, 2005 P.13*

At the hub of this model are the external influences – government regulations, labor unions, and management practices – that have an impact on HRM. Human resource activities in any of the four functions are constrained or guided by these external influences. It has been argued these forces have a major impact on HRM by a constraining the decision-making discretion of managers, who can be hired and fired, how personnel information is disseminated, what methods can be used for evaluating jobs and employee performance, what equipment can and cannot be used, and how wage rates are determined are a few issues that have constrained organizations.

The outer circles represent the flow of major activities included in HRM. There is no beginning or end to the HRM process; it is a continual process (Decenzo and Robbins, 2005: 12).

Acquisition of Human Resources

HRM process begins with human resource planning in which management ensures that it has the right number and kinds of people, at the right places, at the right times, capable of effectively and efficiently completing the work required so that the organization can achieve its overall objectives. The acquisition function includes estimating of demands and supplies of labor, the recruitment, selection, placement and socialization of employees.

Development of Human Resources

The development function involves employee training, management development, and career development. Employee training emphasizes skill development and the changing of attitudes among workers. Management development concerns with knowledge acquisition, and the enhancement of a manager's conceptual abilities. And career development refers to the continual effort to match the long term individual and organizational needs.

Motivation of Human Resources

The motivation function refers to the recognition that individuals are unique and that motivation techniques must reflect the needs of each individual employee. It includes alienation, job satisfaction, and performance appraisal, techniques for stimulating worker performance, linking rewards to the performance, compensation and benefits administration, and handling problem employees.

Maintenance of Human Resources

The objectives of maintaining function is to retain people who are performing at high levels. It is concerned with providing those working conditions that employees believe are necessary in order to maintain their commitment to the organization. This requires that the organization provide safe and healthful working conditions and satisfactory labor relations.

Some of the models of HRM have been discussed below which provide an analytical framework for understanding HRM.

The Fombrun, Tichy and Devanna Model (1984)

This model is a simple HRM model which emphasizes just four functions (selection, appraisal, development and rewards) and their interrelatedness. These four constituent components of HRM are expected to contribute to organization effectiveness.

This model is incomplete because it ignores all environmental and contingency factors that impact HR functions. Nevertheless, this model serves as a heuristic framework for explaining the nature and significance of the key HR activities, and has set a stage for other theories to emerge.

The Harvard Model

This model is considered to be a comprehensive model as it seeks to comprise six critical components of HRM. The dimensions included in this model are: stakeholders' interests (shareholders, management, employee groups, government, unions and community); situational factors (workforce characteristics, business strategies and conditions, management philosophy, labor market, unions, tasks technology, laws and social values); HRM policy choices (employee influence, HR flow, reward systems and work systems); HR outcomes (commitment, competence, congruence, cost effectiveness) and long-term consequences (individual wellbeing, organizational effectiveness, and social wellbeing).

This model depicts management as a real actor, capable of making decisions in terms of HRM to balance the interest of all stakeholders keeping in view of the situational factors. HRM outcomes such as organizational commitment, employees' competence, congruence and cost effectiveness can be achieved through participative environment. The long-term outcomes are linked with each other in that achievement of employee welfare leads to organizational effectiveness and this ultimately may contribute to social wellbeing.

The Guest Model (1997)

This model was developed by David Guest which claims that the HR manager has specific strategies to begin with, which demand certain practices and when executed, will result in outcomes (behavioral, performance and financial). This model emphasizes the logical sequence of six components: HR strategies, HR practices, HR outcomes, behavioral outcomes, performance outcomes, and financial outcomes. This model clearly maps out the field of HRM and delineates the inputs and outcomes. It also shows how HRM can contribute to organizational effectiveness. However, the dynamics of people are so complex that no model can capture them comprehensively.

The Warwick Model

This model developed by two researchers, Hendry and Pettigrew of University of Warwick, centers around five elements namely: business strategy content, outer context, internal context, HRM content, and HRM context. It takes cognizance of business strategy and HR practices, external and internal contexts in which these activities take place, including interactions between changes in both context and content. The strength of this model is that it identifies and classifies important environmental influences on HRM, and the connection between the external and internal environmental factors, and explores how HRM adapts to changes in the context to achieve performance and growth.

The Hard and Soft HRM delusion

The hard version of HRM lays stress on the quantitative, calculative and business strategic aspects of managing people (HR) in as rational way as for any other economic factors. By contrast, the soft version involves a range of specific policies and practices, which are essentially people centered. It emphasizes communication, motivation and leadership.

Tony Watson argues that the widely used hard-soft distinction be dropped because it confuses variations in intellectual or academic emphasis which variations in managerial practices. It also ignores the political-economic context of managerial practices. It originated as a distinction between two different intellectual emphasis (Michigan and Harvard) identified in the American academic literature but is often used, in practice, to distinguish between relatively tough and relatively tender managerial regimes (Watson, 2006).

The different models and approaches mentioned above provide a broad framework for the study of HRM practices in any enterprise, but it seems to be too broad for the purpose of this study. Because of the interrelatedness of all the HR functions and the complexity, a manageable form of HRM model offered by Decenzo and Robbins is applied for this study - HRM in tea industry of Nepal. This model reflects the major activities existing within the functions of acquisition, development, utilization and maintenance as HRM components. This model also recognizes the environmental influences / forces that have a major impact on HRM. Government regulations, labor unions, management practices, and equal employment opportunity have a major impact on HRM activities that constrain the decision-making discretion of managers in any organization.

Justification of the Study:

In today's changing business environment, the job of managing people is getting more difficult than ever before. Since environmental forces are changing, a fixed formula for managing people will not work. Organizations have to take care of forces that are changing in the environment and try to adapt with these changing process following and appropriate management model. Some of the forces of environmental changes and challenges of HRM in an organization are as follow:

- Globalization: a process by which transactions of business organizations have been spread across borders.
- Increasing concern for security and employment against terrorism.
- Workforce diversity: increasing women participation at work.
- Changing skill requirements and avoiding skill deficiencies.
- The contingent workforce.

- Continuous improvement programs and work process engineering.
- Decentralized worksites.
- Employee involvement.

Human resource is the most important resource in an underdeveloped country like Nepal which can be mobilized or managed for the overall development of the country. But in practice, very little attention has been given to the management of human resources in any organizational setting. Consequently Nepalese industries have been facing various HR problems such as low employee-morale, low productivity and greater tension between labor and management. Despite legal and institutional arrangements made by the government, remarkable achievements have not been recorded so far. Under these circumstances, Nepalese industries are facing greater challenges of optimal utilization of human resources and at the same time ensuring motivation and commitment of the workforce.

Adhikari argues that both private and public sector enterprises in Nepal are not yet well developed to reflect professional management standards. Private sector tends to ignore human factor in management decision-making process. They also lack proper strategic planning in the management of people, which is cardinal to the performance and effectiveness. In this context, the importance of HRM is increasing in a country like ours:

- to gain low cost advantages inside country, region and possibly in international markets by developing knowledge and skilled manpower,
- to inform and prepare people capable to work in the organization,
- to solve problems related to conditions of employment, work and remuneration through collective agreements between workers and employees,
- to motivate people for higher performance, and
- to recognize that the management of people is more culture-bound and value-laden. (Adhikari, 1999, P.155)

Tea industry which occupies an important position in the national economy is growing extensively mainly in the eastern region of Nepal. It is, being one of the most labor intensive, agro-based industries; it involves a great deal of workforce, which provides direct employment to about 41000 workforces. After the privatization of Nepal Tea Development Corporation in 2000, the change in ownership is also accompanied by deep changes in organizational procedures and culture that could have a profound effect on enterprise behavior and performance (Manandhar, 2002: 37).

There have been only a few research studies in the field of human resource management in private enterprises of Nepal. And there has not yet been any specific research conducted in HRM in tea industry of Nepal. So, in view of the poor research-base on HRM and the lack of knowledge existing in this field, the research work is virtually called for the streamlining of HRM practices. Research can lead to an increased understanding of and improvement in HRM practices. It can provide insights for managers as they attempt to increase employee productivity and satisfaction while reducing absences and turnover. Research can also identify potential problem areas related to HRM.

Lack of specific research in this field has encouraged the researcher to take up the task of conducting a comprehensive research with the purpose of examining and analyzing the actual HRM practices in tea industry of Nepal. This study will reveal a clear picture about the existing state of HRM practices in tea industry. The outcome of the study may serve as a research infrastructure on which further researches can be built. And the information and conclusions derived from this study may be useful and helpful for practicing managers, as well as planners, policy makers and other agencies concerned, through better understanding of HRM practices relating to tea industry. Thus, it is a modest attempt towards examining and understanding HRM practices in tea industry of Nepal.

Limitations of the Study:

This study limits itself to examine the existing state of human resource management in tea industry of Nepal, and deals mainly with the functional aspects of HRM based on the model presented by Decenzo and Robbins. This is the pioneer research work on HRM practices in tea industry of Nepal; hence it is bound on certain limitations.

The limitations of the study were:

- Absence of write-ups of policies and objectives regarding recruitment, selection, training and development and promotion of the employees.
- The non-availability of required data related to the job-creation, vacancies fulfilled, expenditure on selection, training and development, roles on selection, expenditure on incentives and benefits, rates of absenteeism, internal conflicts, man-days and production lost during strikes and lockouts etc.; because of the lack of authentic records.
- The information needed for this study were collected mainly from primary source (fieldwork) in different major tea estates under study of Jhapa and Ilam districts, and other concerned departments like NTCDB, AEC, FNCCI and Labor Office. In the process of data collection, the researcher faced some problems. Due to non-

professionalism in maintaining records in the offices concerned, tracing and obtaining of needed records were very difficult. Whatever information was collected was incomplete in many cases, and hence has to be completed by memories of the respondents.

- So this study had to be based on information, opinions and responses given by the employees, trade union leaders, managers and owners of the tea estates under study. The degree of authenticity and validity would depend on the fairness of the respondents' responses. However, efforts were made to cover up all the attributes of the respondents based on representative sampling. The findings of the study would, therefore, suggest for further research on the subject area.

Research Methodology:

This study aims at examining and identifying the HRM practices and procedures being adopted in the tea industry of Nepal. So the research design applied is descriptive and analytical in nature. This is a survey cum exploratory type of research – the most common form of primary HRM research.

Source of Data:

Both primary and secondary data are used in the study. In the initial phase of investigation, a comprehensive study of various relevant materials - books, reports, research works etc. was done. The secondary data for this study are collected from various published and unpublished reports, records and documents of Central Bureau of Statistics, Labor Department / Office, Center for Economic Development and Administration of TU, Nepal Tea and Coffee Development Board, Agro Enterprise Center under Federation of Nepal Chamber of Commerce and Industry. Data were also collected from publications of different national and international institutions, research works, books and relevant articles published in different journals, magazines and newspapers etc. and reviewed for obtaining necessary information.

The primary data were collected in three stages from the tea estates under study. In the light of the materials reviewed and information acquired during this phase of investigation, some research questions were formulated and semi-structured interview schedules were constructed. In the first stage, the tea estates were visited with the semi-structured interview schedules design to get information on what was being done and how was it being done relating to various aspects of HRM practices. Interview schedules were administered with the help of schedules with the managers, a few supervisors and trade union leaders. On the basis of the information obtained from the first visit to the tea estates,

structured interview schedules were designed. In the second visit stage, test interviews were administered with 30 non-sampled employees of different levels such as managers, assistants and workers. Again on the basis of information and suggestions obtained from the employees, necessary changes were done in the interview schedules being used for this study.

In the third stage, the tea estates under study were visited with the structured interview schedules (Appendices - I and II) and interviews were administered to the sampled employees and their opinions were obtained. Interviews with workers were conducted during working hours in a separate room provided by the management, which helped in maintaining privacy. Similarly, interviews with the supervisors and managers were conducted separately in their offices. While conducting interviews, Nepali language was used in each case.

Besides these, several informal interviews and discussions were held with the owners / directors, managers, trade union leaders and labor related government officials. During the period of investigation, visits and observations of tea gardens, factories, dispensaries, staff-quarters and labor lines were done to get the first hand information about the employees' work life and living standard.

Sampling Procedure:

As the main objective of this study is to examine the HRM practices in tea industry of Nepal, the method for choosing the most representative samples for this study could be to select such tea estates, which were well established having sizable employees working in them. So the sampling method adopted for selecting the tea estates was based on judgmental sampling. The tea estates for this study were selected mainly on the basis of their size of plantation, number of employees, and production performance of the companies representing both corporate and private sector, and hilly as well as Terai region. For this study, ten leading tea estates having their own processing factories were selected comprising 3 tea estates from corporate sector, namely, Tokla, Kanyam and Barne; and seven tea estates from the private sector, namely, Budhkaran, Satighatta, Giribhandhu, Nakkalbanda, Himalaya Goodricke, Mittal, and New Giri and Sons. Among these 10 tea estates only one lay in hilly region (Kanyam Tea Estate of Ilam district) and other 9 were from Jhapa district. These tea estates were judged to be more representative because they are the prominent ones in tea industry of Nepal in terms of plantation area, number of employees and production volume.

To collect employees' opinions, it was thought to get the responses of about 200 to 250 employees of different levels. With this figure in mind, in order to have a representative number of the respondents from different levels of the total sample, it was decided to select

50 percent of the manager/officer, 25 percent of the assistants, and 5 percent of the workers. The difference in fixing the percentage was due to the number of officers and staff being very few as compared to the large number of workers. All fractional / decimal figures were upgraded to round figures of integral values. The level-wise distributions of employees, on the basis of which the sample was drawn, are presented in **Table 1.1**.

Table: 1.1 **Level-wise Distribution of Employees**
in the Sampled Tea Estates

Name of Tea Estate	Total Number of Employees			
	Managers/ Officers	Assistants	Permanent Workers	Seasonal Workers
Tokla	3	60	498	400
Barne	2	45	558	280
Kanyam	2	33	368	200
Budhkaran	2	34	158	230
Mittal	2	28	112	600
Himalaya Goodricke	5	29	369	200
Giribandhu	2	40	310	120
Sattighatta	2	31	212	90
Nakkalbanda	2	23	134	70
New Giri and Sons	2	18	128	130
Total	24	341	2847	2320

Source: *Field Survey*

For the selection of the respondents, list of employees in each group were obtained from Tea Estates under study. The entries in the list were arranged in alphabetical order and the required numbers of employees were selected with the help of the table of random digits from each group in each enterprise. Out of total selected number of employees, 5 staff and 12 workers were not available because of on leaves. The sampled size from each level of employees has been presented below in **Table 1.2**.

Table: 1.2 **Sample Size from each Level of Employees**

Total Number of Employees		Expected Samples	Responded Samples
Managers / Officers	24	50% = 12	12
Assistants	341	25% = 85	80
Permanent Workers	2847	5% = 142	130
Total	3212	239	222

Source: *Field Survey*

Analysis of Data:

After the collection of data from both primary and secondary sources most of the processing work, tabulation and calculations were conducted manually in the beginning. Data were classified into different groups and finally they were presented in tabular forms. Similarly, the respondents' views and opinions were analyzed in terms of different levels of employees such as managers / officers, assistants and laborers.

The analyses of data were made with the help of relevant statistical tools such as simple average, percentage, chi-square tests where considered necessary. For computation and statistical analysis electronic scientific calculator and computer were used.

Organization of the Study:

The study comprises eight chapters. A brief outline of each chapter is presented below:

The first chapter deals with the theoretical framework of HRM along with the statement of the problem and objectives of the study. It also deals with justification and limitations of the study, methodology adopted for conduction the research and organization of the study.

The second chapter reviews relevant literature of HRM consisting of academic and institutional researches, seminar and survey reports, and articles.

The third chapter deals with the anatomy of tea industry of Nepal consisting of the evolution, importance, present status and problems of tea industry; tea related institutions, work activities and labor requirement, organization of work and structure. It also reviews the tea policy of the government.

The fourth chapter attempts to examine the acquisition aspect of HRM in tea industry of Nepal which consists of manpower planning, recruitment and selection practices of employees, and their orientation / socialization before placement in the job.

The fifth chapter deals with the training and development of employees along with the system and practices of performance appraisal and promotion existing in the tea industry of Nepal.

The sixth chapter attempts to assess the compensation management which consists of minimum wages, prevailing wage / salary and benefits, and incentive schemes. It also

presents the opinions and views of workers / employees regarding compensation practices in the tea industry of Nepal.

The Seventh chapter deals with the labor relations in tea industry of Nepal. It consists of a historical perspective of trade unionism in Nepal, union-management relations, workers' participation in management relations, workers' participation in management, employees' grievances and their redress, dispute settlement procedures and practices, employees' disciplinary action procedures, and review of labor legislation.

Finally, the eighth chapter summarizes major findings of the study and forwards some suggestions

CHAPTER : II

REVIEW OF LITERATURE

Human resources management (HRM) has been one of the most documented topics in management literature in the last two decades. As an emerging discipline, HRM presents significant issues for the analysis and understanding of the employment relationships within an organization. And hence the concept of HRM has become significantly more important both in management theory and practice.

Although there has been a great deal written on HRM, a great deal about managing human resources, it is primarily from the perspective of writers in the developed and Western countries. There have been very limited studies and research works undertaken and articles published in the field of management in general and HRM in particular, in Nepal. In this section an attempt has been made to review the available literature relevant to this study under different heading, namely, (i) Academic/Ph. D. Research, (ii) Institutional Research, and (iii) Seminar Reports and Articles. The review of literature under these heading encompasses different sectors such as government, public enterprises, unified sector, and private sector.

Shrestha's (1991) study revealed that in majority of enterprises personnel functions were integrated with the administrative department. The personnel functions included routine work relating to procurement and development of employees, wage and salary, employees benefits and services, and industrial relations. The average size of the department performing personnel functions was statistically 3.4. A majority of officers were satisfied with the functioning of personnel department where as a large number of employees (other than officers) were not. The enterprises under study did not have any specified personnel policy, the Factory Act 1959; the Factory Rules 1963, and the personnel practices developed by the enterprises themselves governed the personnel functions.

Systematic manpower planning was lacking. Jobs were created mainly at the time of installing new machines or enlarging production volume. Jobs were classified as administrative, technical and labor. Job descriptions were available only in 26.3 percent enterprises for officers-levels. Recruitment was mostly based on written application. The recruitment methods were personal contact, newspaper advertisement, employee referrals and notice board announcement. Employment was restricted to the Nepalese citizens, in case the specific manpower was not available within the country, foreign nationals were appointed

with the permission of Department of Labor (DOL) Unstructured informal interview was mainly used for selection. Only 25% enterprises used tests for selection. Formal socialization program was non-existent. None of the enterprises had training policy or in-house training facilities. Informal on-the-job training was widespread. However, management made avail training and sent employees to participate seminars and workshops on dispute settlement, management training, mechanical and vocational training on casual basis. The promotion prospects were limited. Performance appraisal was rudimentary and informal. The appraisal results were used for promotion purposes and annual salary increment. There was no uniformity in salary scales. Wages were higher than minimum wages. Piece wage was used for incentive. There were 24 types of benefits and services consisting of statutory (13) and non-statutory (11), which accounted for about 25% of wage bill. Industrial relations were not based on sound footing. Trade unions were present in all enterprises; the employees' grievances were related to wages/ salaries, quarter facilities, dearness allowances and other benefits. The modalities of disciplinary actions were verbal warning, written warning, suspension, demotion, and service termination depending upon the nature of the indiscipline and misconduct.

Ojha's study (1996) in skill development institutions revealed that systematic manpower planning was lacking. The process of job creation was very lengthy, an average of 394 days. Employment was done on temporary basis for six months. Sources of recruitment were mainly based on newspaper advertisement along with informal sources like friends and relatives. Written applications were required while applying for the jobs. Formal selection devices like written tests; interviews and practical tests were administered by the concerned agencies for selecting right man. There were shortage of trained manpower for the technical jobs; the average training received by instructors was 2 years training.

Employees were sent for pre-service trainings or both within and outside the country. Selection of employees for training was not fair. Training institutions of Nepal had no indigenous experience of their own based on the country's own realities, instead they had followed borrowed model from overseas. Performance appraisal system was based on measuring job performance and assessing traits of the individual in every six months. Due to the lack of job description, the appraisal was not used as an instrument for career development. Appraisal had relation with promotion, but employees responded that promotion was given on the basis of relation with influential person. A time bound transfer policy was declared in government institution but in public sector the formal transfer policy was absent. Salary was based on the existing government salary scale but employees were dissatisfied with the existing salary and benefits. Allowances like store allowances, teaching

allowance, and field allowances were paid to the employees. Employees opined that they must be provided dearness allowance, family allowance etc to cover their standard of living. The unit-level unions were present in the institutions but were not active, rather the central level unions kept connections with the government in different issues like transfers, suspensions etc. Regarding participation in decision making respondents were satisfied and responded that their suggestions were taken seriously.

Vaidya's (1978) study based on the survey method (The Training of Civil servants in Nepal) concluded that the training programs, which were using the foreign based experiences, would require skills, knowledge and techniques contextual to Nepal's own realities (Vaidya 1978).

Tiwari's (1984) study found that members of higher castes and economically well-off families mostly occupied jobs in the civil service. Personnel administration was characterized by lack of manpower planning, unspecified duties and responsibilities of posts and ranks, haphazard identification of training needs, lack of proper utilization of the skill derived from training, inefficient consideration for integrity, preference to the loyalty to the king, use of pressure for getting job and advancement, escaping punishment and department action and other factors related to socio-political dimension.

Upadhyay's (1981) study found that the average size of personnel department was 4.4. The functions of the personnel department included employment, development, fringe benefits and maintenance of employee records. The procedures relating to the estimation of manpower requirements revealed that the method of estimating was not sound. Recruitment and selection were done according to the principles provided by Public Service Commission (PSC). Training did not find any niche. Promotion practices were governed by the PSC principles based on four-fold criterion: seniority, academic qualification, performance quality and general experience. Wage and salary were fixed by the board of directors. The board's decision was either influenced by the directives from the government or came off as recommended in the pay committee or wage committee reports. These enterprises provided 25 varieties of statutory (8) and non-statutory (17) fringe benefits. The government structured labor-management relations by passing Acts and framing Rules. The employees' morale in the enterprises was not high; it was only "moderate" (54 percent) to "low" (33 percent).

Pant's(1983) study analyzed industrial relations in the jute industries of Nepal and found that system of industrial relations was a mix of informal "custom and practices" and a set of legally provided structures and rules. Labor's participation in management and the

incidence of industrial disputes showed signs of positive relatedness, and an analysis of the character of disputes revealed that the periods of heightened political conflicts were also marked by a large number of strikes in industry.

Agrawal's study based on empirical analysis, found that the quality of employees was the key variable in the success of business. The management regarded the employees as partners in progress and gave proper attention to the improvement of their quality of life. The development of employees was done through on-the-job training. He suggested that the management of private sector enterprises needed to be more professional and proactive so that they could meet the new social challenges (Agrawal-1983).

Timsina(1986)in his study (on "Personnel Management Practices in Public Enterprises in Nepal") found that there was no touch of professionalism in any aspects of Personnel management in Public enterprises in Nepal. They had no policy of their own in Planning, organizing and controlling personnel activities, they simply followed the uniform rules prescribed by government agencies, and those policies were not relevant to the needs of the enterprises as well as employees. They could not ensure job-satisfaction and team spirit in the workforce.

The study revealed that formal manpower planning and forecasting were lacking and recruitment was not based on long term manpower needs of the enterprise. Two major sources of recruitment were open advertisement and internal promotion. Fifty percent of the respondents felt that undue forces like nepotism, favoritism and recommendations overtook merit and competence in the selection-process. There was no formal orientation program for the new employees. External training facilities extended by outside training institutes were not relevant to the selection-process. 95.85 percent of the total workforce did not have any training. There was no regular and systematic recording of employees' performance. Due to the lack of uniform policy the appraisal practice was not reliable. Promotions were based on point system, namely, seniority, academic qualifications, performance appraisal and experience. But the professed four-fold criteria of promotion were only a paper-work formality to fulfill the legal requirements. In reality promotion was looked upon as a favour granted to employees rather than a reward for their competence and better performance. Wages and salaries were based on minimum wage legislation and going salaries in the Government services. In view of the rising cost of living, majority of the employees (56.36 percent) opined that their pay scale was insufficient for the maintenance of reasonable standard of living. The poor pay scale adversely affected the initiative, morale and productivity thereby resulting frustration and indifference among employees. Although public

enterprises provided 26 types of both statutory (10) and non-statutory (16) fringe benefits to promote employee welfare and to ensure health and safety of workers, these benefits represented a very substantial portion of the total labor cost. There was no uniform policy in the public enterprises in fringe benefits as dearness allowance, medical allowance, housing facilities, paid leaves and holidays.

Adhikari's study (1992) based on job demographic characteristics (job difficulty, job variety, need strength, work experience, age and dependents, job description, job feelings and opinions, job environment factors (job specialization, job standardization, job description and inter-dependency, job incentives), and job outcomes (satisfaction and motivation) revealed that public manufacturing industries do not vary in (i) job characteristics, like in simple job, no variety. low need strength. (ii) job environment, like no negative reinforcement, and (iii) job outcomes side, like satisfied with co-workers, somewhat satisfied with job security and dissatisfied with pay, but vary to some extent in other factors.

Koirala's study on "Workers' Participation in Management: An Intensive Study of Jute Industry of Nepal" (1987) pointed out that:

- The institutional structures for workers' participation were identical in both mills.
- The statutory provision concerning the nomination of chairman and secretary had helped management to maintain upper hand in the proceedings.
- The entire decision-making power rested with the representatives of management.
- Greater controversies and confusions prevailed in the functions and the scope of workers committee in the absence of clearly defined statutory rules , and
- The form of existing participation was only of " information sharing type" (Koirala,1987)

Pradhan (1999) conducted his research with the main objectives of studying organizational climate, employees' job satisfaction, and the relationship between these two elements in the public and private sector enterprises in Nepal. He concluded that the climate factors (such as structure, responsibilities, reward, warmth, support, standard, conflict, security, participation) were comparatively better in the public sector enterprises. Though the standard for performance was higher and personal loyalty stronger, the risks were more prone in the private enterprises. Irrespective of incentives, rewards and supportive climate in terms of sympathy and trust, the employees of private sector were not free from the sustained fear of job insecurity. Employees tended to attach greater importance to incentives, rewards and job security. Better condition for rewards, job security, warmth and participation affected employees, job satisfaction irrespective of the nature and structure of organization and the level of employees. Only in some factors such as 'freedom at work', ' accomplishment',

'esteem', 'recognition to participation in decision making', and 'status', the supervisory groups were found relatively more satisfied than the workers group. On the whole climate factors such as security, participation, warmth and support could thus be regarded as predictors of employees' job satisfaction, which are the dominant factors for achieving better performance, efficiency and effectiveness.

Pradhan's, (1997) study in "Management Development in Manufacturing Public Enterprises of Nepal" revealed that there was lack of specified management development philosophy, objectives and policies in public enterprises. Due to the lack of in-company training facilities, managers were sent for training, seminars and workshops in other institutions. Out of 700 managers working in different 9 enterprises only 39 (i.e. 6%) attended short-term management courses within the country, and 1% executives received training abroad during 1989/90 and 1993/94. Written criteria for employees job rotation/ transfer, special assignments, and formal on-the-job training programs were non-existent. Most of the enterprises had no separate management development budget; whatever annual training budget was present that was considered insufficient by most of the general managers. Top management played decisive role in identifying training needs and candidates for management development were being selected on the basis of seniority, job relatedness and employees' performance level. Post-training follow-up method of holding discussions with the trainers was generally followed. Performance appraisal system of employees was not sound in practice. "Trained and developed human resources" and "motivated employees" were rated highly by all managers as the attributes of success of the enterprise. All managers gave first priority to "in-house tailor-made courses relevant to enterprises needs" and secondary priority to "package course offered by training institutions. With regards to the skills to be provided in management training programs the top-level managers gave first place to "decision-making skills" whereas others preferred "organization skills". With regards to difficulties faced in transferring the acquired learning to the job situation all managers gave first priority to the factor "that there was the lack of congenial organizational climate and support to put new ideas into practice."

Shrestha Gopal Krishna (1991), in his study on "Labor Management in Nepal: A Study of Public Sector Undertaking" identified that the factory tradition, culture and practices tended to influence the overall organizational climate. In the factory having the tradition of private sector and established trade culture, the organizational climate was relatively open and permissive for expression of personal grievances of workers and communication and consultation between superiors and subordinates. Likewise the system of collective bargaining and workers' participation in management were relatively better. On the contrary

factories having bureaucratic tradition, culture and practices, the climate were full of distrust and misunderstanding among employees. The employment policy of Government owned undertaking was highly influenced by PSC rules and guidelines and the decision making power was centralized. But in the factory having major equity of the government, the employment policy was based on labors laws, and the decision making power was decentralized. The economic factor tended to be the important motivation for workers. The factory operating in profits provided relatively better wages and fringe benefits, and consequently the workers were found comparatively more satisfied, highly committed to work and less dispute prone. The wages policy of the factory tended to differ depending upon the degree of workers'/ union's pressure and the financial health of the organization. Some of the socio-demographic and occupational variables like community background, age, years of service and level of earning impacted in the workers' commitment to industrial work.

Gautam's study on employees' welfare and safety programme in Nepalese Industries indicated that the legal provision as per Labor Act regarding leaves, working hours, health facilities, safety devices for hazardous work, removing dust and refuse, cleanliness in workplace, washing and painting were not implemented properly which resulted in workers' dissatisfaction and decrease in efficiency of labor. Legal provisions of gratuity, provident fund, bonus and compensation were not implemented properly except provident fund. Likewise arrangement of canteen, crèche, rest-room, welfare office etc. was not satisfactory due to the negligence of employers and labor office / department. Payment system for overtime, interval period, daily working, continuous work and weakly days were implemented properly as per the provisions of Labor Act. Nepalese labor legislation lacked such provisions as cultural facilities, sports, library, transport, training and education to the workers and their children.

Sharma's study (2000) on "The Role of Govt. in Industrial Relations in Nepal" indicated that the government played a dominant role in developing countries in determining the basic character of IRS. The government played an active role through compulsory conciliation and arbitration. In some cases there was an outright ban on strike actions and, where allowed, there were arduous legal requirements to be followed. Thus collective bargaining was hedged around with constraints. The post - 1990 period would be regarded as a move to a pluralistic system based on bi-partite and tri-partite consensus - a changing course of labor management relations. Industrial relations in the country had been largely conditioned by the political environment. The post - 1990 legislation accorded more power to the trade unions - they could legally organize labor, represent labor interests within free collective bargaining, play an important part in dispute resolution process and gain

recognition. The statutory system of dispute settlement in Nepal maintained the impression of state control and supervision but in practice it was not so. Even in prolonged disputes government was involved as a conciliator or mediator and relied on parties to arrive at agreement. As a result of government's positive policy towards collective bargaining, industrial parties were learning to live together under collective agreements.

Acharya's study (2001) depicted that the unionism concept was in its infancy in Nepal. The worker-union relations and feelings of togetherness were better in the private enterprise than the public enterprises. The singular factor contributing to this tendency was the professional style of management prevalent in the enterprises. The perception of the union leaders of both the public and private enterprises did not present the management as friendly to the cause of industrial workers. No formal channels of communications were established between union and management. Regarding the role of unions a consensus was revealed on broad areas like: material benefits, job security, dignity and status, building harmonious industrial relations, personal opportunity and advancement, family welfare, and protection against discrimination. Findings suggested building grievances-handling machinery, contributing to Labor Relations Committee, regularizing collective bargaining, and relying on tri-partite mechanisms. Concerning the structural pattern, a single union rather than multiple-union system was favored by the workers, trade union leaders and the managerial personnel. "One-enterprise-one-union" was said to be the most desired model in Nepalese enterprises. There was a general view that the unions should be kept apart from politics and political parties.

K.C.'s study aimed to identify and examine the issues in improving administrative capability in Nepali civil service revealed that Nepal implemented various measures for improving administrative capability since 1951, with structural and procedural changes based mostly on foreign grown theories in administration. However, administration was widely blamed for non-achievement of organizational objectives. It was due to the inability of reform efforts to address the problems associated with structure, personnel system and leadership, socio-cultural values and political environment. Therefore, there was a need to design an indigenous approach by incorporating growth-positive factors and a search for a 'fit' between bureaucracy and the value configuration of Nepali society – (K.C., 1995)

Adhikari in his case study on HR policies and practices in Nepal Transit and Warehousing Co. Ltd. a government owned organization pointed out some important observations as following:

- Frequent changes of General Manager, the Board of Directors as a result of the changes in the government.
- Increasing political influence on various decisions, and thus the BOD was just a 'rubber stamp' of the line ministry.
- The company had failed to utilize its present number of employees. There was a problem of overstaffing.
- Performance management was very poor.
- Lack of inter and intra departmental cooperation.
- Many differences in the personnel rules and actual personnel practices.
- Increasing dissatisfaction among the employees.
- The company was managed like the civil administration of the government instead of having a clear-cut mandate and corporate strategy.
- Failure to cope with the changing business circumstances and challenges because of rigid government policies and practices.
- The attitude of the management was first to get clear signal from the line ministry and then to take action (Adhikari, 2006: 272, 273).

A study on dispute settlement process and industrial peace in Nepal conducted by "Research and Management Forum" identified effective plant level bargaining in some industries where as there was a trend of direct negotiation in regional level between workers and employees was developed. Trade union was in infancy. The important issues of the workers were bonus, dearness allowance, free union and wages (1982).

NASC's study on promotion system of civil services stated that there was lack of clarity in its purpose and no consistency in the average promotion period between level and services. The risk of subjectivity in merit rating was a major apprehension in the minds of civil servants for giving more weight to merit rating. Even the performance evaluators' views were in favor of 'no link of the promotion with the performance'. Basic perquisites for sound performance appraisal practices, such as clear organizational and sectional objectives, individual job descriptions, adequate and reliable information system etc. were not properly provided in the civil service. Majorities were in favor of number allotting 50 percent of seats to the promotion by competitive examination as compared to the exiting 25 percent, in some cases even less.

The study conducted by Management Support Services (1987) analyzed the training needs for the private sector. On the basis of interviews conducted with 300 entrepreneurs and managers from a cross section of types and sizes of manufacturing and service industries and

secondary data, the study found that the enterprises suffered from inadequacy of skilled manpower as well as from the instability of the manpower they already had. It also recommended short-term training courses with a minimum of theory and a maximum of problem solving apprenticeship particularly for technical needs.

Bhattarai's study revealed that the responsible factors to limit extent of mutual co-operation, support and encouragement among the peers were nature of job, personal jealousy and pressure of informal group. Economic incentives were minor and inadequate to meet the basic needs of the employees. The physical working environment was minority favourable for employees' health, comfort and convenience due to absence of transportation facilities, lighting and heating. The personality of the employees in TU and government bureaucracy was over-shadowed by money, power and prestige. The employees were mainly interested in their respective profession. A wide gap between expectation and achievement of the employees was noticed to make employees deviate from their defined track (Bhattarai, 1983).

Somlai (1992), ascertained that managers lacked adequate means or determination to control the motivation and productivity of their workforce. Job description, performance appraisal and output indicators were non-existent; rewards and sanctions were irrationally applied; salaries were not genuinely related to knowledge and or effort requirements; offices had inadequate facilities; poor co-operation and limited delegation. The top of the decision making level was congested by trivialities while middle-level staff were in a soporific frenzy over the responsibilities for complex planning and fiscal matter.

Adhikari's study (MDS, 1997) explored that over politicization in bureaucracy, non-recognition of professionalism and lack of an effective reward and punishment system were the major shortcomings of public administration. There was lack of professional human resources in every organization. Further the capacity and capability of the institutions for developing qualitative human resources had been realized to be much lower than expected. Supportive policy needs was to be initiated by the management professional along with universities, management support institution and organizations in all sectors (Adhikari, 1998).

Malhotra (1995) concluded that bureaucratic systems and structures, no matter how well designed did not function effectively until the real stuff they were composed of, namely the people who breathed the life into them were themselves well-motivated to do their utmost willingly, and to exert their best efforts towards collectively attaining the higher goals and time bound. The need, in short was to change the incentives system in the public service and to institute a fool-proof system based on performance, assessed against objectives,

independently verifiable and transparent performance indicators. Also the system would have to be fairly and impartially administered, without fear or favor and also seen to be so implemented.

Nti's study on Personnel Administration in the Civil Service of Nepal (1991) found that though job descriptions had been prepared for a number of posts in the technical and administrative services, they were rarely being put to use. No lateral entry was allowed and promotions, especially in the Gazetted class were from within. They were based on the performance evaluation, seniority, educational qualifications, training, posting, decoration and the holding of the post of the office chief. The promotion was not related closely to an individual civil servants performance. While the provisions for leave and certain aspects of the provisions for health and safety as well as for retirement benefits were commendable, salaries were low and allowances were so low that they rarely acted as incentives for the proper delivery of services in the districts. The government policy statement of human resources development was commendable but no career planning appeared to take place and there was no career development scheme in operation. Not much was being done about manpower planning in the civil service (Nti, 1991).

A case study report regarding recruitment, selection and placement of employees in Nepal Bank Limited revealed that before 1990, about 80 percent of the employees were recruited without a formal vacancy notice (known as backdoor entry). However, after 1990 the appointments were made from both internal and external sources. Out of total vacancies for non-officer posts, normally 75 percent were advertised externally for fresh appointment, and remaining 25 percent were internally promoted. On the other hand, in case of a supervisor, assistant and department managers, 50 percent of the total vacancies were appointed from file promotion based on file records of performance and seniority; 25 percent by internal competition, and remaining 25 percent were selected through fresh appointments. However, line managers were of the view that the percentage of fresh entries needed to be increased for bringing new talents into the banks (Adhikari, 2006: 275).

He further pointed out that the performance evaluation system in Nepal Bank was very traditional and did not meet the professional requirements of the jobs. Many supervisors and evaluation committee members were not professionals. There were no standard norms to deal with performance related problems at work places. Work culture was dominated by 'first hour' and 'second hour' practices (first hours – 10.30 am to 2.00 pm were taken as busy working hours, and second working hours were taken as hours of procrastination, doubtful leaves, avoidance of duties and responsibilities and so on).

The evaluation of HR functions in Nepal SBI Bank, a joint venture bank, revealed that there was no clear mission, vision and corporate strategy presented in the public documents of the bank. The main policies regarding pay and benefits, recruitment and selection, training and development, and workforce expansion or reduction were made by the Board. However, workplace HR issues were handled by the Managing Director and Chief Manager only. The bank lacked computerized information system to work on HR issues such as recruitment and selection, training and development, performance evaluation, and absences and leaves. The recruitment process followed publication of vacancies notices and screening applications, written tests and interviews were conducted. Pay and benefits of the employees were determined and revised with the final approval of the Board. Bonus was given as per the provision of Nepalese laws. There was no provision of training and development of expenses. The results of performance evaluation were used for promoting and determining the employees' increments. As there was no union, any issues relating to the employees were directly communicated to the concerned supervisors, and to the Bank Management (Adhikari, 2006: 263).

Ghimire in Management Development Scenario MDS, 1998, indicated that human resource management was not one of the most important issues. Lack of incentives and motivation in the govt. sector affected the efficiency of government administrative machinery. There were no programmes to detail best human resources. Due to unavailability of skilled and competent human resources in our country donor agencies took advantage by supplying their own technical assistants which ultimately increased the cost of project (Ghimire, 1998). The attitude of bureaucrats in power and the status oriented organizational atmosphere is characterized by nepotism, favoritism, lack of relationship between norms and practices and the tendency of self service and buck passing was common among administrators in the Nepalese bureaucracy (Ghimire, MDS, 1999).

The inference drawn by Industrial Relations Project (1991) study revealed that industrial relations function was a non-priority function in the overall organizational set-up of the government. Most of the field offices were headed by the Factory Inspectors whose prime responsibility was to prescribe safety measures for factory operation. Because of weak departmental organization, most of the disputes that arose were usually referred to the Ministry where the industrial relations function did not much count organizationally.

A study conducted by the Industrial Relations Project (1991) pointed out that the trade union movement in Nepal became visible in its reality only after the restoration of democracy in 1990, with the following major features of unionism:

- Multiplicity of unions, of the national level to the plant level.
- The national level trade unions were directly affiliated with political parties.
- Trade union leadership was with the non-working trade unionists.
- There was no clear data on the membership strengths of trade unions. The total membership claims of existing unions seemed to exceed the actual workforce in the organized sector.
- Double membership situation was rampant.

The findings of IRP study (1991) indicated that there was complete crisis of trust and confidence between the players of industrial relations and each stood as the foe for the other. The study pointed out the psychology of the players of industrial relations as following:

- Employer/Owner, Manager or CEO wanted to show off that he was the boss around and that the other managers were just his assistants in the organizations.
- Managers were suffering from "extended clerical syndrome", which meant that the push to the higher level has not helped much in developing the required behavior, attitude and skills fostering decision and risk-taking abilities.
- Trade unions leaders were a new power, the most important organ of the political party and the builders of tomorrow's Nepal.
- Labor Welfare Officer was a divided personality amidst politicians, management, and trade unions operating on confused rules and responsibilities.
- Personnel Manager was a neglected function in the organization with a low-level posting and little authority.

Agrawal (1978: 56), in his article, stated that personnel management in Nepal was characterized by the predomination of nepotism, favoritism, source force and interference in selection and placement of employees. The concept of training as an investment in human resource was completely absent. Absence of job description, overstaffing, non-standardization of fringe benefits and welfare activities were conspicuous.

Pant's Study (on Workers' Social Behavior: Some Implications for Industrial Relations in Nepal, 1985) concluded that the organizational health and effectiveness were affected by the way the workers thought about their works, about the mills and about the management. Morale of workers could not be built, simply by increasing wages or dearness allowances; rather more important fact was proper recognition of human element in every aspect of labor administration. He suggested that emphasis should be shifted from legalism and economism to the socio-psychological aspects of labor administration that would result in bringing positive results in reducing social tensions of shop floors (Pant, 1985).

Adhikari (1993) in his article "Quality of Work Life in Nepalese Manufacturing" indicated that Nepalese shop-floor workers wanted to have promotional opportunity, a minimum amount of discretion, and money for the education of their children. In these QWL variables workers were very restricted as to pay, overtime opportunities and education for children. The job of the workers was extrinsic in nature. Workers had less control of their jobs in terms of controlling the materials and processes of the job. The chances for recognition were less on the shop-floor jobs. To some extent the workers were found satisfied with co-workers and working conditions and were unsatisfied with their personal lives. So, QWL could be a significant dimension in humanization of work, thereby increasing productivity in Nepalese shop-floor jobs.

A seminar jointly organized by DOL and ILO / APRLA remarked the necessity of strengthening the Labor Administrative System in the country for the promotion of employment activities, labor activities and industrial peace. The seminar recommended that Ministry of Labor and Social Welfare, DOL and field offices be restructured both qualitatively and quantitatively and delegated with adequate and ample authorities to strengthen administration (DOL, 1986).

Upadhayaya (1985) in his article "Manpower Planning in Public Enterprises in Nepal" concluded that Nepalese PEs lacked manpower planning. Top management considered it uneconomical and they did not have positive attitude towards manpower planning. Whatever and wherever exercises for manpower forecasting were done, they suffered from ill designed approach. The procedure for job creation was rudimentary and the authority for creating all jobs was vested with the Board of Directors, which was a time consuming process.

Upadhayaya(1985) in his article "Employees Training in PEs in Nepal" put his final remarks that no enterprises paid adequate thought to the training of employees. There were no any training strategy or policy, budget and training center. A large number of employees had not received any training, because the training facilities extended by external agencies were quite inadequate. But the enterprises could not ignore training issue because without adequate training it would be futile to expect the employees to do their best. So, he suggested establishing a common training center by pooling the resources of all the enterprises, which would go a long way in meeting the training gap.

Dahal et. al. in MDS-2000, were of the view that Nepalese organizations adopted traditional management practices which assumed that only top management could formulate plans and made decisions without consultation or inputs from lower level managers and employees. The top managers were authoritarian who expected no any critical comments and expected their decisions to be implemented without question. Managers and leaders did not have adequate professional managerial skills to deal with the changing environment. Bureaucratic organizational structures created a lot of communication problems and lacked effective delegation. Poor recruitment, inadequate investment in human resource development, giving less priority to organizational culture, and creating too big gap in motivation of employees were the major weaknesses in the management.

K.C. (1995) in his article (based on Ph.D. dissertation on "Improving Capability in the Nepali Civil Service" submitted to the University of Birmingham, UK) states (the administrative system in Nepal) that Nepali organizations were structured in a mechanistic way, which were not instrumental for achieving organizational objectives. Personnel system had not been able to establish performance based reward and punishment system. Personnel functions and services delivery systems were heavily influenced by informal relations. Besides, ineffective leadership and cumbersome management methods were other important issues. The informal administrative culture was characterized by the concepts such as 'bholi' (tomorrow), 'mathi' (superior) and 'manasay' (intention not openly expressed).

He also identified characteristics of poor performances which include: bribery, personal linkages and influences for service, design based on wishes of politicians and top-bureaucrats, self-serving bureaucracy, lack of work attitude, low morale of employees, indiscipline and slow decision making and so on. His study confirmed that administrative capability is influenced by the factors such as organization structure, defective personnel system, ineffective leadership, inadequate resources, inappropriate work procedures, non-implementation of proposals etc. 'Nepotism' and 'Favoritism' in personnel management functions are accepted as problems and challenges to improving capabilities. The concept of 'Afn Manchhe' (one's close person) in personnel as well as public administration, the reflection of Nepalese socio-culture, constrain fair judgment and consequently organizational performance.

A symposium paper by Manandhar (n.d.) briefly highlights the general characteristics, behavior and attitudes of the parties involved in industrial relations as follows:

- Plant Level Workers:

1. Low Level of Literacy,
2. Non-adherence to industrial culture like punctuality, work commitment etc.,
3. Affected by out-of-plant factors such as poor social environment characterized by alcoholism, gambling etc.,
4. Skeptical of consultative mechanisms,
5. Multiplicity of trade unions of plant and national levels,
6. Trade unions with political backings and affiliations,
7. Trade union leaders are non-working outsiders.

- Employers and their organization:
 1. Most of the private sector employers worked as managers themselves and one-man ad-hoc decision was the norm.
 2. The attitude of employers toward workers was still that of a master towards his servants.
 3. Establishments were mostly trading-oriented and family-dominated.
 4. Unwilling or resistant to democracy at workplace.
- Government:
 1. Constraints of resources and lack of trained manpower resulted in recourse of short-term approach.
 2. Had no long-term perspective on developing industrial democracy.

Rajbhandari in his paper on "Changing Roles of Organization Leaders in Modern Organization Management" (1999), stated that the boss dominated organization culture commonly prevalent in Nepalese organizational milieu was responsible for cultivating learning barriers. The excessive prerogative power of organizational heads, that feudal socio-administrative culture of the Nepalese society and disguised corrupt culture of the organizations were some of the major ills that openly promoted learning barriers in many public and private organizations in Nepal. The greater vision, commitment, and dedication required for effective leadership and organization management were the cultural factors, which could not be achieved merely from the prevailing management practices. He suggested three important determining factors while appointing organization leader, so that the mismatch between leadership and organization needs relating to management styles could be eliminated:

- The background covering mainly the seniority, qualification, and experiences of the proposed organization leader in terms of the nature of works and legitimacy of the organization.
- The personal behaviors, attitudes, and inclinations of the proposed organization chief in line with the type of organization; and

- The extraordinary personal qualities of the proposed fellow for leadership, suitability to the organizational mandate, norms, values and professional needs (Rajbhandari, 1999).

Koirala in his article "Problem and Nature of Workers' Participation in Management in Nepal" concluded that workers' participation in management was a common path of industrial development and economic prosperity. Lack of plant level labor union, absence of legislative measures for collective bargaining, imperfect implementation of labor legislation, poor institutional framework of works committee, non-participative attitude of management were the key problems of workers' participation. Illiteracy, lack of education and training, absence of knowledge, unrecognized labor force and negative attitude towards management etc. also obstructed the performance of statutory participative forum. It was thus required a redial change in the existing state of statutory participative forum by offering a comprehensive labor law considering the political, economical and socio-cultural realities of the nation (Koirala, 1985).

Pant, in his article "Industrial Relations in Nepal" concluded that government's main concern had been to resolve immediate exigencies by putting pressure on the parties to settle the issues. The half hearted implementation of labor laws, coupled with a host of other factors, inter alia, weaker links between labor and management, due to poor institutional framework, excessive state intervention, and ad-hoc-ism in labor policies had conspired to make Nepal's contemporary industrial relations a seemingly intractable problem. The most important condition for mutually satisfying relations between labor and management was their will and capacity to develop mutually acceptable norms of behaviors and terms and conditions of employment. But industrial relations would continue to remain in a state of illusion and unwarranted confusion unless a significant attitudinal change occurred in both employers and employees (Pant, 2044 B.S.).

A working paper presented by Naidu (1990) on 'Role of Trade Unions' in Kathmandu observes that in many Asian countries trade unions were primarily concerned with protecting workers' rights and safeguarding the benefits obtained after hard struggle in the past rather than attempting to obtain new ones. Naidu argues that Asian trade unions are not sufficiently representative of the people for whom they have to speak and act. The trade unions were too much involved in politics, particularly by their close association with political opposition parties or other political or ideological groupings.

Manandhar (1998: 32), in his article stated that there was heavy politicization of labor issues and trade unions were being used as "vote banks". Both government and management had used "divide and rule" policy thereby weakening the position of labor union. On the other hand, the powerful unions had gone beyond their jurisdiction to dictate management on personnel issues like recruitment, selection, promotion, transfer, and departmental action.

Bajracharya, in his article "Salient Features of Industrial Relations Dynamics in Nepal" concluded that mechanisms must be developed to provide opportunities for better benefit sharing and to provide workers in the organization building process. Minimum wages should be enforced strictly and additional benefits should be tied with productivity (1998).

Pandey, in his article "An Appraisal of Administrative Reforms in Nepal" concluded that there was no sincerity of purpose in setting up the commission for administrative reforms. The motive was only to get over the immediate crisis and authorities never tried to implement those recommendations although most of them were sound and genuine. However, the establishment of training institution especially Nepal Administrative Staff College (NASC); creation of Ministry of General Administration (MOGA) to facilitate career and the human resource development, and evolution of Public Service Commission (PSC) as an independent and impartial agency have contributed to administrative capability building. Efforts should be made to raise civil servants morale in order to make Nepalese Civil Service (NCS) competent (Pandey, 1999).

Problems and weaknesses of the government sector management frequently cited in different seminars, interactions, study reports and recommendations of Administrative Reform Commission include: procedural and decision-making delays, buck passing, unwillingness to delegate authority, centralization, incapable leadership, political interference, lack of skills in the managing level, lack of teamwork and trustworthiness, no sense of urgency in action, consideration of caste, religion, political connection, regional biases even in appointments, corruption etc. (Pradhan and Uprety, 1999)

The main weakness actually lay in the implementation of policy due to lack of co-ordination among and within ministries, limited financial resources, use of poor technology, lack of human resource, and high intervention from different corners of government unit. There was lack of vision on implementation of policy and also lack of a system of continuous monitoring, supervision, and evaluation. There was lacking in finding out the comparative advantages because of lack of proper thinking on the part of top management, poor leadership and weak vision (Ghimire and Adhikari, MDS, 1999).

Training and development has long since been recognized in the Indian system as an essential component of management function in the development process of managers. A study in India during the late 1970s stated that Indian managers were highly educated as compared to their counterparts in more advanced countries in the West. 87 percent of Indian managers were college / professional degree holders (Chakraborty, 1978).

Thomas (1993) suggested remedial actions that should form part of the new Labor Policy of India as following:

- Invest in up gradation of skills and health-care.
- Decentralize the industrial policy to the states and to harmonize it with the labor, education and health-care policies.
- Attract investment and industries.
- Tackle industrial sickness with bold and effective measures.
- Increase productivity (Thomas, 1993).

Atreya in his article "Managerial reforms: The Need for Nepal Rastra Bank" concluded pointing the need to move away from the traditional ways of managing organizations to a new wave of management that energized the human resources to their optimum level; explored innovation and creativeness from the unthinkable imagination; and built an environment that focused on results rather than the process. This called the need for a leadership that recognized the strengths of employees, built human resources capable to foresee the future; provided environment that enabled employees to release their capacity; and created a learning environment within the organization.

Ulrich (1998: 124) in his article "A New Mandate for Human Resource" argued that achieving organizational excellence must be the work of human resource. The efforts to achieve such excellences - through a focus on learning, quality, team work, and reengineering - were driven by the way organizations got things done and how they treated an entirely new role and agenda for the field that focused it not on traditional HR activities, such as staffing and compensation, but on outcomes. HR should not be defined by what it does but by what delivers - results that enriched the organizations value to customers, investors and employees.

Tulpule (1999) a veteran trade unionist of India, suggested that the trade unions must be ready to perform the role of guardian to workers and work as a force for transformation. They need to do the following:

- Trade union movement must widen and understand the real nature of the existing crisis at the macro-level.

- They need to build up strengths and be capable to influence the state policy.
- They need to press the government for a change in the states adoption of the Western development model.
- Disproportionate thrust on export need to be reexamined.
- The vast size of the countries a good potential market and the country need to look for foreign markets.
- They should guard against the factors which contributed to their fragmentation and work for integration.
- The 90 percent of workforce engaged in informal sector perceive the 10 percent workforce of the organization sector as potential threat due to the fact that they are viewed as adversaries. They can improve their strengths and status through unification and amalgamation (Prasad, 2005: 319)

A survey of 22 companies by Monappa and Engineer (1999) undertaken in 1996 to understand the changing priorities and dynamism in the Indian Corporate World, recorded the most important changes in human resources as following:

- Virtually all companies had started placing emphasis on the up gradation of managerial and professional skills.
- A flatter organizational structure had resulted in fewer levels of hierarchy and enhanced empowerment. Empowerment to all categories, from shop floor workers to managers, had facilitated independent decision making, flexibility and trust. This had led to improved employee involvement and motivation.
- People at the middle levels of management were becoming more participative and result-oriented. On the other hand, decision making was increasingly being handled at the group level.
- Insecurity levels among employees had diminished and their sense of responsibility had increased.
- There was an emphasis on openness and transparency. An improvement in the communication channels within the organization had resulted in better interpersonal relations and networking among units. Month-end floor meetings, open hours and open sessions had greatly helped in this direction. Communication had also been enhanced through notice-boards, house journals, product sessions etc.
- Changes in the recruitment policy had let to:
 - The introduction of professionals with diverse technical, managerial and academic backgrounds.
 - A fall in the average age of employees.

- Higher salaries and more responsibilities for young employees.
- The induction of human resource professionals at senior levels, implying increased recognition of this area.
- Meritocracy in personnel policy which included performance based rewards for employees.
- A new culture that emphasized an employee's role of 'supporting' rather than 'reporting' within the organization. Externally, it emphasized employee commitment to customer satisfaction.
- Networking of various divisions or functions within the organization, with a view to care ea responsive, goal-oriented and competitive organization (Monappa and Engineer, 1999: 45, 46).

The survey highlighted the following changes in HR policies and programs:

- There was increasing emphasis on training and retraining to tap latent talent.
- Companies had started paying attention to career growth and career planning.
- Companies were showing increasing willingness to retain talent and redeploy manpower when necessary.
- To meet ambitious career aspirations and salary expectations, human resource departments were using industry-wise benchmarking for salary revisions.
- Employee compensation was being looked with performance, and performance appraisal systems were being widely used.
- Contemporary practices, policies and programs were becoming more focused, responsive and constantly reviewed.
- Corporate restructuring and redefinition of roles were areas under focus (Monappa and Engineer, 1999: 89, 90).

The review presented above fairly indicates that the limited attempts have been made to study personnel / HR management practices in public and private enterprises of Nepal. Those studies have shed light on some aspects of personnel / HR management, however, the concluding remark indicates that personnel /HR management in the past remained neglected areas of management. This review also indicates that no systematic attempts have been made to study HRM practices in tea industry of Nepal. This knowledge gap has called for a systematic study which could bridge up such a gap. The present study is an attempt in that direction.

CHAPTER : III

AN OVERVIEW OF TEA INDUSTRY IN NEPAL

This chapter deals with the evolution, importance and present status of tea industry; institutions related to tea; work activity and Labor requirements, plantation Labor Force, organization of work, and review of tea policy.

Evolution:

Tea industry occupies an important position in the national economy. Firstly, it is labor intensive; secondly, it is mostly located in remote and backward areas; thirdly, it helps develop tertiary sector in such areas; and fourthly, it is eco-friendly and contributes to the national exchequer (Choudhary , 2000).

Tea plant, botanically known as *Camellia Sinensis*, is believed to have originated in China. It is believed that long back in 1821 tea bush was discovered in Assam where tea plantations were started and gradually spread over the whole of north-east India (Bhadra : 1997 : 1). Ancient Chinese and Japanese legends refer to a beverage made from an infusion of dried leaves. The introduction of tea is sometimes attributed to the Chinese emperor Shen Nung about 2737 B.C. (BanarJee, 1993). Chinese citizen Lu Yu in his book *Memoir on Tea* mentioned that tea was used for treatment of rheumatism (Devkota, 1999). Tea plantation in Darjeeling is of special importance as it led to the introduction of tea in Nepal. The history of tea industry in Darjeeling is associated with the posting of Dr. Campbell from Kathmandu to Darjeeling in 1840, who initiated tea plantation at Alobari on an experimental basis (Dash : 1947). With success of Alobari tea garden the plantations were extended in different parts of Darjeeling hills. And with the successful venture in the hills the planters started exploring Terai belt, as a result the first tea garden was started at New Champpta in 1865 (Sharma, 1999 : 4).

Beginning of tea plantation in Nepal dates back to the year 1863, when Mr. Gajraj Singh Thapa, the 'Badahakim' (Chief Administrator) of Ilam, initiated tea plantation for the first time at Ilam. It is said that he was very much impressed by the taste of tea and fascinating beauty of tea gardens of Darjeeling. So he brought tea-technicians from Darjeeling and made local people join hands in tea plantation. His effort was later followed by planting tea in Ilam and Saktim in the year 1865 (both plantations are still under commercial production). It is believed that the tea seedlings were given by the Chinese government as gift to the then prime minister Jung Bahadur Rana. The first tea processing factory was established in the year 1872, in Ilam Tea Estate.

But the further expansion of tea plantation lay virtually stagnant for about a century. No efforts were found to be made by the government or private sector in this direction. It was only in 1959 when Budhkarana Tea Estate was established at Rangiadanga (Maheshpur VDC, Jhapa), the first tea estate in private sector. Soon after this venture, a few other landlords also started tea plantation in Jhapa district, which gave birth to some tea estates such as Satighatta Tea Estate, Himalaya Tea Garden, Nakkalbada Tea Estate, Mittal Tea Estate, Giribandhu Tea Estate. These tea estates are still among the leading private sector tea companies of Nepal. However, these plantations were done more with the motivation of saving the land from land ceiling being imposed under the Land Ceiling Act in 1963, because all the plantations during that period were started by big land holding families. This can be seen in some of the plantation fields of those days having the tea bushes at the distance of more than two feet. These ventures, however, opened the door for other entrepreneurs in tea sector.

In the history of tea development in Nepal, the establishment of Nepal Tea Development Corporation (NTDC) is considered to be a landmark to augment the tea cultivation. NTDC was established in 1966, with the joint effort of the Government and Overseas Development Administration (ODA), Britain with the objective of making the country self-reliant in tea by producing more tea, thereby, substituting import of tea and earn foreign currency by exporting quality tea. Soon after its establishment, NTDC took over the first two tea plantations, namely, Ilam and Saktim tea estates. NTDC then extended tea plantation in Kanyam (Ilam) in the year 1971, with the aim of producing exportable quality tea. One year later, another tea garden was established in Tokia (Jhapa) in 1972. Keeping in view of the increasing internal demand of tea another tea estate was established in Barne (Shantinagar VDC, Jhapa). Later, two more tea estates, namely, Barradashi (Jhapa) and Chilingkot (Ilam) were established; making altogether seven tea estates under the ownership and management of NTDC. Despite its significant contribution for the development of tea cultivation, the only government owned corporation faced acute financial and managerial problems in the latter years, and eventually NTDC was leased out to the private sector in the year 2000. The management of NTDC was handed over for 50 years to Triveni Group, with the condition of keeping all workers in 'as it was' form and terminating all staff under voluntary retirement scheme with extra two months' salary as a golden handshake.

Besides these plantations by government and private sectors, small growers started tea cultivation in the nearby VDCs of Kanyam, when NTDC established Kanyam Tea Estate. Some 40 small farmers started tea cultivation in some VDCs of Ilam district, such as, SriAntu, Kolbung, Kanyam, Fikkal, Pashupatinagar, Panchakanya, Laxmipur, and Godak. With the encouragement and technical support provided by NTDC, tea cultivation at small

farmers' level, expanded gradually in different parts of other districts, namely, Panchthar, Terhathum, Dhankuta, and Jhapa. In view of good prospect of tea cultivation in the Eastern Region, the Government declared these five districts as "Tea Zone" in the year 1982 and accordingly adopted a favourable policy to encourage tea farmers in private sector. The facilities incorporated in the policy included : providing easy loan to tea cultivators from Agriculture Development Bank with 50 percent subsidy in the interest on loan for the first 5 years in Terai and 7 years in hills, exemption from land-ceiling for tea cultivation and 90 percent rebate on land-tax. With the objective of extending technical services, seedlings and transport facilities, small farmers' offices were established under NTDC in Fikkal, Manglabare and Jaspire of Ilam; Chilingden of Panchathar; Solma of Terhathum; and Hile of Dhankuta districts. All these efforts contributed quite positively to the expansion of tea cultivation, which consequently gave birth to the concept of "Bought Leaf Factory". The first processing unit of this kind was established in the year 1989, at Fikkal of Ilam district.

The enactment of Industrial Enterprise Act by the Government encouraged and facilitated more to the extension of tea cultivation. Industrial Enterprise Act, 1992 (amended in 1998) has an objective of encouraging the promotion of manufacturing industries in the country by making the environment of industrial investment more congenial and straight forward. The Act has categorized tea cultivation and processing industry as an agro-based industry which fall under national priority industries like horticulture and fruit processing, vegetable and seed farming, sericulture and silk production, animal husbandry etc.

The Act has proposed some concessions to the agro-industries with an income tax exemption for a period of five years from the date of commercial production. If the tea industry wants to invest in the pollution controlling mechanism or equipment, then a reduction of up to 50 percent is granted in the taxable income. Such remission may be deducted on a lump sum or an installment with a period of three years.

The Ninth Five Year Plan (1997-2002) gave a high priority to agro-based industries such as tea plantation and processing. The plan recognized agro-based industries as the basis of industrialization in the country. This plan emphasized on the plantation of high-valued Orthodox tea for export. Similarly it placed importance on the promotion of CTC tea for domestic consumption. During the plan period, total tea area was projected to be 4564 hectare and total tea production was projected to be 4101 mt. from 3156 ha.

Agriculture Development Bank actively disbursed credit to the tea sector during 1996-1997. As a result, the number of CTC planters under tea estates and out growers category increased rapidly. The reasons for increase in plantations, as responded by the tea planters, were:

- Good rate of returns as compared to traditional farming.
- Availability of bank credit attracted tea plantation.
- High demand for tea in both domestic and foreign market (esp Orthodox tea).
- Peer pressures also motivated out growers to start tea plantation.
- The other reason was that other food crops could not be grown in the land adjoining tea plantation. By the use of insecticides and pesticides in the tea plantation, insects are flushed out and take refuge in the nearby land which devours the crops.

Types of Tea:

Generally two types of tea are produced in Nepal. One variety that is grown in the hilly region is called Orthodox tea. Orthodox tea has a huge demand in overseas countries and its export is increasing over the years. The major markets of Nepalese Orthodox tea are Western Europe and North America. Similarly, tea grown in Terai (plain area) especially in Jhapa district is called CTC (Crush, tear and Curl) tea, which accounts for more than 95% of the total domestic tea consumption.

Orthodox Tea:

Black tea, in the form of traditional leaf tea produced from hill grown tea, particularly Chinese type of tea is known as Orthodox tea. The Orthodox tea, particularly popular for its aroma, is considered as premium tea all over the world (Singh, 2001). This tea is produced from the leaves of tea bushes in the eastern hilly region. Despite its long plantation history, the production and productivity of Orthodox tea have been low due to lack of conducive govt. policy, high cost of production (and therefore expensive) lack of technical know-how, and CTC oriented domestic market. However, the increasing demand of hill-orthodox tea in the overseas market provides good prospect of tea cultivation in the hilly region of Nepal.

CTC Tea:

CTC tea, commonly used by majority of tea consumers of the world (produced in Jhapa district) is popular for its color. The manufacturing process of CTC tea consists of withering of leaves, rolling, fermenting, and drying through mechanical devices. Furthermore, sorting is done with the help of machine in different grades such as brokens, fannings, and dust.

The plantation area coverage and production of both Orthodox and CTC tea in the year 2006 / 2007 have been presented in the **Table 3.1** below:

Table 3.1 **Orthodox and CTC Tea Plantation Area and Production**
2006/2007

Plantation Area: Hectares

Production: Kilograms

SN	Particulars	Orthodox		CTC		Total	
		Area	Production	Area	Production	Area	Production
1	Tea Estates	2904	656600	6107	8684154	9011	9340754
2	Small Holders	4520	1320149	2889	4506840	7409	5826989
	Total	7424	1976749	8996	13190994	16420	15167743

Source: *Tea A Tea, NTCDB*

From **Table 3.1**, the total production of Orthodox tea is 1976749 kgs and the CTC tea is 13190994 kgs which is 13.03 percent and 86.97 percent of the total production respectively, whereas the plantation area of Orthodox tea is 5153 ha (40.76%) and CTC tea is 7490 ha (59.24%) respectively. Based on the figure of the table the yield per hectare of Orthodox tea is 266.26 kgs and the yield per hectare of CTC tea is 1466.32 kgs.

Institutions Related to Tea:

In course of time, several tea-related institutions are found to be established for the development of tea industry in Nepal. The first one being Nepal Tea Development Corporation (NTDC), established in 1966 by the Government has (privatized in 2000) contributed significantly to the extension of tea industry. Similarly Out Growers Scheme (OGS) being implemented under NTDC in the year 1978 / 1979, played a significant role for the extension of tea plantation at small holders level. Some important tea related institutions / associations existing and operating till date are as under.

1. National Tea and Coffee Development Board (NTCDB)
Central Office, Kathmandu
2. National Tea and Coffee Development Board
Regional Office, Birtamode, Jhapa
 - a. Tea Extension Project, Fikkal, Ilam
 - b. Tea Extension Project, Mangalbare, Ilam
 - c. Tea Extension Project, Jasbire, Ilam
 - d. Tea Extension Project, Lalikharka, Panchthar
 - e. Tea Extension Project, Hile, Dhankuta
 - f. Tea Extension Project, Solma, Terhathum

3. Nepal Tea Planters Association, Bhadrapur, Jhapa
4. Agro Enterprise Center, FNCCI, Kathmandu.
5. Nepal Tea Association, Basantpur, Kathmandu
6. Himal Orthodox Tea Producers Association-Nepal, Kathmandu
7. Mechi Hills Tea Producers Association, Ilam
8. Eastern Small Holders Association, Fikkal, Ilam
9. Small Tea Farmers Association, Bhadrapur, Jhapa
10. Tea Producers Terhathum Co-operative Organization, Terhathum

NTCDB:

Of these tea related institutions, NTCDB is established by the Government, by passing the bill in the House of Representative in the year 1992. NTCDB has a major role to play for the development of tea industry in Nepal. It has two regional offices: one in Birtamode, Jhapa and another in Tansen, Palpa. In addition to these, there are six Tea Extension Projects and 2 sub-units to assist the small holders in the eastern hilly region. The objectives of NTCDB are:

- To formulate and implement policies relating to production, processing, marketing, export and import of tea.
- To identify the problems facing by tea industry and find ways for resolving the problems.
- To manage the supply of necessary machines and tools / equipments for tea and coffee processing.
- To establish Training and Research Center, and provide technical knowledge and skills to those involved in tea and coffee cultivation.
- To conduct research works / studies for the development of tea and coffee.
- To coordinate other institutions / associations related to tea.

NTCDB and its regional / unit offices conduct small farmers' trainings to impart technical knowledge relating to different field activities of plantation like nursery, planting, plucking, pruning, up-keeping, manure, pest control etc. It collects and maintains up-to-date data of different tea estates and small holders in respect of the number, plantation area, production etc. Follow-up and supervision of tea cultivation and providing technical support are also carried by NTCDB and its units on regular basis.

The important functions highlighted by NTCDB are as follows:

- Conducted feasibility studies of tea cultivation in Ramechhap, Bhojpur, Taplejung, Sunsari, Nuwakot, Sindhupalchok and Sankhuwasabha districts.

- Publication of Tea and Coffee News, Tea A Tea and Tea / Coffee manual.
- Organizing "Tea Day" every year from 1996 onwards.
- Organized international tea conference three times in Kathmandu involving the private sector.
- Trainings given to 7 employees in foreign countries.
- Trainings given to the small tea and coffee farmers every year. The total number of such farmers has reached 600.
- Organize tea and coffee fair.
- Technical services provided to tea cultivators.
- Organize crop protection workshop and farmers motivation programs.
- Collection of statistics on yearly basis.
- Formation of tea farmers groups.
- Formation of tea cooperatives, and trainings conducted in Dolakha, Solukhumbu, Okhaldhunga, Nuwakot and Sankhuwasabha districts.
- The total tea production in 2002/2003 is 8198000 kgs.
- The productivity of Orthodox tea per hectare is 300 kg and CTC tea is 650 kg.
- Survey of tea markets: in main cities such as Kathmandu, Biratnagar, Pokhara, Bhaktapur, Lalitpur, Narayangadh, Nepalgunj, Dhanagadi and Lalitpur.

Nepal Tea Planters Association (NTPA):

NTPA is established in the year 1987/1988 to organize and promote the growers for production of CTC tea, particularly in Jhapa. Its main objectives are as following:

- Develop tea industry in organized way,
- Identity the problems related to tea industry, and solve the problems.
- Develop good relationship between management and labor.

But NTPA has not been effective in its role due to lack of coordination among the partners, and absence of corporate practices. Activities are carried out as and when needed basis.

Nepal Tea Association (NTA):

NTA is primarily concerned with providing services to the tea traders by facilitating, packaging, export and import of tea. It was established in the year 1991 in the name of Nepal Tea Packers and Traders Association. But later this name was revised by its general Assembly meeting as Nepal Tea Association in the year 1997.

Himalayan Orthodox Tea Producers Association (HOTPA):

HOTPA is an association of Small Tea Growers, Bought leaf factories and Tea estates of Hills established in the year 1998 with a common objective of developing Hill Tea Industry in Nepal. HOTPA has set following programs to be executed:

- Establishment of an autonomous tea research center to develop high yielding seeds and clones.
- Establishment of technical school for tea.
- Programs to motivate small farmers to plant tea in their barren (unused) land.
- Training on plantation, processing, and packaging to promote export.
- Establishment of Conventional Tea Dryers in the remote areas for manufacturing hand made tea as an income generation activity.
- Research on organic agriculture (local resource mobilization) for manufacturing compost and organic fertilizers.
- Promotion of local and traditional pest management on Ayurvedic principles.
- Develop data bank to provide updated information to small farmers, promoters, researcher and international community.
- Implement quality control system through Hazard Analysis Critical Control program.
- Undertake policy advocacy activities.

Small Growers Association:

Small Growers Associations are mainly formed by small growers with the common objective of promoting tea development at small holders' level and protecting their occupational interest in different parts of Tea Zone. Such associations include Nepal Tea Planters Association, Mechi Hills Tea Producers Association, Eastern Small Holders Association, Tea Farmers Association and Tea Producers Co-operative Organization.

Agro-Enterprise Center:

AEC organizes trainings to tea producing farmers and manufactures at their request on tea garden management, pest management, pruning and composing, processing. It helps in lobbying for the policy changes to the tea sector with the government. It also provides international tea expert services to advise / assess the tea manufacturers on the prospects of Nepalese tea in the international market. As part of export promotion program, AEC has extended program support to HOTPA and related organizations for preparing profiles, websites and manuals for participation in international trade fairs.

AEC has been serving as:

- Training organization,
- Organize workshop / seminars / exhibitions,

- Policy advocacy to parliamentarians / policy makers / bureaucrats,
- Export promotion etc.

Besides these, Trade Promotion Center (TPC), a government agency is also involved in facilitating and promoting export of tea to the foreign market.

Importance of Tea:

Tea, next to water is the most widely consumed beverage in the world. Today, tea has become a part of everyday life in Nepal because it is consumed by the poorest to the elite sect of our society. Tea is important to us not only as a profitable cash crop and common beverage but also mainly due to its diversified nature of benefits towards human value. Tea has a social value because we share our feeling of hospitality over a cup of tea. The importance of tea can be stated as following:

1. Earning and saving foreign currency:

In Nepal two different types of tea are produced, namely, Orthodox and CTC (Crush, tear and curl). The CTC tea has a good demand in domestic market. And Orthodox tea is produced in the hills has a good demand in the overseas countries. Thus, by producing adequate amount of CTC tea, we may be able to substitute import of tea from outside, mainly from India, thereby saving foreign currency. Similarly, by producing good quality Orthodox tea, we can earn foreign currency through export to overseas countries. **Table 3.2** shows the picture of export and import of tea in the last five years.

Table 3.2 **Export and Import of Tea**

Fiscal Year	Export		Import	
	Quantity (in M. ton)	Amount Rupees (in thousand)	Quantity (in M. ton)	Amount Rupees (in thousand)
2001/2002	79.6	27987		8838
2002/2003	193	53908		468
2003/2004	984.22	104822		992
2004/2005	4316	438771		419
2005/2006	834	98644		5005
2006/2007	832	123642		19000

Source: *Tea A Tea, A souvenir - 2007, NTCDB*

Table 3.2 shows that there is increasing demand of Nepali orthodox tea in the foreign countries. This situation clearly demands more production of quality orthodox tea.

2. Conserving Environment:

Tea plantations create greenery because of tea plants and the trees grown for shades in the tea gardens, which help maintain and preserve environment. This also helps checking soil erosion caused by deforestation.

3. Generating Employment:

Tea cultivation is a labor-intensive, agro-based industry, which generates good employment opportunity to the unemployed and under-employed population. Tea industry requires a large number of workforces from the very stage of soil preparation and raising nursery, plantation, plucking to processing stage. Basing on the previous statistical figure of total tea plantation area of 16420 hectares, and multiplying by 2.47 persons per hectare, it is estimated that about 41000 people are employed in tea industry of Nepal.

National Tea Policy-2000 has targeted for tea plantation in an area of about 40,000 hectares within initial 5 years which may create employment to 1,01,900 workforce at the rate of 2.5 persons per hectare. Tea industry employs more women workers than males for plucking tea leaves, which helps empowering women in our society.

4. Infrastructure Development:

The establishment and expansion of tea industry is usually done in the rural area. This requires infrastructure development like roads, electricity, drinking water, health center etc., which is a part of local development. Besides getting employment the local population is much benefited by these facilities.

5. Checking Migration:

There is an increasing trend of migration from hills and remote areas to urban areas in search of jobs to earn a living. This migration of people can be checked by establishing tea plantations in remote places and hills. The tea cultivation can make use of barren and fallow lands which may generate self-employment to many under-employed small farmers.

6. Human Resource Development:

The extension of tea industry requires more technical manpower for different activities related to tea cultivation. To provide technical education, technical schools and training centers need to be established. National Tea Policy-2000 has stated to establish a Tea Research and Training Center with the participation of Nepal Agriculture Research Council (NARC) and Private Sector. Domestic and foreign trainings shall be arranged to entrepreneurs, tea farmers and other employees under Tea Development Fund.

7. Tea and Human Health:

Past researches and studies have concluded that tea is a health-promoting beverage. Dr. John H. Wisberger in his working-paper presented (March, 2000) in the international

tea seminar stated that tea consumption helps prevent different diseases related with heart, intestine, pancreas, breast and prostate gland cancer. There is a strong belief in Asian Countries including China and Japan that tea drinking reduces mental stress and brain strokes. According to Dr. Chang Sung Yang a famous Chinese doctor, experiments conducted on animals revealed that tea drinking (consumption) prevents the elements that may cause cretinism and cancer. The polyphonic element contained in tea controls the symptoms of different diseases as following:

- Inactivation of influenza virus
- Suppression of blood glucose increase
- Suppression of hypertension and brain stroke
- Suppression of cholesterol and fat increase
- Radio protective action
- Anti-tumor action
- Anti-mutagenic action
- Deodorant action

Besides these advantages, tea industry helps developing and promoting other auxiliary industries as well such as, packaging industry, financial cooperatives. National Tea Policy-2000 may have a positive impact to the development of tea industry, if implemented properly. And these eventually, contribute to the national economy.

Present Status of Tea Industry:

Tea Industry includes all Tea Estates, processing plants, small growers, Packeters and marketers that are directly involved in production and marketing of tea. National Tea Policy-2000 defines 'Tea Industry' as the tea cultivation with the registration of industry in the land availed under the concession of land ceiling facilities and having one's own processing plant. Although tea industry has a long history of more than a century, in real sense it is only after the establishment of Nepal Tea Development Corporation. Ltd. in 1966, that tea cultivation flourished in Nepal.

At present, there are 128 tea estates and 45 tea processing factories as registered in NTCDB. Out of these 24 tea estates have their own processing factories whereas 21 tea processing factories do not have their own tea gardens. In addition to these, there are 20 tea packaging industries and export import agencies related to tea marketing.

Tea industry in Nepal has developed under three different ownership status and management, namely, Public Estates, Private Estates and Small Holders. The only

government owned and managed, NTDC was privatized in the year 2000. All these three types of tea producers have contributed significantly for the expansion of tea cultivation. The efforts made by Government and private sector entrepreneurs including small farmers have been the driving force for the extension of tea in the hills and Terai. Some of the important steps taken by the Government over the last 25 years include establishment of NTDC, implementation of outgrowths scheme, declaration of tea zone, and policy package including facilities like providing loan and subsidy on bank rate, exemption from land ceiling and land tax etc., establishment of NTCDB, and issuing of National Tea Policy-2000.

Promotion of agro-based industries such as tea and coffee has received priority in all periodic plans and policy of the Government. The ninth five-year plan (1996-2001) also gave a high priority to tea plantation and processing. The plan recognized agro-based industries as the basis of industrialization in the country. The plan has stated as:

"... Agro-industrial business promotion will be treated as a focal point; its forward linkages will be facilitated; its backward linkages will be accorded top most priority; and an integrated industrial business network will be established. It will be the viewpoint of the plan that on the basis of this very network, industrialization will be advanced in the country."

The ninth plan gave emphasis on the plantation of high-valued Orthodox tea for export. It also placed importance on the promotion of CTC tea, basically meant for domestic consumption. During the plan period, total tea plantation area was projected to be 6982.92 bigha (4564 ha.). It was also estimated that 1000 ha area would be brought under tea cultivation and a total tea production was projected to be 4101 m. ton from 3156 ha during plan period. The ninth plan's estimate of 1000 ha addition of new plantation has already exceeded.

Now that tea industry has grown / developed to be a large size industry in terms of plantation area coverage, quantity of production, providing direct employment to a sizable workforce, it occupies a significant position in the national economy. The total area under tea plantation is 16420 hectares with the production volume of 15167743 kgs in the year 2006/2007. The tea industry provides direct employment to about 41,000 people comprising of company employed workers and self-employed small farmers. **Table 3.3** presents the total tea plantation area and production volume of private tea estates and small growers separately in the year 2006/2007.

Table 3.3 **Total Tea Plantation Area and Tea Production**

Fiscal Year	Tea Plantation Area in Ha.			Tea Production in Kg.		
	Tea Estates	Small Holders	Total	Tea Estates	Small Holders	Total
2002/2003	8321	4314	12643	6478000	1720000	8198000
2003/2004	8869	6143	15012	7714669	3956535	11651204
2004/2005	8911	6989	15900	7789893	4816188	12606081
2005/2006	8911	7100	16012	8443907	5244330	13688237
2006/2007	9011	7409	16420	9340656	5826989	15167743

Source : *NTCDB*

To see the total area of plantation and share of total tea production in the year 2006/2007 on the basis of district of tea zone, the following table depicts the picture.

Table 3.4 **District-wise Tea Plantation and Production**
2006/2007

Plantation: Hectares Production: Kilogram

SN	District	Tea Estates		Small Farmers		Total	
		Area	Production	Area	Production	Area	Production
1	Jhapa	6107	86844154	2889	4506840	8996	13190994
2	Ilam	1347	470360	3705	1050166	5052	1520526
3	Dhankuta	382	84040	433	131735	815	215775
4	Panchthar	219	47040	158	68531	377	115671
5	Terhathum	23	5060	135	36991	158	42051
6	Other	933	50000	89	32726	1022	82726
	Total	9011	9340654	7409	5826989	16420	15167743

Source : *Tea A Tea, A Souvenir, 2008, NTCDB*

This **Table 3.4** also clearly shows that out of total area of tea plantation, Jhapa district alone has the major share of 67.77 percent area coverage and 86.97 percent of the total volume of annual tea production. This is mainly because in Jhapa CTC tea is produced, the yield of which is more than Orthodox tea; and other facilities like transportation, electricity, manpower etc. are easily available as compared with hills.

Tea Estates under NTDC and Private Sector

NTDC has seven tea estates of which four are located in Ilam district namely Ilam, Suktim, Kanyam and Chilingkot; and three are in Jhapa district namely, Tokla, Barne and Baradashi. The total area covered by NTDC-estates is 937.6 hectares and total tea production

volume was 496881 kgs before privatization in 2000. NTDC's plantation covered 9.15 percent of the total plantation area of 10299.6 hectares. Similarly NTDC's production of tea occupied 9.77 percent of total tea production of 5085237 kgs.

Table 3.5 Total Tea Plantation Area and Production

Fiscal Year	Tea Plantation Area			Total	Tea Production			Total
	Private Estates	NTDC	Small Holders		Private Estates	NTDC	Small Holders	
1996/97	1685.2	937.6	879	3501.8	1800000	925942	18000	2905942
1997/98	2192	937.6	1385.4	4515.0	1946455	603136	468980	3018571
1998/99	6073.2	937.6	3239	10249.6	3577857	496881	418242	44929980
1999/2000	6073.2	937.6	3239	10249.6	3577857	496881	1010499	5085237

Source: *Tea A Tea, an NTCDB Souvenir 2003*

From the **Table 3.5** it is learnt that the plantation area of private tea estates and small holders is on the gradual increase along with the volume of production of made tea. However, the production of NTDC is on the decline due to the labor-management problem and partly because of rumor of privatization of the corporation.

Private tea estates comprise of both big and small tea gardens / estates with or without tea processing factory. In fiscal year 1999/2000, total area under private tea estates (excluding NTDC's plantation) was estimated to be about 6073.2 hectares with an annual production of 3577857 kgs of made tea. Private tea estates contributed more than 70 percent of the national production volume.

Private Tea Estates in the hills started emerging hesitantly; the first one was established in the year 1982 in a remote village of Panchthar district with a concept of small farmers cooperative. Today the estate is known as Kanchanjungha Tea Estate. With the success story of this tea estate, gradually others followed the track and ventured in establishing tea estates in the hills.

Small Growers:

One of the encouraging developments of tea industry is the emergence and roles of small growers in South Asian Countries including Nepal. Small growers comprise of small farmers with tea plantation area below the land ceiling frame without having processing facilities. The National Tea Policy-2000 has defined small growers as the farmers who cultivate tea in the private land having an area upto 350 Ropanies in the hills and upto 25 Bighas (16.66 ha.) in Terai. The Tea Board of India has defined small growers as plantation

having 8.09 hectares (20 Acres) of land. However, for all practical purposes, the nomenclature covers the gardens up to 50 hectares without having processing facility (Sharma, 1999).

Tea Cultivation at small holders' level in Nepal began with the introduction of Out Growers Scheme (OGS), under NTDC. The small holders came into being for the first time in the nearby VDC's of Kanyam Tea Estate, such as Kanyam, Fikkal, Sri Antu, Godak etc. A small farmers' office was established at Fikkal in 1978 / 1979 with the objectives of encouraging and providing technical support and tea saplings to the small holders. As tea cultivation could be done in the barren unused land thereby generating employment and yielding more than the traditional crops, many small farmers were attracted to tea cultivation.

In view of the feasibility (suitable climate and soil condition) of tea cultivation, Late King Birendra on his visit to the Eastern Development Region in 1982 declared five districts, namely, Ilam, Jhapa, Panchthar, Dhankuta, and Terhathum as "Tea Zone". Following the declaration, the government issued a policy conducive to the development of tea cultivation in 1985. The policy package included special provisions, such as a 50 percent subsidy at the bank rate on loan up to 5 years in Terai and 7 years in the hills; exemption from land ceiling; and 90 percent rebate on land revenue in plantation area. Along with these facilities, five additional Small Farmers Offices (presently known as Tea Extension Project) were established in Manglabare, and Jasbire (Ilam), Chilingden (Panchthar), Hile (Dhankuta, and Solma (Terhathum), in the fiscal year 1983/1984. With these facilities, tea cultivation at small holders level extended in different parts of the tea zone. The reason for the upward trend in the out-growers is due to the decision of ADB/N to disburse loan to the small farmers against the collateral of the proposed tea plantation area.

The number of small farmers increased gradually more in the nearby area of tea processing factories where they could sell their produce - green leaves, easily. But in remote areas, they had to process the tea leaves manually at home and sell in local markets as well as consume at home, due to lack of infrastructure. As a result of the increase in tea area, "Bought Leaf Factories" came into being. The bought leaf factories do not have their own tea plantations; they depend entirely on the small tea farmers for the green leaves to run the factories. The concept of bought leaf factory for the small holders' tea was conceived in the year 1989. The first bought leaf factory was established in the year 1993 at Fikkal, Ilam. Realizing the opportunity for good business, investors have started establishing such processing units. Today there are more than ten bought leaf factories operating in different

parts of Tea Zone, which are eventually encouraging the small holders for extension of tea cultivation.

Tea plantation, at small holders' level, started by six farmers of Fikkal area, in 1979, has been extended to an area of 7409 hectares which involve 75939 farmers in the year 2006/2007. The volume of tea production has been 5826989 kilograms which is 38.42 percent of total production of 15167743 kgs. However, small farmers' productivity at present is very low due to lack of proper technical and managerial skills of the employees. In view of the existing climatic and soil condition, the productivity could be maintained as high as 1000 kgs per hectare provided standard technical and managerial practices could be followed. Similarly low productivity is also due to the lower efficiency of pluckers or tea laborers. It was observed that the efficiency of labor is higher in the terai than in the hills (Sharma, 2000). The number of small holders and plantation area coverage could be more than the data presented in **Table 3.6** because many small farmers have not been registered with the NTCDB and Tea Extension Projects. They have started planting tea with the help of other small growers of nearby locality.

Table 3.6 Tea Plantation Area and Tea Production by Small Growers

Area in Hectare

Products in Kg.

Fiscal Year	Total No. of Small Growers	Total Plantation Area	Total Production
2002/2003	5760	4314	1720000
2003/2004	6252	6144	3956535
2004/2005	6845	6989	4816188
2005/2006	7154	7100	5244330
2006/2007	7693	7409	5826989

The **Table 3.6** presents the number of small growers, tea plantation area and total production volume for a period of five years. The figures in the table show a steady growth in all dimensions. These figures indicate that there is a very good prospect of tea cultivation in Nepal. Based on these figures of five years, the growth in terms of involvement of small growers in tea cultivation, extension of tea plantation area and production volume of tea, it looks very encouraging. There has been an increase of 25.13 percent in the number of small growers, similarly an increase of 41.77 percent in plantation area and 70.48 percent in the production respectively.

To look at the plantation area and production volume on the basis of types of tea, namely, Orthodox and CTC, **Table 3.7** exhibits the picture as follows:

Table 3.7 Orthodox and CTC Tea Plantation and Production
by Small Growers 2006/2007

Area in Hectare

Production in Kg.

Orthodox		CTC		Total	
Plantation Area	Production	Plantation Area	Production	Plantation Area	Production
4520	1320149	2889	4506840	7409	5826989

Table 3.7 shows the plantation area and production of Orthodox and CTC tea by small growers. The plantation area occupied by Orthodox tea is 4520 hectares which is 61% and CTC tea is 2889 hectares which is 39% of the total area of plantation. However, the production volume of Orthodox tea is 1320149 kgs which is only 22.66% whereas the production of CTC tea is 4506840 kgs which is 77.34%.

Problems and Challenges:

In the latter years, however, the expansion of plantation has become stagnant because of skyrocketing price of land for tea cultivation. To make situation even worse, the ADB/N stopped providing loan for the purchase of land for tea plantation. Moreover, the planters complained much about the bureaucratic delays while availing loan by the government owned bank.

Another problem facing the planters is related with technical knowledge and information about tea. Due to non-existence of technical assistance from the NTCDB, planters are bound to use the consultancy of Indian tea experts. These tea doctors are invited to visit the tea gardens twice a month that charge about Rs. 1000 per visit and prescribe pesticides and insecticides and farm equipment. Due to absence of effective monitoring agencies and mechanism substandard chemical fertilizers and pesticides are imported from bordering Indian market.

Small Farmers Tea Producers Association Working Committee, Jhapa in a workshop held in March, 2002 pointed out following problems and challenges facing the small growers:

- Non-existence of soil test center
- Outer-dependence in technical knowledge
- Requirement of huge collateral to get loan for establishing tea processing factory

- Inadequate and unequal loan flow system
- Unorganized tea farmers
- Lack of sufficient number of processing factory
- Lack of initiative for searching tea market
- Illegal inflow of Indian tea
- Non-implementation of Tea Policy by the concerned implementing agency
- Lack of Tea Research Center and non-availability of capable manpower
- Lack of good quality fertilizer and pesticides in the market
- Lack of proper knowledge for using organic fertilizer
- Unhealthy association of factory-owners
- Unstable and changing investment policy of banks
- Political interference in the tea gardens

Besides the above-mentioned problems, there is lack of understanding and cooperation among tea farmers. The labor force is also divided politically. Moreover, the youth fore of the country are seen going to the overseas countries and educated generations are adopting city-centered characteristics. All these in total present a grim picture of tea industry.

Work Activities and Requirements of Labor Force:

The plantations are a distinct form of agro-based production organizations which require a large tract of cultivable land and a large labor force. During the formative years plantations faced acute labor shortage because the areas suited for plantations were sparsely populated. Moreover local people did not want to work in the plantations due to low wages and miserable living and working conditions. Thus plantation had to depend on migrant laborers, whose migration had to be induced by planters. The plantation system, thus, became associated not only with a resident labor force but more often than not with one of align origin (Bhawmic, 1995).

Labor Act, 1992 has defined workers of the tea estates as:

"... any person engaged in the tea estate for digging, ploughing, leveling, picking, spraying, sowing, cutting, reaping, plucking, de-rooting and doing other similar workers and this shall also include any person engaged for cleaning any house, land or machinery or its parts inside the tea-estate or any person doing any other workers related to the tea estate."

Tea is among the most labor-intensive of all the plantation crops. It has both an agricultural and a manufacturing dimension which involve a great deal of workers to run the business. Worker requirements in the tea industry can be broadly classified into two categories - those for current production and those for capital field development. Among the former which comprise the bulk of the labor absorption, harvesting (plucking) alone accounts for as much as 70 percent of the workdays and 40 percent of the cost of production. Fertilizing, weeding, pruning and processing account for most of the rest of the field-level labor force, although the shift of chemical weeding has reduced the labor required for this activity. On the capital side, new planting and replanting absorb a great deal of labor force in comparison to infilling of vacancies (Sivaram, 1998). According to well-established percents, 60 percent of the income from tea is agricultural, the balance being of an industrial nature. A brief account of both the agricultural and manufacturing activities is presented below, with particular reference to labor absorption and productivity gain in tea industry.

1. Harvesting / Plucking:

Plucking is overwhelmingly a labor-intensive activity. Plucking consists of collecting newly grown shoots above the plucking surface of tea bushes. Broadly there are two kinds of plucking: fine plucking means that two leaves and a bud are plucked; more than two leaves and a bud is coarse plucking. Plucking is a delicate task which is often considered typical women's work for they have 'nimble fingers and are more docile' (Verschoor, 1996). Regarding the pattern of plucking to be applied, tea pluckers are instructed to follow a regular pattern of plucking according to the garden's period's requirements. The main factors that influence plucking are : plant density, leaf variety, age of plants, climate and topography, leaf standard, plucking frequency, wage rates and incentives, which affect in the quality and quantity of tea.

2. Fertilizing:

Fertilizer application (manure) continues to be a manual operation which involves more labor as almost the same for most fieldworks. Different Tea Research Institutes operating in the South Asian region have recommended that there is a high degree of correlation between field productivity and the application of inorganic fertilizers. Fertilizing is necessary for the growth of tea bush as well as eliminates different kinds of diseases found in tea plants.

3. Pruning:

Pruning is done to induce growth and to keep bushes at workable height. So it is very important for maintaining the tea bush in the right form and height for growing and plucking. As soon as shoots develop after pruning, there are tipped. Tipping is done to get a level plucking surface. It is also necessary for the removal of branches that are decayed or dead as a result of drought, pests or diseases, for ensuring a clean and healthy plant. In

practice, pruning is undertaken when yield of a particular field starts to decline. The main significance of pruning is to have a balanced growth of plants in relation to productivity and maintained quality in made tea. An ideal pruning should therefore integrate biological characteristics along with the physical parameters like frame, height and wood thickness. There are many types of pruning, such as, collar, medium, Lung and Skiff pruning. Collar pruning is done by cutting the bole of bush near the ground level to provide a new frame to the plant by removing old and unproductive branches affected by diseases and pests. Medium pruning is done to reduce the height of the bushes so that they do not exceed 80 cm. by removing the knots and congested tops. Light pruning involves immediate cleaning to remove unproductive branches and dormant shoots. The skiff is an operation aimed at forming a level and a flat plucking surface and filling up by quick production of secondary branches.

Pruning is a manual operation but, unlike plucking, it is undertaken by men workers. These male workers are assigned a daily task and the number of bushes to be pruned varying with the type of pruning and the customary practices by the field in-charge.

4. Weeding:

Technical opinion now is that weeds in the tea fields are to be controlled, not eradicated. Weed management takes substantial cost on chemicals and labor thereby affecting to productivity, so it is very important to manage weeds with an eye on the cost-benefit line of operation. However, manual operation of weeding is gradually giving way to chemical weeding, so the size of workforce involved in weeding is bound to shrink in future.

5. Other field operations:

There are many other field operations which include soil conservation measures, control of pests and diseases, and sundry activities, such as, spraying, drain works, thatched house and bridge repairing, trees / bamboo cutting, fencing, etc. The labor requirements for these operations are mostly men workers and 15 percent of the total workdays are absorbed on an average tea estate (Sivaram, 1998).

6. Manufacturing:

As soon as the tea leaves are plucked and collected, these need to be processed. The processing comprises withering, rolling, fermenting, and drying. There are two principal methods of manufacturing tea (finished product) - Orthodox and CTC (Crush, Tea and Curl) tea. Furthermore tea is sorted according to the method of rolling (Orthodox or CTC), and grades like, whole-leaf, broken, fanning and dust. About 4.5 kg of freshly plucked green leaf is required to manufacture 1 kg of made tea.

As far as labor requirement is concerned, CTC tea processing requires just about half the factory labor than that of Orthodox production. The trend of lower labor absorption in tea processing is expected to continue with the slow up-gradation of conventional technology.

7. Capital Field Development:

Capital field development involves three activities: new planting; replanting; and infilling of vacancies in the tea fields, which generate much employment. The extent of new planting depends on the availability of land for expansion and the trend of return or profitability from tea. Although new planting is labor-intensive operation, the trend is found to be declining in South Asian countries like India, Srilanka, and Bangladesh. The replanting involves uprooting of old bushes, rehabilitation of soil, planting of tea and maintenance of the young field till maturity. So replanting is also an overwhelmingly labor-intensive operation which requires about 70 percent of the total cost on labor with negative return (Sivaram, 1998). The trends of extension, replacement and replanting do not present a happy picture despite introduction of various schemes and measures by Tea Board in India. It showed a downward trend over the period of thirty years from 1961 to 1991. However, the emergence of small tea growers presents a positive sign of hope for the tea industry (Choudhary, 2000). Filling of vacancies with a new to increasing the plant density per unit area without suffering any loss of crop is the most cost-effective field development option for the producers. It also helps absorbing underemployed workers. The labor component of infilling is about 70 percent of plant cost and maintenance. So industry efforts have been found directed at the filling of vacancies in the tea field.

Besides these, there are many other field activities which need to be performed manually, thereby requiring a good deal of workers. Other activities include subsidiary activities such as planting consists of hole digging, plants carrying, organic matter application, staking, termiticide, Rock and SS phosphate application etc. Drain works, drain soil leveling, soil screening for tube filling, soil digging, soil carrying etc. are soil related activities. Similarly other activities comprise of tea cutting, bamboo cutting, spraying, sickling, shade planting, mulch cutting, mulching, uprooting dead bushes and trees, shade planting, house repairing, sickling, bridge making or repairing, burning wasp, crèche attending, cheeling, fencing, loading and unloading etc. All these activities absorb a good deal of labor and hence generating employment opportunity.

Work Organization and Structure:

In an industrial setting, work organization holds distinct and important position within the social structure. It exerts enormous influence in the everyday life of the person directly or indirectly dependent on it. The basic factor involved in the mechanism of any work organization and also indispensable for its successful functioning is the human element.

In a primitive of folk society where life was simple, a person was born to a predetermined status. Inheritance of status made very little provision for social mobility or changing of rules. This is hardly the case with today's industrial society. Work, in an industrial setting, is no longer carried within a family or primary group consisting of a few individuals belonging to the same locality of community. The workplace has become a congregation of workers-not necessarily belonging to the same ethnic group, community of faith. A member of a work organization is primarily a member of a community and a society. His behaviors are conditioned by his cultural heritage and social experiences. The workers bring into the plant his abilities and beliefs, interests and needs that he continually strives to satisfy. In fact these elements influence that human relations in a plant and determine the behavior pattern of the people working therein.

A work organization in an industrial setting, thus, has social complex of its own with status and roles, charts, and sanctions structured in a certain pattern (Mohsin; 1964 : 49).

In this section an attempt has been made to describe the work organizations and organization structure in the tea estates under study. Formal organization, work schedule, work relations and other relevant facts associated with growing, plucking and processing of tea leaves have been the focus of description and discussion. Data incorporated in this study were collected from prominent tea estates of Nepal.

The ownership status, size and functions of tea estates determine the organization of work and structure. The ownership status of tea estates in Nepal are mainly (i) Govt. owned Corporation, (ii) Public Limited Company, (iii) Private Limited Company, and (iv) Proprietary. Whatever may be the categories of tea companies, one thing, that is common is that investors have invested capital with the hope of due return in the form of profit. However, with the difference in status, size and levels of management, the organization structure may not necessarily be similar.

In proprietary or partnership, management and administration is directly handled by the proprietors or partners. As a result, the degree of freedom of managers in matters of planning, organizing, directing and controlling is likely to be low.

In Public Limited Company, the top level management consists of Board of Directors elected by share-holders and is responsible for framing policies, making major decisions and acts as in-charge of overall affairs of the company. The Board appoints the Chief Executive Officer or Managing Director or General Manager who is delegated the task of running the enterprise. In such case people with professional expertise run the business and the task of management takes the nature of professionalism.

In Private Limited Company, the Board of Directors is elected from among the limited number of share-holders, mostly with family members or relatives but not necessarily with the professional expertise like in Public Limited Companies. Most of the established Tea Estates in Nepal fall under this category. Managers in private companies have less freedom of decision-making because of nominal delegation of authority.

There are three distinct areas of activities being performed in tea industry related mainly to (i) Cultivation, extension, plucking, pruning and manure of plantation; (ii) withering, drying, manufacturing, packing of made tea and dispatch; and (iii) health and hygiene of workers etc. To carry out these functions, the authority is vested on managers. Managers are accountable to the highest authority usually owners and responsible to subordinates. A manager has to perform diverse roles and functions in the tea industry ranging from technical work in the field and factory to administrative and managerial. A tea garden manager's main functions comprise the planning of activities for tomorrow and organizing those activities accordingly with proper direction and control. In carrying out these tasks, he has to develop a proper system of communication because the levels between the management and workers are too wide. So in tea gardens interaction session and informal system of communication are adopted. Documentation is another essential activity, but this activity is only confined to maintaining records of resources applied. Decision making is one of the important functions of a garden manager because he has to take spot decisions even during his round in the field, factory or in matters of dealing with labor. However, the manager has little role to play, in the marketing of the produce and in the field of research and development. A tea garden manager has to take decision on any issue or problems under constraints from all angles. He has to co-ordinate the various activities for running the garden but his decisions are always influenced by the owners. In performing these tasks, the manager is assisted by Assistant Managers, Clerks and Supervisors etc. in different sections and levels.

The works in tea industry are generally organized in four strata: Owner / Management, Supervisors/Assistants, and Workers. The owners of tea estates are the top authority who occupies the posts of Managing Director, Director, and Chairman etc. The management also consists of General Manager, Managers, Senior Officers, Assistant Managers and Factory In-charge. The assistants consist of clerical white-collar employees such as Accountant, Mechanic, Electrician, Health Assistant, Bagan Babu, Head Sardar, etc. The sub-staff comprise the lower level supervisors, gang leaders, sardars, drivers, watchman etc. All employees having positions from managers to sub-staff are paid on monthly basis. Workers are at the lowest rung that performs manual activities like planting, plucking, hoeing, weeding, pruning, drain-works etc. In tea gardens all these positions have their own distinct titles such Bagan Babu, Bada Babu, Factory Babu, Munsu, Hazira Babu, Sardar, Bahidar, Dafadar, Kalwalla, Bijliwala, Paniwala, Marad, Aurat, Chhokra, Lokra etc. borrowed from Indian tea gardens. Most of the works in tea estates are task based and job specific. There is inbuilt supervision system at every stage. Most of the work being agricultural in nature, workforce in the industry is traditional in approach with low levels of modernity, education and training (Choudhary, 2000).

Contrary to the general trend of employment in other industries, the tea industry employs women workers in a large scale, who constitute more than half the total labor force. The reason behind this, as put forth by the employers, is that work on plantations to some extent is gender specific and that women are more efficient than men in plucking tea leaves. But in reality, the main reason for employment of a large number of women workers is to keep wages low in plantations. As a result, tea plantation workers till today, are the lowest paid in the organized sector.

Formal Organization Structure:

The formal organization refers to the officially recognized arrangement and structuring the different units and the personnel in the enterprise. Each person in the enterprise is entrusted with specific rights and obligations in relation to others. Besides, relationships among the employees are also governed by the norms prevailing in the enterprise.

Tea industry has a formal bureaucratic structure with a hierarchy of staff. At the top is a manager and the workers at the bottom with a group of intermediate staff in between having their specific duties and responsibilities. The main office is the center of the administration of different work activities. The main office is headed by the owner or managing director who deserves and exercises full authority for taking major decisions of the enterprise. The matters

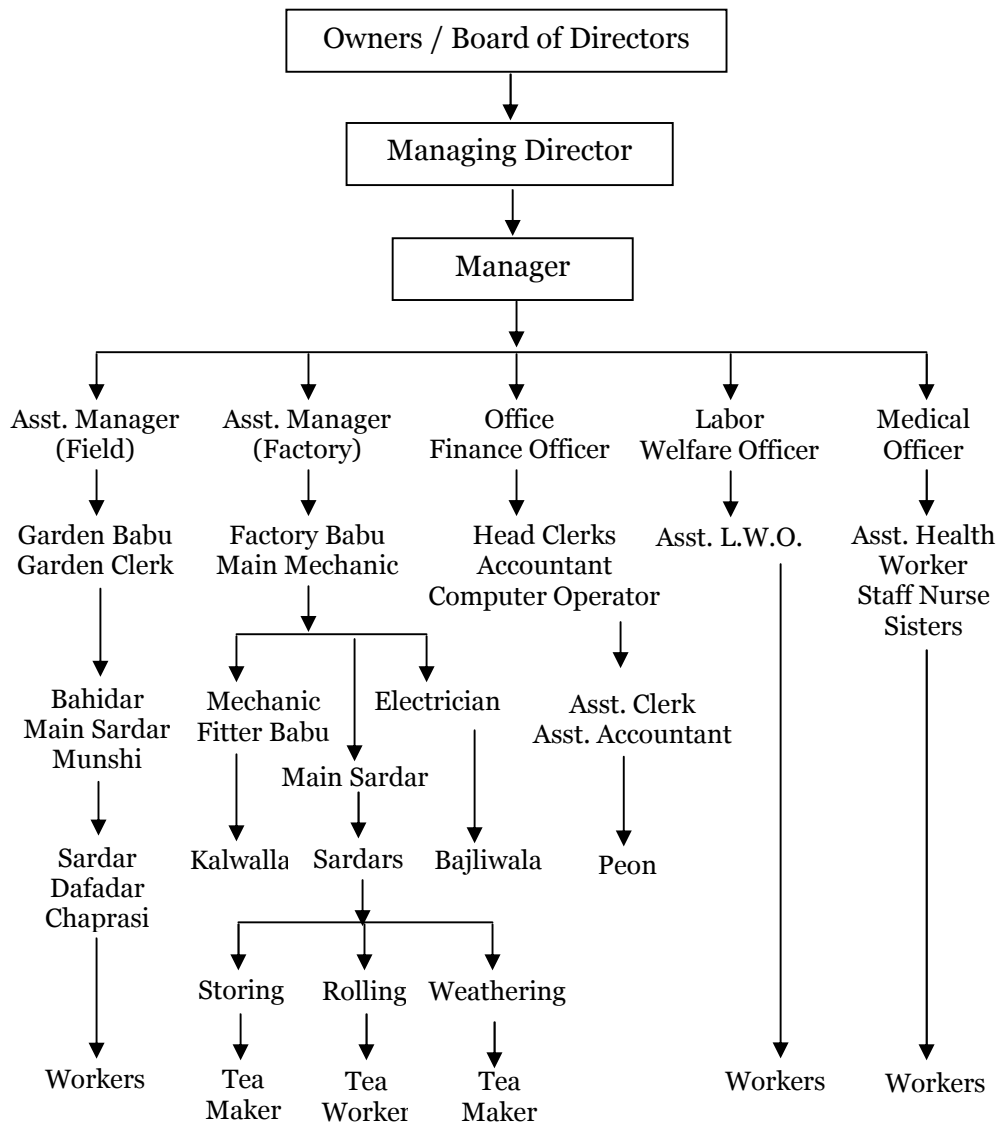
concerning the company as a whole, e.g., appointment of executives and staff, wage, salary, bonus and marketing are decided by the main office. In the plantations mainly two types of activities are carried out - (i) activities connected with growing and plucking - collection of tea leaves (field activities); and (ii) activities connected with the processing of tea leaves (factory). Other activities may include finance, marketing of made tea and employee welfare. Barring a few operations, the tea industry does not demand skilled employees and laborers. In the tea estates, at the top of the organization is the Estate Manager. The operating head are executives, supervisors or senior staff members. All the different units report to the manager, who is the coordinator in the plantation as well as the contact point for the main office.

Tea industry has an elaborate industrial bureaucratic structure with a hierarchy of staff and workers. In this hierarchy there is a manager at the top and the workers at the bottom with a group of intermediate staff in between. All the levels are having their specific duties and obligations. These features of industrial bureaucracy in plantations largely correspond to that of the industrial capitalism. But the way the industry earlier recruited laborers was more close to the feudal features than capitalist ones (Bhadra, 1990).

In tea plantations there exists a rigid structural hierarchy which is reflected in the tea plantation culture with strong feelings of superiority and inferiority among different levels of employees. The social distance between the management and laborers creates a huge gap and, thus, their relationship is characterized as one of a master and his servants. The community structure is also weak among the workers, due to their division along the lines of ethnic origins, castes, families, and housing blocks. This is also increased by developments such as casualization of labor, sub-contracting, and preferential treatment (Verschoor, 1996).

The organization structure in all the tea estates under study was not presented clearly in the charts. However, the procedures and processes being practiced in carrying out the everyday tasks in tea industry are more or less similar in most of the cases. On the basis of the management system being adopted in the tea gardens consisting of different levels and statutory requirements, a common type of organization structure could be designed. The common structural pattern of tea estates is presented in **Fig. 3.1**

Fig. 3.1 Structural Pattern of a Tea Garden



The organization structure exhibits the different levels and positions with more or less defined roles and functions. The assistant manager has their own field of activities and defined roles. Routine types of roles are entrusted on them. All employees above the workers level have some kind of supervisory roles.

The organizational structure of tea estates is more or less similar in all tea estates at the helm supported by Assistant Managers for field and factory work, by Assistant Labor Welfare Officer and Medical Assistant for welfare and health and hygiene matters, clerks for office procedure and documentation, Sardars and 'Chaparasis' for supervision of grass-root level workers. Tea industry being a labor intensive industry has traditional workforce and workers organizations area controlled by outsider political overtones

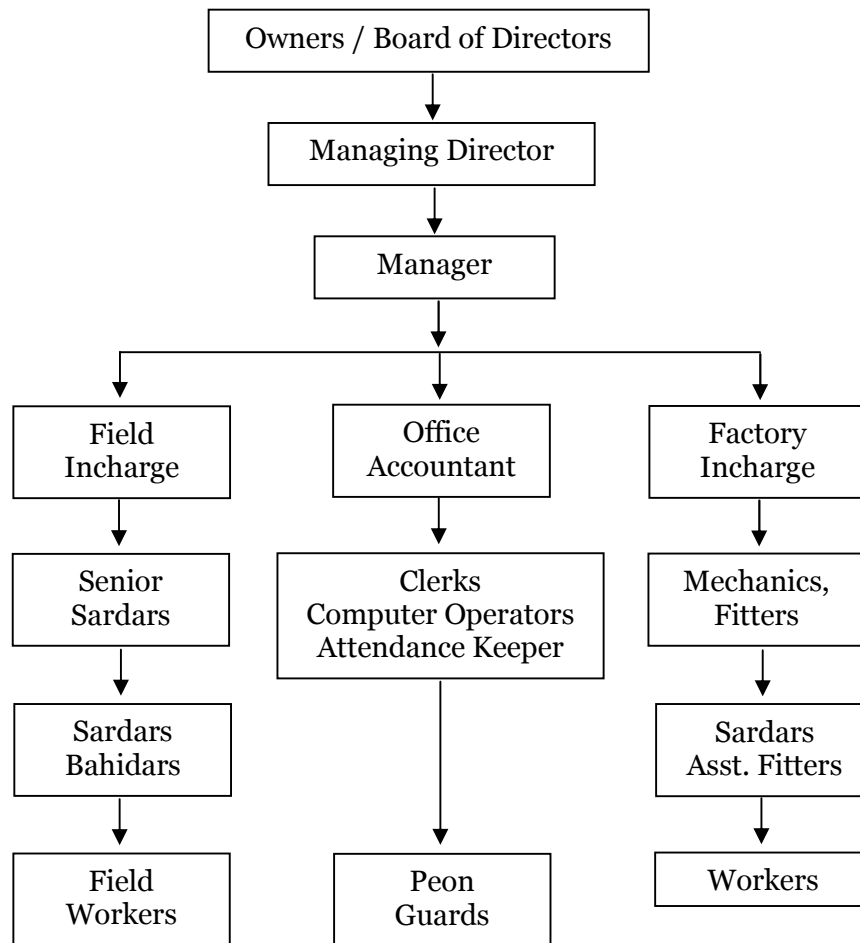
Decision making is well articulated and more or less routine type except in abnormal situation where manager has to take decisions in consultation with Managing Director or others. As a manager he is responsible for implementation of various statutory provisions. But most important thing a manager has to undertake is coordinating different processes and activities of plantation and production at different levels. His roles are more challenging when it comes to work as a social scientist, entomologist, agronomist, bio-chemist, food technologist, quality control expert, public relations officers.

Though the statutory requirements demand for the appointment of medical officer and welfare officer, these two positions were not found fulfilled by any of the tea estates under study. Most of the tea estates were found to have made a nominal provision regarding health and hygiene activity, such as the provision of a first-aid medical-kit with common type of medicines, and in a few cases employing a part-time Assistant health worker or a nurse.

However, no tea estates under study were found having all positions filled with qualified employees as shown in the organization structure. All tea estates, being owned and managed by family members, employed least number of staff and sub-staff as could be possible to carry out the office, factory and supervisory tasks. Very few numbers of employees was made to perform different tasks.

In practice the estates in Nepal were having typically a very simple line organization structure to administer the day to day routine operations. **Fig. 3.2** exhibits a typical form of common organization structure found in all tea estates, though it was not formally exhibited in charts. Each tea estate consisted of a manager with whole responsibility to look after the garden and the factory both as routine work. His roles were more of a technician with the knowledge of tea gardening and processing than a manager. Under the manager were appointed an assistant manager or an officer known as factory in-charge whose main roles and duties were related with running the tea processing factory with the help of technical assistants. And in the garden there were a few assistants called 'Sardars' to supervise the field work whereas in the office were an accountant/clerks. Attendance-keepers called 'Hazira-Babus' and a peon. On the basis of field visits and observation in different tea estates the existing common organization structure could be drawn as under.

Fig. 3.2 **Organization Structure of Tea Estates**



A Brief Review of Government Policy on Tea:

Before adoption of the National Tea Policy 2000, there were no tea-specific policies and laws except the National Tea and Coffee Development Act, 1992, and a Chapter in the Labor Act, 1992. All activities related to production, processing and marketing of tea were governed by the laws of land. The government support being provided to the private sector was the subsidy on interest of loan in early seventies was discontinued from 1990. Due to lack of policy package, technical know how and proper entrepreneurs, the private tea estates could not achieve their potential growth. Out-growers also suffered from lack of technology, training, proper credit program and market outlet for their product. The tea extension program at small holders' level, initially started by NTDC and undertaken at present by Nepal Tea and Coffee Development Board (NTCDB), had not been able to provide adequate services due to ever increasing number of small holders.

Lack of an efficient coordinating body that could be relied upon to plan and steer the development of the tea industry had been a felt need. A strong tea policy backed by efficient and independent tea development body was thus required for the implementation of plans, programs and other promotional activities related to tea.

After reviewing the government policies before the adoption of the National Tea Policy 2000, Singh concluded that tea industry in Nepal was : growing, not developing; moving without (policy) direction; standing without support; working without norms; and prone to fall out any time, (Singh 2001). It was only after intense lobbying by the tea related commodity associations, namely, Tea Planters Association, Orthodox Tea Producers' Association, and Nepal Tea Association; NTCDB, AEC, Government of Nepal enforced the National Tea Policy 2000 as per the intension implied in NTCDB Act, 1993. The objectives included in the National Tea Policy 2000 are as following:

- To increase the production of tea qualitatively and quantitatively by increasing the participation of private sector.
- To encourage / promote the tea farmers and entrepreneurs.
- To help in poverty alleviation by increasing the opportunities in employment and income.
- To promote the tea market.
- To make the tea enterprise sustainable and attractive.
- To assist in preservation of environment by the extension of tea cultivation.
- To keep on promoting institutional development for the development of tea.
- To earn foreign currency by increasing export of tea, having fulfilled the internal demand.
- To give emphasis in the development of human resources, technology and research works necessary for the tea business.

Targets:

The National Tea Policy 2000 has set very ambitious targets for plantation coverage, tea production, and employment opportunities. The land coverage by tea plantation is targeted to make up to 40,875 hectares within 5 years, which was only 16012 hectares till 2005/2006. The total production of tea is targeted to achieve up to 46111000 kilograms within 10 years. Similarly regarding the employment opportunities the target is to avail employment for additional 79,310 Nepalese people in 5 years period. All these targets seem to be over ambitious in the light of present situation as well as past few years' experiences in tea business.

Policies and Working Policies:

The National tea policy 2000 has some important provisions for tea cultivation, production and processing. Upon registration of the industry for tea cultivation Banks will provide loans up to 80 percent of the total cost at minimum interest rates as priority credit. The grace period will be of 5 years of CTC and 7 years for Orthodox tea; interest on loan will not be capitalized during the grace period; income tax will not be levied within the grace period, and the amount of loan with interest will have to be paid up within 10 years from the end of grace period (at present the provision for paying back is within 8 years). For purchasing land for tea cultivation, 75 percent of registration fee will be discounted on recommendation of Board. A team comprising of members from Ministry of Forest and Soil Conservation, Ministry of Land Reforms and Management, Ministry of Agriculture and Cooperatives and NTCDB will assess the feasibility of public land suitable for tea cultivation and recommend to the government through Board. Such lands may be awarded on lease to private sector up to 50 years for tea cultivation and the money earned by leasing will be deposited 50 percent each in Govt.'s revenue, and in Tea Development Fund.

The provisions include the capital subsidy for irrigation and import of the instruments and machinery used for tea irrigation. Customs duty on the import of equipment required for tea industry will be levied at the rate as that of agriculture equipment. The chemical fertilizers, pesticides, medicines, and agricultural equipment etc. required for the tea business will be allowed to import from other countries. The fuel required for the operation of tea industry will be provided in quota system directly from the Forest Supplies Committee, and the trees within the plantation may be used by the tea garden itself. The policy also states that Government of Nepal will give priority for infrastructure development like roads, irrigation, electricity, communication, education and health in the commercially tea cultivated areas. There is also a provision for establishing a Tea Development Fund from the cess received from tea entrepreneurs, grants to be received from GoN, amounts to be received from INGOs and foreign grants or assistance. And such fund will be utilized in the extension and development of tea with participation of private sector. Priority will be given for the extension of land consolidation through tea cultivation with the provision of low interest loans for purchasing land. On the basis of feasibility, 'tea pocket zones' will be legally promoted and declared having minimum of 3000 Ropanies of land for tea cultivation along with the infrastructure like electricity, roads and communication services. And the information received from the feasibility study of tea market will be made available to the tea entrepreneurs.

Despite the various provisions being incorporated in the new tea policy, many of these have not been brought into practices. No specific land policy regarding tea planting has been developed to date. Some procedural defects existing in the prevailing Land Act have distracted a large number of tea plantations. Land has become increasingly scarce, so it requires a large amount of investment to buy planned area of land. The unnecessary procedures to obtain land ceiling should also be abolished. The leasing out of feasible public land has also not been brought into practice. Absence of research and extension resulting into lower productivity, has lead the tea industry into a stagnant situation thereby facing heavy losses. So in order to address the problem, the government should formulate the Act and subsequent regulations with improvements from practical point of view, such as, raising the present land ceiling from 25 Bigha in Terai, and 80 Ropanies in the hills, leasing period should be extended from the present 50 years, and allowing to establish processing facility in the leased land etc.

Market and Trade Promotion:

The Tea Policy has provision for the introduction of tea in the international market through developing auction system. The tea export promotion programs will be carried out in co-ordination with Agriculture Business Promotion and Statistical Division of Ministry of Agriculture, Agriculture Enterprise Center (FNCCI), Nepalese Embassies and Consulates. Details regarding production, quality, quantity etc. will be highlighted in different publications such as poster, pamphlet, booklet etc. of Ministry of Tourism. The custom duty on packaging materials for tea will be levied at the rate as of agricultural equipment. While exporting tea, if the quantity is up to one container, opening of Letter of Credit will not be required. Packed and value added tea will be promoted for export and sales, rather than loose sale. And the participation of the small and co-operative tea entrepreneurs in trade fair, trade exhibition, workshops, and seminars will be encouraged by bearing the cost from Tea Development Fund.

For effective implementation of these policies the Ministries concerned should establish tea auction market places and provide incentives to all tea producers to sell tea under auction system, especially, at the wholesale level. The impact duty on CTC tea should be adjusted to stop smuggling of tea. The Government should manage to make Nepali tea accessible to participate in the global auction in India.

Policies related to Industrial Arrangements:

The Tea Policy states that the Board will perform different functions for the effective implementation of the policy. Studies and research on tea cultivation will be conducted with a view to render technical advice and assistance. Small tea farmers will be awarded grants to transport the tea cuttings and free technical services will be rendered. In order to provide concessions of registration fees, land ceiling, land revenue etc. availing of custom, facilities in the import of machinery, equipment, packaging material and other facilities, recommendations will be forwarded to the concerned agencies. Up to date records will be maintained about tea entrepreneurs of the country and regular inspection and supervision will be conducted for necessary action. Prizes and letter of appreciation will be awarded annually for best producers, processors, tea packing industry and exporters to encourage the tea business. In order to provide information to the Government and concerned parties on periodic basis, up-to-date records of tea covered area, production, auction quantity, export, import etc. will be kept. With the approval of GoN, the Board along with the participation of private sector, will perform different activities required for the developed of tea. The Board will collect national and international information covering study and research, market development of tea on regular basis so that to utilize such information in decision-making, research analysis and market promotion. The Board will also conduct human resource development and research activities in affiliation with universities / trade schools.

Manpower Development:

The tea policy has a provision to establish a "Tea Research and Training Center" with the participation of Nepal Agriculture Research Center (NARC), INGOs and private sector. Domestic and foreign trainings will be conducted for small and cooperative tea farmers from the Tea Development Fund. But in case of other tea entrepreneurs, such trainings will be arranged at the cost of their own. Such trainings will be conducted on regular basis for technical services. And income tax will not be levied on investment for training in order to encourage manpower development.

Despite such good provisions present in the tea policy, there is very little done in practice. NTCDB's tea extension service in different 7 places provide some technical service to only small holders but other tea estates are left on their own. As a result of lack of adequate and proper technical know-how many tea estates are facing problems like lower productivity, higher costs and in competitiveness. So it is an urgent need that the tea policy should ensure technology and market exposure opportunities for private tea growers, processors and traders.

There is also a provision in the Tea Policy to raise the fund from the cess at the rate of 50 paisa per kg from the producers, 10 paisa per kg from tea importers, and 50 paisa per kg from tea exporters as per the authority of NTCDB Act, 1992; and amounts received from other agencies and from lease. Small Growers Tea Producer's Association in Nov, 2002 pointed out the following drawbacks existing in Tea Policy 2000 as following:

- No classification of small growers. Very small growers can't adjust with the definition of small growers.
- Lack of encouragement to organize the small growers toward cooperatives with a view to promote business capability.
- There is no separate policy-package for the protection of small growers with special provisions.
- Lack of policy regarding determination of consumer price of green tea leaf.
- There is no clear-cut role of state to promote tea market i.e. non-accessibility of Nepalese tea to the international tea market.
- Lack of easy credit for the investment in tea sector.
- Lack of commitment in the implementation of tea policy by the government.

Besides these, the Association also pointed out that there was lack of tea norms relating to leaf production, processing, distribution, quality of green tea leaf and weighing methods. And other problems were relating to supply of low quality chemical fertilizers at high price, technical problems (Laboratories, tea-technicians) and institutional problem. Some of the policy related drawbacks existing in the tea industry can be observed as following.

- Financial related Problem:

Though the government has encouraged tea cultivation through provision of subsidy on interest of loan, it has not been successful except Sankhuwasabha district, due to lack of infrastructure and Loan investment. So the tea cultivation has not been extended as envisaged. If the 50% subsidy on interest of loan was given in the five districts of the tea zone, the tea cultivation could be extended successfully.

- Reduction of Price of Tea:

The reduction of price in the world tea market has adversely affected the tea cultivation in Nepal. The sudden fall in the price of green tea leaf has discouraged the out-growers for extending tea plantation.

- Amendment in Land Act:

The tea policy has categorized the area of tea cultivation up to 25 bigha (16.67 ha.) as out-growers. But before amendment in the Land Act the land ceiling was not necessary. This has caused confusion in the extension of tea plantation.

- Tea Plantation:

As the tea plantation target of 40875 ha could not be attained within five years as set in the tea policy, the production target of 46111000 kg can't be achieved in 10 years.

- Employment:

Tea industry has employed about 30,000 workforces in 2000/2001, and the tea policy has a target of employing some 79310 till in five years but if the plantation can't extend as targeted then the employment generation will be constrained.

So the Tea Policy seems to be over ambitious and unpractical, because the government has not clearly made provision for necessary plots of land, loans and market. There is no linkage between the goals and programs. There is no provision for land where and how to expand / extend the tea cultivation. As the private sector may not invest unless and until there is market potential and hence without (private sector) their involvement this target can't be achieved. The goals set by tea policy could not be achieved due to lack of easy loan facility, separate brand of Nepali tea, and initiation for market promotion.

To sum up, it is but necessary to implement the new policy in a continued and effective way, otherwise the efforts to develop tea industry would be like day-dreaming. With the prevailing infrastructure it seems difficult to achieve the targets set by the policy.

Summary and Conclusion:

Tea industry occupies an important position in the national economy. It is labor intensive, eco-friendly which contributes to the national exchequer, and helps develop tertiary sector in the remote and backward area of the country.

Tea plantation in Nepal started long back in 1863 at Ilam, but further expansion remained stagnant for about a century. It was only from 1959 that the tea estates came into existence as the landlords of Jhapa district started plantations with the motive of saving their land from the land ceiling imposed by the government. So the plantations were started by big land holding families.

Establishment of Nepal Tea Development Corporation (NTDC) in 1966 is considered to be a landmark in the development of tea industry in Nepal. NTDC started its own tea plantation in Ilam and Jhapa districts. In view of good prospect of tea cultivation in the eastern region, the government declared five districts namely, Ilam, Jhapa, Panchthar, Terhathum and Dhankuta as "Tea Zone" in 1982. The government also adopted favorable policy to encourage tea cultivation through provision of easy bank credit and other technical provisions of easy bank credit and other technical facilities. Farmers were also attracted toward tea plantation as the rate of returns was higher from tea as compared to traditional farming of food crops.

In Nepal, generally two types of tea are produced - namely Orthodox tea (grown in the hilly region) and CTC tea (grown in the plain area in Jhapa district). The CTC tea accounts for more than 95% of the total domestic tea consumption. With the purpose of meeting the domestic demand and substituting the import of CTC tea from India, the government gave priority to plantation and processing in the country. Similarly the Orthodox tea cultivation was promoted to earn foreign currency by exporting to overseas countries as the demand for organic Orthodox tea is high till today.

The government established National Tea and Coffee Development Board (NTCDB) in 1992. Similarly the Out Growers Scheme (OGS) being implemented from 1978/79 helped significantly for the expansion of plantations in the small holders' level. Many tea related institutions came into existence which are operating till date for the development of tea. The government formulated National Tea Policy in 2000 with the objectives of expanding tea cultivation, increasing employment opportunities and income and promoting institutional development for the development of tea through private participation. The tea policy set very

ambitious targets for plantation coverage, tea production and employment opportunities along with other objectives such as market and trade promotion, industrial arrangements and manpower development by establishing a "Tea Research and Training Center".

In course of time tea industry in Nepal has been extended to a considerable size thereby contributing to the national economy with a scale of production and employment. The statistical figure published in 2006/2007 by NTCDB indicates that the total area covered by tea plantation is 16420 hectare and total production of made tea is 15167743 kilograms. The production figure may be far more because the private sector tea estates lack transparent and up to date records of production.

One of the important developments of Nepalese tea industry is the emergence and growth of small growers' tea plantations since 1979. The small growers mean the gardens having a maximum of 25 bigha (16.67 ha.) of land without processing facility. The statistical figure published (in 2006/2007) by NTCDB shows that the area of plantation covered by small farmers is 7409 hectares and the total tea production is 5826989 kilograms which involves 7693 small farmers. Basing on the figure cited above the small growers occupies 45.12% of total tea plantation area and 38.42% of total production of made tea. So the contribution of the small grower gardens cannot be underestimated in tea industry of Nepal.

With the expansion and growth of tea industry several problems have emerged relating to extension / cultivation, production, marketing, human relations etc. These problems have been worsened by the political conflict that existed for about a decade since 1996 with several work stoppages, closures, strikes etc. Mainly the small growers were affected much because they were compelled to sell the green leaf to the processing factories at low rates. Due to lack of sufficient processing factories, financial institutions to provide easy credit and technical expertise services to assist in the venture, the position of tea growers remained stagnant.

The existing facilities (technical, legal, administrative) seem to be very weak to augment and promote the development of tea in Nepal. In spite of growth in the size, tea industry of Nepal as a matter of fact is problem ridden. Some of the pertinent problems are unstable and changing investment policies of banks, lack of sufficient processing factories, lack of credit facility, lack of technical know-how to use chemical fertilizers and pesticides, non-existent of research and soil test center, unhealthy associations of tea factory-owners, non implementation of existing tea policy etc. In view of the existing problems in the tea industry,

following measures are suggested to be implemented by the concerned agencies and authorities:

- The subsidy on tea loan should be 50% for at least 5 years. If the Agriculture Development Bank is not capable of extending loan for the extension of tea plantation, a separate Tea Development Bank has to be established as an alternative. ADB/N should not capitalize on the interest during the grace period.
- Small tea growers should be categorized in different groups and should be provided with loan-exemption package along with infrastructure development facilities. Small credit scheme should be introduced for the small growers.
- The government should provide barren land suitable for tea cultivation to the private sector with long leasing out period up to 99 years. While giving public land in lease, the cooperatives operated by out growers should be given priority. The present maximum land ceiling of 500 bigha (333.33 hectares) should be raised to a minimum of 1000 bigha (666.67 hectares) by incorporating changes in the land-related Act.
- NTCDB should be developed as regulatory and advisory body of tea industry by amending the Board Act and redefining the activities of the Board. The focus has to be shifted to providing training to the human resources of tea industry. The research activities regarding tea plant husbandry has to be shifted to the NARC. NTCDB is required to establish linkages with the research institutes of India to work in partnership on issues like technical trainings and give exposure about Nepalese tea in the global market.
- Integrated research works should be conducted by the government and non-government agencies for improving the quality of tea and reduction of costs of cultivation and production.
- Emphasis should be given on human resource development (HRD) as tea industry is human resource intensive.
- There should be a separate policy package for small growers with special provisions for their protection.
- To promote the business capability of small growers, efforts should be made to organize small farmers toward cooperatives.
- The concerned authority and agencies are required to formulate a policy regarding fixing consumer price of green tea leaf according to accepted norms.
- The government and the traders of agro-inputs should manage for organized market of chemical fertilizers, pesticides etc. maintaining a balance with the bordering market areas of India.

- The government should take immediate steps for the development of infrastructures like road construction, electrification, irrigation etc. necessary for the development of tea cultivation.
- NTCDB in partnership with the Tea Producers Association should establish laboratories in all districts where tea plantation is done with sufficient tea-technicians to provide technical services such as soil testing, quality control.
- The government and NTCDB should pay attention to pertinent issues of plantation industry such as irrigation, soil conservation, flood control, replanting, infilling of vacant land in tea estates, rejuvenation pruning, organic farming system, plucking techniques etc. to attain goal of self-sustained productivity and growth of tea industry.
- NTCDB should also organize training programs on productivity, quality, and cost reduction in the plantation industry.
- There should be a worldwide publicity program to facilitate access of Nepalese tea to the world-tea-market.
- The auction-market for tea has to be established in Nepal.
- License should be given to only a limited number (15-20) of tea importers for the import of qualitative tea from abroad.
- To sell the Nepalese tea in the international markets at better price, the Nepalese ambassadors should exercise economic diplomacy. Some able persons should be appointed as honorary consulates for the promotion of tea.

In today's context of globalization of business and trend of private sector led development, all stakeholders (government, tea producers and processors, and tea exporters) are required to combine their efforts to develop a synergetic effect for the development of tea industry in Nepal.

CHAPTER : IV

ACQUISITION OF EMPLOYEES

Organizations depend on people to make them operate. Only capable and efficient people working in the organizations can help achieve organizational goals. But how do these people come to be employees in the organization? How are they found and selected? How are they socialized and placed in the jobs? These are the questions related to the acquisition of employees. The acquisition function of human resource management includes human resource, planning, recruitment, selection and socialization of employees. This chapter deals mainly with these very functions consisting of HR planning, recruitment, selection, placement and socialization of employees in sampled tea estates of Nepal.

Human Resource Planning:

Human resources represent one of the organization's most important assets. As the organization does not own employees as it does capital and physical assets, this resource is not given so much importance. But without sufficient number of capable employees when needed, no organization can be run effectively. For this, organizations are required to do human resource planning. Every enterprise, whatever the size, goes through a human resource planning process (Arthur, D. 1985).

By the term 'human resource planning' is meant a process by which an organization ensures that it has the right number and kinds of people, at the right places, at the right time, capable of effectively and efficiently completing the tasks that will help the organization to achieve its overall objectives (Decenzo and Robbins, 1998 : 79). The success of manpower planning, among other things, depends, to a large extent, on how it is perceived by the top management, line management and employees (Peterson, 1985). Barry Cushway (2001 : 21) has observed the key aspects of HR planning as:

- It is a systematic and planned process.
- It is a continuous process, because the organization and its objectives, and the environment in which it operates, are constantly changing.
- It is closely related, and should be integrated with, corporate planning process.
- It should be assessed in both quantitative and qualitative terms on short-term and long-term perspective.

HR planning ensures that the organization is able:

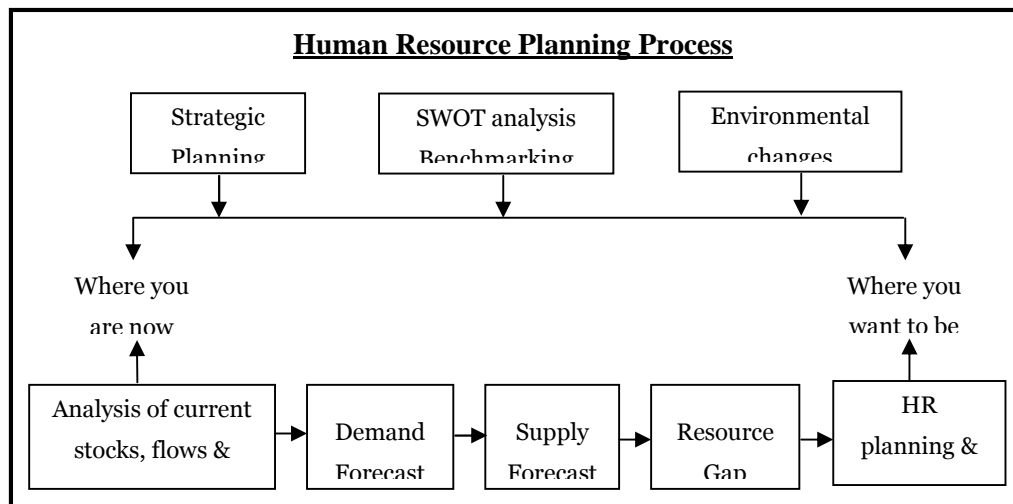
- to attract and retain employees in sufficient number and with appropriate skills;
- to fully utilize the employees employed;

- to anticipate and meet changes in the demand for its services or in the labor supply;
- to meet future human resource requirements from its own internal resources; and
- to keep control of human resource costs.

Human resource planning is an integral part of corporate planning which estimates right number of employees needed, with right skills and competencies.

The first step in HR planning is to assess the current status or human resources by taking an inventory of workers and skills currently available in the organizations. Human resource information system (HRIS) can serve/generate a human resource report. Job analysis is another important element in HRP process, which provides information about jobs currently being done. This includes job description, job specification and job evaluation, All these facilitate for demand forecasting in terms of number of employees with necessary skills in future. On the basis of demand, future sources of supply (both from internal and external) can be forecasted. Then by matching demand and supply forecasts, action plans can be prepared for recruitment, promotion, retention, retrenchment, transfer, succession etc. **Fig. 4.1** depicts the human resource planning process.

Fig. 4.1



Source : Agrawal G. 2000; *Dynamics of HRM in Nepal*

Beatty and Schneier (1981 : 31) define human resource planning as a sequential process embodying the following five elements: (1) inputs into human resource planning process, (2) analysis of existing human resources, (3) forecast of future human resource needs, (4) implementation of the human resource plan, and (5) evaluation and redesign of the human resource plan. The inputs in the human resource planning include organizational goals

and objectives, short and long-term plans, supply and composition of human resources and external environmental factors. The analysis of existing human resources relates to preparation of current skill inventories, determination of existing performance levels, ages and potentials of people, levels of salary and productivity and the number of workers. The forecast of human resource needs embraces establishment of objectives and programs, budgets for implementation of plans and number of people required at different levels. The implementation involves resource research to collect data, identification of replacement, training and development for would-be replacements, recruitment, selection and placement from internal sources and transfer, demotion, promotion and separation of existing people. The evaluation and redesign of the human resource plan relates to the application of cost-benefit techniques and assessment of the extent to which objectives have been accomplished.

Every enterprise whatever the size goes through a human resources planning process. The success of manpower planning, among other things, depends to a large extent on how it is perceived by the top management, line management and employees (Peterson, R.E., 1985).

In Nepal, most of the organizations lack systems for HR planning. Overstaffing is common in public enterprise. They lack right number and right kind of people at the right places at the right time. The "Feudocratic Administrative Model" promotes ad-hoc-ism, guess work, and hunch in human resource planning. Organizations lack up-to-date human resource inventory and information database. Need assessment is not done properly. Estimates are based on ad-hoc decisions and demands of the situation (Agrawal, 2000 : 129). Similarly, job analysis is not done in Nepalese organizations. Though job description is done in government and public sector enterprises, this tends to be vague. Family owned and managed private sector organizations do not bother about human resource planning. They prefer to hire their relatives, friends, and 'near and dear' ones. Job description is not given to their employees. They practice 'do what you are told to do' type of job description. Similarly, job specification (human characteristics and qualifications to perform the job) is lacking in Nepalese organization. HR planning, wherever and whenever is done has a generally one year horizon. HR planning is not regarded as a part of overall strategic planning (Ibid).

Agrawal (2000 : 129) further states that most government and public enterprises in Nepal suffer from overstaffing because of the employment of political workers by the 'politically - appointed' managers. Overstaffing has made HR planning irrelevant in these organizations. In Nepal, the provisions of demand and supply of technical manpower requirements were estimated in each plan document at the national level. However this

estimation relates public sector only (Amatya , 1986). The manpower requirement of private sector as a whole is yet to find a place in the national document.

Systematic effort at manpower estimation based on number, skills, time resources and department was lacking. In the public enterprises, the management used to estimate the manpower requirement: (1) while extending the output capacity for installing a new machine or equipment, and (2) while making a decision for increasing production (Sushil Chandra , 1973).

In the government departments and offices, the manpower requirements related to the budget approach. Every year every department has to fill the demand form and while filing the form the forecasting of the future requirement is done without work study, task analysis, and time planning and job description. Finally, the demands are to be approved by the Ministry of Finance through discussions between the representatives of the department and the ministry.

Shrestha has concluded that systematic manpower planning was lacking in the private enterprises. Jobs were created only at the time of installing new machines and enlarging production volume. Written job description for the officer - level employees were found in 26.3 percent of the enterprises, but it was lacking for lower level employees. Due to lack of job descriptions, the employees had to look up to their bosses for the jobs they had to perform (Shrestha, 1991 : 74).

No tea estates under study adopted formal system of manpower planning in terms of the numbers, skills and qualifications of human resources required. Job analysis which involves both job - description and job – specifications was lacking in tea industry of Nepal. The management generally estimated the manpower requirement at the time of extending plantation or installing new machines for increasing output. In the absence of separate HR / Personal department in tea companies, the managers were responsible for estimating the manpower requirements, which ultimately placed the requisition at the hand of the chief executive for approval. The owner-cum managing director on his personal judgement or sometimes on his being convinced with the decision of Board of directors, created the jobs. The jobs were created mostly on dismissal or retirement or death of the employees or as per the requirement such as expansion of plantation and factory.

Jobs in the tea plantations were created on seasonal basis during peak plucking season (June - September). The manger with help of field incharge or Head Sardars would discuss about the number of seasonal workers required and the recommend to the Managing Director for approval. So jobs were created with the approval of the MD on his being convinced with the proposal of tea garden manager.

Classification of Jobs:

The tea plantations have four categories of workers: male, female, adolescents and children. These categories of workers are popularly known as 'Marad', 'Aurat', 'Chhokra', and 'Lokra' in the plantations. Male and female workers are those above the age of 18 years. They are paid statutory minimum wage. Workers of 14 years to 18 years of age group are called minors or Chhokra. And below 14 years children are called 'Lokras'. These Chhokras and Lokras area mostly used in peak season of plucking usually from July to October and they are paid at lower rate than the prevailing wage rate. Child-workers are being prohibited by law, the planters claim that they do not use child-workers.

Jobs, in the tea estates under study, were classified as administrative (office), technical (field and factory), and labor (mostly field and factory). These were further sub-divided into different levels of jobs as per requirement. Administrative nature of job includes planning, communicating, directing, controlling, motivating, grievance handling, settling disputes to records keeping. Managers were solely responsible for performing administrative activities with the help of Assistant Managers, clerks (Babus) and supervisors and gang leaders. Technical jobs were also handled by the manager, especially in the field and factory with the help of Assistant field and factory managers, mechanics, electricians and machine operators.

Laborers in tea estates, constituted the major part of the total human resource that were not categorized as per government rule, namely, highly skilled, skilled, semi-skilled and unskilled for the purpose of fixation of minimum wages. Laborers were rather divided as male, female, adult and child workers. Labor Act, 1992, in clause 3 has stated about job-position classification as : (1) the management should classify the job-positions of employees / workers on the basis of production-process, service or nature of job; and this information report has to be submitted to the Labor Office. (2) in case this job-classification required any revision, the Labor Office shall issue direction to the management of concerned enterprise which becomes legal obligation for the management to follow the same.

Tea estates under study were found to have their written rules and regulations (Regulations regarding terms and conditions of services employees), a legal requirement by Labor Act, 1992. In these regulations called "Kamdar Tatha Karmachari Sewa Shart Sambandhi Biniyam", the tea estates were found to have classified the jobs in the same style (excluding laborers) as shown in **Table 4.1**.

Table 4.1 Classification of Jobs

Level	Jobs
7	Field Incharge, Factory Incharge
6	Assistant Field Incharge, Asst. Factory Incharge, Chief Mechanic, Chief Electrician
5	Field Officer, Head Clerk Mechanic, Electrician, Fitter
4	Bagan Babu, Health Assistant, Clerk Store Keeper, Typist, Senior Driver
3	Assistant Accountant, Cashier, Asst. Bagan Babu, Asst. Mechanic, Asst. Fitter, Asst. Electrician, Asst. Clerk, Senior Nurse, Driver
2	Sub-Asst. (Accountant, Mechanic, Fitter), Engine Driver, Nurse, Asst. Store Keeper, Munsi, Sub-Asst. (Bagan Babu, Clerk), Dafadar, Hajira Babu, House Keeper
1	Chaukidar, Peon, Sardar, Gardner, Bahidar, Oil-Men

However the classification of job-positions in Himalaya Goodricke Pvt. Ltd. was different having only four levels. This classification did not include officers-level jobs and workers. **Table 4.2** depicts the classification of jobs and different levels existing in the company.

Table 4.2 Classification of Jobs

Level	Positions / Jobs
4	Assistant Accountant, Cashier, Store Keeper, Factory Clerk, Senior Sardar
3	Office Clerk, Bahidar, Field Clerk, Electrician, Driver, Driver cum Mechanics, Enginer Driver
2	Labor Coordinators, Labor Welfare Assistant, Sardar 'A'
1	Sardar 'B', Peon

The regulation consisted of the provision of increasing or decreasing the number of such jobs as per need of the company.

The regulation also stated that the above-mentioned job-holders (staff and sub-staff) who were paid on monthly basis were not permitted to take part in strikes in the enterprise. But these staff and sub-staff could put up their demands, if any, directly to the manager / management.

The classified job list as show in **Table 4.2** did not include the laborers. Workers were at the lowest rung that performed manual activities and were paid on daily-wage basis. Labor Act-1992 has defined worker of the tea estates as any person engaged in the tea estate for digging, ploughing, leveling, lifting, carrying, spraying, cutting, reaping, plucking, uprooting, and doing other similar works; and this term shall also include any person engaged for cleaning house, land or machinery or its parts inside the tea estate or any person doing any other works related to the tea estate.

Workers in tea estates performed manually different activities both in field and factory as assigned by the manager. These works included pruning, skiff, sickling, pitting and planting, drain making, plucking, hoeing, uprooting, carrying, land preparing, digging, mulching, manure, fertilizing, spraying, constructing and repairing road, bridges and canals, carrying fuel, tools and equipment, loading and unloading, carrying and delivering green leaves, drying, operating machines in production-process, packing raw materials and semi-finished or finished products; work as helpers in transport or means or transport etc.

Types of Employment:

The regulation called "Kamdar Tatha Karmachari Sewa Sharta Sambandhi Biniyam" contained different types of employment provision in the tea estates under study. These were:

- Permanent,
- Under probation,
- Under-Training,
- Temporary,
- Casual workers,
- Contract, and
- Piece-rate-wage

- **Permanent:**

Employees (citizens) who were appointed in the posts created as per company's rules and regulation, after completion of the training or probation period satisfactorily were appointed as permanent employees. In all tea estates under study, the management had provided permanent employment to the workers and only a few supervisor-level staff. The employees would get the permanent status after completing the probation period on the basis of evaluation criteria such as work efficiency, honesty, discipline, sincerity to work, attendance etc. at work. In case the managements would not offer permanent status to the employees even after completion of probation, they must mention the genuine reasons for not conforming permanent status. In such a case the employees could file

petition against such decision of management. The legal provision for being permanent is any employee who completed 240 days of uninterrupted service in the enterprise would be entitled to permanent employment. The permanent employees were entitled to receive all facilities as per the rules of the tea estates and Labor Act.

Table 4.3 Types and Number of Employment

SN	Types	No. of Employees
1	Permanent	3045 (54.50%)
2	Temporary and Contract	162 (2.90%)
3	Casual / Seasonal	2380 (42.60%)
	Total:	5587 (100%)

Source: *Field Survey*

The number of permanent employee in the tea estates under study constituted majority of 54.50 percent.

▪ **Under - Probation**

Employees appointed in the permanent posts but working under probation were known as under-probation employees. The probation-period would be of one year. Such employees after completion of the probation could be made permanent or dismissed on the basis of criteria such as honesty, discipline, efficiency, performance standards etc. through notification. The company would issue the notification within one month of the expiry of probation. But notification for dismissal could be issued at any time during probation.

▪ **Under - Training**

Employees appointed with the purpose of giving training for certain task or job of the company were known as under - training (Talimee) employees. The managing director determined the duration of such training on the basis of the task - requirement. In case, such employees could not gain the efficiency in the predetermined training period, the duration of the training could be extended. The terms and conditions and facilities of such employees were fixed by the management / Board of Directors.

▪ **Temporary:**

Tea estates under study used to provide temporary employment to meet the short-term requirement of manpower. Employees were generally appointed on temporary basis before they were made permanent. Such employees were appointed by fixing the time periods conditions and facilities by the management, usually for six months at one time.

Labor Act (1992) has the provision that the management should provide permanent status to the laborers who had already worked 240 days continuously. But the management could discontinue the service of the workers to avoid this legal implication by breaking the service or providing employment for less than 240 days.

▪ **Casual Workers:**

Full time permanent employment has been declining and various forms of insecure work such as contract, temporary and casual labor have been on increase within the endangered category of permanent employment, loss of jobs is pronounced in blue collar work than in either white collar or supervisory positions (Davla, 1995 : 1). Tea estates, due to their season - specific productions, required casual or seasonal employments. In peak plucking season (June - September) tea estates required additional workers due to additional works than regular work of the enterprise. So every year tea estates provided casual employment to the family members of the permanent workers on the basis of the fixed terms and conditions of service. Employment relations have undergone fundamental change in the last decade.

The report by Sharit Bhowmik on plantation industry in West Bengal analyzed two significant issues: pertaining to (i) employment and (ii) labor mobilization. The plantations which once experienced a serious labor shortage, and had to resort to the indenture system to recruit and retain workers, now have a problem of surplus. They have begun to employ casual workers in very large numbers. The more important point is that casual workers are none other than the adolescent dependents of parent employees, a circumstance which helps the owners to keep down the wages of permanent labor. The employees are apparently able to argue that if permanent labor has to earn more, costs would have to be reigned in by reducing casual labor, and thus play on the need for employment to dependents to moderate the wage claims of trade unions.

The employment in tea industry was family-based so the entire labor forces are descendents of migrant or immigrants who are permanently settled within or around the plantations. In the earlier and during the formative years of plantations the acute labor shortage encouraged family based recruitment. This served two purposes: (i) the entire family members - male, female as well as children worked at lower wages determined by the planters. As they were permanently settled within the plantations, they were more or less cut off from the outside world having no scope for alternative employment. (ii) family migration ensured that labor could be reproduced, thus, solving the problem of further recruitment in the future.

Casual laborers in tea plantations known as 'Bigha' have been the part of tea - workers, the number of which is increasing due to the growing pool of unemployed in the plantations and lack of employment opportunities in the vicinity of the plantations. The planters also prefer to use more such Bighas during peak plucking season (June to September) because they are not paid statutory facilities allowed to permanent workers and they are not unionized as well.

The employees mainly engage adults as casual workers. These 'Bigha' workers are mostly related to the permanent workers who comprise mainly children, spouse or cousins of them. Such Bigha workers are available from existing pool of unemployed, Bigha workers are hired from nearby settlements of petty cultivators - 'Bustees'.

The Bigha workers are useful and advantageous for both the employers and permanent workers. The employees can exercise greater control over such Bigha workers and save the trouble and cost. Similarly, the permanent workers' family income can be increased. The existence of a considerable pool of unemployed dependents in the plantations gives rise to such Bigha workers. In tea plantations, the relationship between permanent workers and Bigha workers is complementary because the situation in the plantation is quite different. Such a situation has developed mainly as a result of the isolation and general backwardness of the plantation area. The reasons for high rate of casualization are:

- Most of the casual laborers in tea are members of the same unionized permanent workers, who come from the existing pool of unemployed within plantation.
- Recruitment of employees on the 'Badli' (substitute) basis by which needy and dependent members of working employees gives rise to casual workers in the plantations.
- Bigha workers which comprise mainly children and spouse or cousins of the permanent workers normally prefer to work in the plantation they reside in. This is mainly because of their thinking that if they accepted employment outside, they might not get employment in the plantation.
- The availability of 'Bigha' workers within the plantation is advantageous to the employers as it saves cost and trouble as compared to outsiders.

The statutory provision regarding casual workers is that the employers can employ casual laborers for a maximum period of six months, after which their service has to be confirmed. But the employers circumvent the law by breaking continuity of their service or by changing the workers' names. This is possible because majority of the plantation workers are illiterate.

Child and Minor Laborers:

Child and Minor Workers form one of the categories of work force in tea industry. This is mainly due to the system and practice of employing the entire family for plantation work so as to save on recruitment costs. Employing a family can provide four types of workers, namely, a man, his wife, an adolescent and a child. The practice of engaging the entire family by the planters could cut costs on recruitment as well as on housing.

The Labor Act 1992 defines child labor as having attained the age of 14 years but not attained 16 years of age. And the adolescent laborers are above the age of 16 years and below 18 years. Labor laws relating to the estates (1994) have stated that the child workers are put to work for six hours a day and 36 hours a week. In case they are required to work before 6 a.m. and after 6 p.m., this can be done on the mutual agreement of such child, adolescent worker and management.

A report based on the study conducted by CIWIN on 'Child Labor in Tea Industry of Nepal', 1991 stated that in 13 major tea estates with a total of 3995 workers, the number of child labor was 451. Similar study was conducted by GEFONT in 1995 which indicated non-presence of minor workers in the tea industry and found dramatic change in the status of child labor because most of them were promoted to adult workers. It was because of the impact of the implementation of Labor Act 1992, that the management started reducing the employment of children. The report further stated that the corporate sector (NTDC) implemented the legal provision regarding child labor strictly as compared to the private sector tea estates. However, the private tea estates also did not have the presence of child labor in their official record; although they employ child labor during peak plucking season.

Many of the workers, on asking as to when they started working in tea gardens, responded that they started working as child labor. However the trend of employing child labor is on the decrease.

▪ Contract Employees:

In tea estates under study, the management used to provide contractual employment to fulfill the technical manpower needs on the basis of fixed terms and conditions of service as mentioned in the contract. All tea estates under study were found to have employed Indian nationals as their managers and technical staff both in field and factory on contract basis. The managers in tea estates were employed mostly from retired employees of tea estates of West Bengal and Assam (India) who possessed good work experience rather than proper academic qualifications.

In course of informal interviews with the owners / directors of the tea estates, as to why they employed Indians at managers and other employees for technical jobs, they opined that Indians were much experienced and skillful to run the tea gardens and factories. Because of their long experience, they knew to handle technical problems well both in field and factory. Moreover, they were appointed on contract basis with fixed terms and conditions of work that were loyal to the owners, hardworking and did not create any political problems.

In the formative stage of earlier tea estates in the boarding area of Jhapa district with India, tribal families of workers were brought from India to meet the acute labor shortage. As plantations required large tracts of cultivable land and a large labor force; and the areas most suited for plantations were being sparsely populated, they had to depend on migrant labor force. So these tea estates were found having immigrant laborers and their descendents till today, though in a few numbers.

The Labor Act (1992) in the first amendment (1998), made provision for employing non-Nepalese on contract basis stating that under special circumstances (not available even after advertising for technical posts in national level newspapers), on recommendation of the Labor Office, DOL, for a maximum period of five years without increasing the period of service for more than two years at a time. This amendment further cleared that an organization was not allowed to appoint on contract basis in any situation; it was only for immediately increasing production or service, the contractual appointment could be done for a definite type of work.

Despite such statutory provision the owners of tea estates employed Indians national in the post of managers on contract basis to ensure loyalty and control. After privatization of NTDC, the top management dismissed all staff, and they were replaced by majority of Indian nationals as officers and staff in higher positions such as Manager, Assistant Manager, Factory Incharge and other technical-personnel.

- **Piece-Rate Wage:**

The management could provide employment to individuals or groups as required by the enterprise to carryout production work or service on piece rate wage payment. Jobs were fixed for certain number or quantity of production to provide piece-wage employment through mutual agreement.

Recruitment:

Recruitment is one of the important activities of acquisition of human resource management. It is a process of identifying and attracting a pool of qualified candidates to fulfill job - vacancies or human resource need of an organization. According to Ivancevich and Glueck 'Recruitment is a set of activities that an organization uses to attract job candidates who have the abilities and attitudes needed to help the organization achieve its objectives'.

Only the right personnel can carry out the organizational mission, goals or activities. If people of the poor caliber are hired nothing much else can be accomplished and Gresham's Law will work, i.e., the bad people will drive out the good or cause them to deteriorate (Heller, 1994: 168).

Recruitment process includes various stages such as: (1) identifying the need to recruit, (2) identifying the job requirements, and deciding the sources of potential recruits. The first stage is identifying the need to recruit that is when the vacancies occur the first issue is to consider whether the vacancies should be filled. In today's modern de-layered organizations, employers take into account the following alternatives while recruiting:

- **Reorganization:** To reduce the number of staff, the management can do the reorganization of jobs in a particular function. When the business is tight, employees may be prepared to work harder for lower rewards and increase the productivity.
- **Flexible Working:** More flexible working arrangements may be another way of achieving the same productivity without increasing the number of employees. A shortfall in the staff numbers can be compensated by increased overtime working.
- **Using Part-Time or Casual Employee:** part-time assistants are employed on a regular basis for a set number of hours, whereas casual assistants are hired as and when the need arises.
- **Using Contractors:** Contracting out services is an increasing trend in enterprises to reduce costs. Organizations use contractors for particular periodic work / service paying certain amount of money as agreed upon. Contractors are not employees and are not guaranteed work. They can be employed for short period to cope with peak workloads.
- **Staff Transfer or Promotion:** A vacancy could also be filled by transferring or promoting of employee which could also be a development for the individual concerned. This may be beneficial from the point of view of motivation and morale.

- Computerization of work can result in saving of time and number of employees.

Job vacancies in any organization may occur due to:

- Mobility of human resources, such as transfer, promotion, retirement, disability, dismissal or death of the employees.
- Growth of business, such as expansion, diversification, acquisition, growth and job redesign.

The second stage in recruitment is identifying the job-requirement. This stage entails being clear about the contents of the job (Job Description) and the characteristics required of the person (personnel specification required of the job holder). The job description is a written statement of the contents of a particular job derived from job analysis. The job description generally contains job title, job details, name of the job holder, reporting line, main purpose of job, tasks and accountabilities, context, contacts, subordinates, working conditions, other information etc. And the personnel specification refers to the qualification, skills, knowledge, experience and personal attributes required of the ideal person for the job.

Having determined the human resource requirements, the organization next has to ensure that it has a system in place to attract and select candidates of the right caliber. This system, as argued by Cushway, may ensure that:

- alternative sources of potential recruits are known and there is a process of tapping these resources;
- the vacancies are filled by the most appropriate people in the most cost-effective manner;
- the potential recruits are treated fairly meeting legal obligations and providing equality of opportunity;

The effect of poor recruitment is felt very quickly as it will be likely to result in high employee turnover, poor performance, and low motivation (Cushway, 2000 : 56). Recruitment in an organization is affected by different sectors, such as : size of the organization, growth and image of the organization, employee turnover, organization's policies, nature of the job, Government and union restrictions, cost of recruitment etc. In a large-sized and growing organization compared to small-sized and stagnant organizations, recruitment is done continuously. Organizations with positive image attract a pool of best qualified people than organizations having poor and unsafe working conditions and pollution. Unattractive jobs having hazardous and anxiety creating features and lacking promotional potential may create higher rate to employee turnover and may result in great need for

recruitment. Similarly organizational policies of recruitment, selection and promotion, legal provisions, agreements with the labor unions and costs/incentives also affect the recruitment practices of an organization.

Recruitment is an important aspect of human resource management. In Nepal, employment opportunities are rather limited because of poor economic growth and slow pace of industrialization. The labor market is glutted with candidates seeking jobs. Organizations do not face problems in attracting a large pool of prospective candidates to fulfill their human resource needs (Agrawal, 2000: 176).

Livy (1988: 94) argues that the purpose of recruitment is to locate appropriate sources of supply of labor; to communicate job opportunities and inform through various media; and to generate an interest in vacancies. The recruiter needs to be equipped with two broad sets of information: (i) job specifications as determined by job analysis, and (ii) knowledge for the labor market.

The plantations are a distinct form of agro-based production organizations established in remote and sparsely populated area which require large tract of land and a large labor force. During formative years plantations had to depend on migrant labor. So the recruitment of plantation workers was morally family based whose permanent settlement was within or around the plantation. In the earlier period the planters encouraged families to migrate for work on plantations which ensured that labor would be reproduced thus solving the problem of further recruitment in the future (Davalala, 1995: 12).

In the earlier period the planters encouraged families rather than individuals to migrate for work on plantations. This served two purposes. Firstly, since the planters wanted cheap labor they had to have workers who would be permanently settled in the plantation area and who had no scope for alternative employment. The entire family-male, female as well as children could be made to work at low wages determined by the planters. Secondly, the family migration insured that labor force could be reproduced, thus solving to a large extent the problem of further recruitment in future. The permanent settlement of plantation workers within or around the plantation is mainly because recruitment was family based. Almost the entire labor forces are the descendents of the very migrants from different parts of the country as well as from India. This is the case prevalent in most of the tea estates of Jhapa district. The entry of various alien, background tribal groups implied the formation of an oppressed labor class because of geographical isolation and social deprivation of the tea plantation workers (Verschoor, 1996).

So the tea plantation works are mainly the immigrants or the descendents of migrants from various parts of the country and even from the neighboring countries. By encouraging families to migrate, the workers were more or less cut off from their places of origin. In the initial period of the plantations, they were recruited by the plantation 'Sardars' who used to recruit respective caste and tribal members from their native village (Sharma : 1997). To attract them in the plantations, the female and child workers were recruited so that they could not run away from the hazards of the plantation system.

Sources / Methods of Recruitment:

The sources of recruitment can be internal or external. Internal source of recruitment includes job posting, employee referrals and human resource inventory from within the organizations. External source of recruitment includes these methods: advertising, employment exchanges, educational institutions, employee referrals, walk-ins and write-ins, Trade unions, internet etc.

In internal recruitment, notice about job-opening is placed on the notice-boards or job vacancies are announced in the circulars or memos sent through supervisors. Supervisors generally recommend qualified and capable candidates working in the organization for vacant jobs through informal communication. Retrenched employees and their dependents or temporary / casual employees working in the organization can also be referred by the permanent employees. Human resource inventory which provides information about currently working employees also serves as a basis for internal source of recruitment. The information included in the inventory are : personal information such as name, age, sex, marital status; educational qualifications; trainings undertaken / special skills; job-experience / current position; performance ratings; wage / salary and benefits; capabilities etc.

Internal recruitment has some advantages as well as disadvantages. Advantages include better selection, moral building, adaptability, career development, commitment, and cost effectiveness (low training cost). But it has some limitations such as limited choice; seniority based not merit; favoritism, and promote in-breeding (Lack of new ideas, knowledge and enthusiasm).

External sources of recruitment have certain advantages such as availability of qualitative personnel; rejuvenation of organization through inflow of new ideas, knowledge, skills and enthusiasm; fairness and balance in recruitment. But it has some disadvantages too, such as adaptation problem, poor morale, wrong selection and high cost. The recruitment system in the tea gardens was based on 'Sardary' system during formative period. Sardars

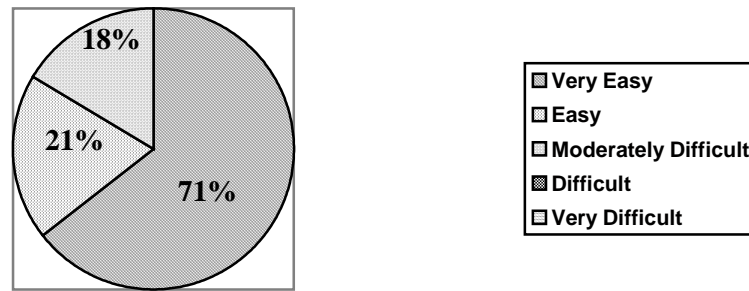
(heads) were assisted by 'Gallawals' (assistant recruiters) who were deputed at various places for recruiting, exciting and even indenturing laborers. Sardars were given 'Recruitment Bonus' on the basis of number of workers being recruited. Sardars having the estate background could easily attract the fellow kin. They educated more workers in the plantations by showing all the bogus advantages of the industry including the permanent settlement. Planters also preferred securing groups of married couple who were proved more promising than to get unmarried ones. The cast and community feeling of Sardars played a significant role to recruit the workers (Sharma, 2000).

In the tea gardens, recruitment is the follow-up of 'Badli' (Substitute) of retiring person. Recruitment or employment has been made clause of union management agreement, further, at times recruitment is done for considerations for individuals (Choudhary, 2000). The recruitment sources in the tea estates under study were mainly (1) unemployed pool, (2) private industries, (3) educational institutions, and (4) public enterprises. The major source of recruitment was from the unemployed pool, especially the family members of the employees residing within or nearby the tea garden. Such recruitment was suitable for workers and lower level sub-staff, jobs were filled by the existing employees letting their friends and acquaintances know of the vacancies. This approach might save costs of recruitment.

Other major sources of recruitment were the retired employees of private industry or public enterprises, particularly in the higher or middle level managerial and technical posts. The management preferred employing retired employees having much experience in particular jobs. Such recruitment could save the cost of training. The educational institutes were also a source of recruitment. In a few cases the campus graduates were recruited for administrative and supervisory jobs.

A study conducted by School of Management, Kathmandu University in September, 2000, on current state and future prospects of CTC Tea Industry in Nepal, and the report submitted to FNCCI / Agro Enterprise Center indicated that the supply of labor in tea plantation is very easily available. About 71% of respondents opined the supply of labor as very easy, 21% replied as easy and only 18% as moderately difficult respectively.

Fig. 4.2 **Availability of Labor**



Local people especially of the indigenous community such as Santhal, Rajbanshi etc. were the major source of labor in the survey area. About 48% of the tea planters in both categories, namely out-growers and tea estates responded as indigenous community to be their major source of labor, followed by Hill migrants, Family members and Indian labors.

The management of tea estates under study adopted different methods of recruitment for different posts; such as personal contacts, newspaper advertisements, employee referrals, and notice - board announcement. However, the statutory provision relating to recruitment required the advertisement in the newspapers as compulsory for different posts of classified - jobs of the enterprise. In addition, 'Badli' workers (substitute), apprentices and casual workers were also other important sources of recruitment. However, the major source of recruitment was the unemployed pool of increasing number of family members of the permanent workers residing within the estate or the nearby locality. In this regard, the employees were asked to state the sources from which they know about the job opening in their enterprise. The responders received from the employees are presented in **Table 4.4**.

Table 4.4 **Sources of Recruitment**

SN	Sources of Recruitment	Number of Responses		
		Managers / Officers	Assistants	Workers
1	Advertisement in Newspapers	4 (33.33%)	-	-
2	Notice Board	-	15 (18.75%)	30 (23.08%)
3	Family / Friends	2 (16.67%)	45 (56.25%)	85 (65.38%)
4	Personal Contacts	6 (50%)	15 (18.75%)	15 (11.54%)
5	Recommendation of Influential Persons	-	5 (6.25%)	-
	Total	12 (100%)	80	130 (100%)

Figures within parentheses indicate percentages.

As shown in the **Table 4.5**, the majority of the respondents (Assistants - 56.25% and workers 65.38%) stated that they knew about job openings from their family and friends and personal contacts. Only a small number of officers (33.33%) stated that they knew about job-opening through newspaper. All these indicate that the recruitment was based on informal method. The above outcomes show that the tea estates under study did not pay attention to the recruitment aspect of employee acquisition. So it suggests that the management is required to design and implement an effective recruitment program which eventually reduces the cost of recruitment and labor turn-over.

The General Manager of NTDC, during informal discussion, stated that the recruitment system in tea estates was entirely family based because of the following reasons: (i) the workers in the tea garden worked in groups, so the relationship among these workers was very intimate. No outside persons were welcome in the group. Outsiders also could not get adjusted so easily in the work-group (ii) The owners of the estates also preferred to recruit or employ from the family members of the employees who were residing in the garden because if new persons were hired, they had to provide separated plot of land for their settlement. And a new house was required to be constructed for new employees, all these added extra cost.

Selection:

Selection is the process of choosing the most suitable candidate for particular job-position from among the applicants. Selection follows recruitment: Proper selection can minimize the cost of replacement and training, reduce legal challenges, and result in a more productive work force. It involves a series of steps to hire right person for the right job. A good selection process would include following steps (Decenzo and Robbins, 1998 : 170):

- Initial screening interview,
- Completion of the application form,
- Employment tests,
- Comprehensive interview,
- Background investigation,
- Physical examination, and
- Final employment decision.

Selection of employees are considered to be one of the most important HRM functions because proper selection can minimize the cost of replacement and training, reduce legal challenges, and result in more productive work force. Right selection creates human capital, improves employer - employee relations, increases productivity and facilitates

environmental adaptation; whereas poor selection leads to increased employee turnover, absenteeism, job-dissatisfaction, high cost of training and productivity losses (Agrawal, 2001 : 152).

In Nepal, the written test is used as the major tool for screening of the ever increasing number of candidates, especially adopted by Public Service Commission (PSC) and Public Enterprises (PEs). In public sector enterprises the selection process is influenced by 'sources and force' resulting in defective replacement. The selection process in the private sector is based on the subjective judgement of the owner. Personal relationships count more in the selection of employees. Moreover, the selection practices differ from organization to organization (Agrawal, 2001: 178).

Tea industry being an agro - based labor intensive industry, it required a large number of workforce who perform manually in the garden and factory. The recruitment of laborers in tea estates being family based from the very formation stage, the system and process of hiring employees also differed very much than other enterprises. The tea estates under study did not follow the established formal modality of the selection of the candidates from among the applicants. No tea estates advertised for the vacancies created in the company. The owner - manager exercised the full authority while selecting the employees of all levels as required in the company. Some of common selection modalities partially adopted by the management were:

- Application,
 - Interview,
 - Job-Test,
 - Physical Fitness, and
 - Final Selection.
- **Application and Written Tests:**
- The selection process really begins with the letter of application and curriculum vitae (CV) more commonly used for senior jobs, especially for administration and official jobs. No tea estates under study used printed application forms to be filled by the applicants. Employees and workers were found to have applied in plain paper for the job. The first step in the selection process of the candidates began with the screening of applications. In this process, the applicants' descriptions regarding age, citizenship, qualification and experience were looked into on the basis of the testimonials submit by the applicants. On the basis of the application candidates' eligibility for certain posts was selected.

- **Interview:**

The interview was one of the most common and popular ways of selecting employees in the tea industry. The selection interview was useful tool to find out as much job relevant information as possible about the applicant and to test the suitability of the candidate for the jobs in question. The interview has been proved to be a reasonably effective method for discerning intelligence, level of motivation and interpersonal skills. It appears to be more appropriate for the less-routine jobs, particularly middle and upper-level managerial positions (Decenzo and Robbins; 1998 : 199). The management conducted interviews formally or informally as felt necessary in the tea estates under study. The Board of Directors conducted the interviews for selecting manager, assistant managers, accountant, factory incharge and other senior staff. However, no specific rules and procedures were followed when conducting selection interviews. Managing Director exercised the authority for the selection of different level of employees ranging from workers to the manager. But in the case of Himalay Goodricke Company the General Manager was authorized to select employees.

The management in all tea estates under study administered only one final interview in which the candidates' knowledge and fitness for the organization were assessed. From informal discussions with the employees, it was found that the interviews were just a formality. Structured and well-designed type of interviews were lacking in the tea estates for the selection of the employees. So the selection of the candidates was mainly based on the subjective and personal judgement of the interviewer. The employees' responses about the selection process have been presented in **Table 4.5**.

Table 4.5 Employees' Responses about Selection Process

Group of Employees	Number of Respondents	Number of Responses			
		Application	Interview	Job-Tests	Physical Fitness
Officers / Managers	12	12 (100%)	12 (100%)	-	-
Assistants	80	80 (100%)	80 (100%)	45 (56.25%)	41 (51.25%)
Laborers	130	130 (100%)	110 (84.61%)	-	100 (76.92%)
Total	222	222 (100%)	202 (91%)	45 (20.27%)	141 (63.51%)

In **Table 4.5** depicts that job applications and interview were the basic process of selection in the tea industry. Job-tests were conducted for middle and lower level technical staff. Similarly physical fitness (medical test) was though a statutory requirement for all levels of employers, only majority of workers (76.92%) and staff (51.25%) responded as necessary.

▪ **Job and Medical Tests:**

Job-tests or practical tests are the simplest of testing procedure in which the applicants are asked to demonstrate their ability and skills to do the job. Such practical tests are useful in technical and mechanical jobs. In tea industry also such tests could be very useful for selecting employees such as Bagan Babus, factory incharge, mechanics, machine operators, electricians, fitters etc.

Tea estates under study used such tests when selecting candidates for technical jobs as stated above. The usual practice of employing such employees was mainly from retired Indian-employees who had long experience in the job. Technical assistants like Sardars, engine driver, assistant fitters, electricians etc. were selected from he experienced and capable workers.

Physical examination is the final step in the selection process which reveals the candidates fitness for job performance or employees disabilities if any. The physical examination is done by recognized medical doctors.

Regarding the physical fitness test, the tea estates under study had the provision in their 'Regulations' that the candidates had to present the medical fitness certificates approved by recognized medical officers. However in practice, this was not followed strictly.

▪ **Final Selection / Hiring Decision:**

The hiring decision is made by the competent authority in the organization in which successful candidates are given job offer. The list of such candidates should be published in the newspaper or posted on the notice board of the company. The final selection of the candidates for any positions in the organization was decided by the owner / managing director of the tea estate. For the selection of manager; assistant managers of filed or factory incharge the Board of Directors did the final selection. For selecting laborers on casual or daily wage basis, sometimes the manager was authorized.

In the tea estate under study, there were no specific and definite bases for methods being used for the selection of the employees. The employment decisions were much

influenced by the recommendations of relatives and friends of the owners. So whatever steps of selection process were used, they tended to be only a formality. The hiring decision was solely based on personal judgement of the owner. Candidates having long experience in particular job, were given priority than their academic qualification. This might be the reason why the estates under study were having managers and other senior staff from retired employees of Indian tea estates appointed on contract basis.

The tea estates-regulations regarding selection of employees consisted of very flexible provision which stated that the owner-manager could adopt any methods of selecting employees that would be suitable for the enterprise.

The first amendment (1996 / 97) of the Labor Act 1992 has a provision for non-Nepalese employees as under:

- Under special circumstances (not available even after advertising for technical posts in national level newspaper), on recommendation of the Labor Office, DOL, the enterprise can employ a non-citizen for a maximum period of five years without increasing the period of service for more than two years at a time.
- This amendment does not allow an organization to appoint on contract basis in any situation. But in case of need for immediately increasing production or service the contractual appointment can be done for a definite type of work.

Such a statutory provision for employing non-citizens has been very advantageous to the tea-estates owner. The employers were not responsible for paying statutory benefits such as bonus, medical expenses, provident fund etc. to such contractual employees. So employer preferred to hire contractual employees than permanent ones. The overall impression about the selection process has been present in **Table 4.6**.

Table 4.6 **Employees' Impression about Selection Process**

Group of Employees	Number of Respondents	Number of Responses			No Responses
		Satisfactory	Moderately Satisfactory	Not Satisfactory	
Officers / Managers	12 (100%)	9 (75%)	3 (25%)	-	-
Assistants	80 (100%)	26 (32.5%)	41 (51.25%)	13 (16.25%)	-
Laborers	130 (100%)	35 (26.92%)	25 (19.23%)	-	70 (53.85%)
Total	222 (100%)	70 (44.81%)	69 (31.82%)	13 (5.42%)	70 (17.95%)

The table shows that majority of the respondents (44.81%) were satisfied with the selection process. The levels of satisfaction among officer level of employees who were all contractual non-citizens were having satisfactory (75%) and moderately satisfactory (25%) impression about their selection or hiring process. But the responses and satisfaction levels about selection process among staff and sub-staff were different. Majority of them (51.25%) were moderately satisfied and 16.25% were not having good impression about selection process. Regarding the laborers, a great majority (53.85%) of them did not respond to the question about selection process.

Placement

Selection and placement form a crucial manpower function. 'Selection' and 'Placement' are two separate phases in staffing. Selection generally refers to negative process whereas placement is viewed as a positive process involving filling positions with the most suitable candidates. The applicants pass or fail on specific selection standards or hurdles and those surviving these standards for specific jobs are placed in vacant positions (Dwivedi : 2000).

Placement is allocation of new employees to jobs. Not only the person should be suitable to the job but also the job should be suitable to the person. The first placement is for a probation period, extending from 6 to 12 months. If the performance is satisfactory during the probation period, the employee is given tenure (permanent posting). Proper placement leads to following benefits:

- Improved employee morale and job satisfaction.
- Reduced absenteeism, accidents and turnover.
- Better adjustment to job and work environment.

Promotion, transfers and demotions also require placement actions. Political pressures impact much on the selection and placement process in Nepal. However, private sector enterprises generally attempts to place right person in the right job.

The appointment of the employees should be made on the principle that the right person should be appointed at the right place, at the right time (Wagel, 1986: 9). The appointment of employees, in fact means the job offer made to the successful candidates who pass the selection process. So the successful candidates are provided with appointment letters which describe all the terms and conditions relating a job.

Tea estates under study issued appointment letters to the permanent employees. Employees other than permanent were not given appointment letters. They were employed as temporary, contract or casual employees by signing agreement letters. However, there was such provision in the regulations of the tea estates as employees of all types should be provided appointment letters. From the informal interviews and discussions with the union leaders of the tea estates, it was learnt that employees who completed 240 days of continued working (having citizenship) were appointed as permanent in 1992 - 1993. At that time many employees who did not have citizenships were given some 2 years of time for receiving citizenship to get the appointment letters. The appointment letters were like folded-card type in two different colours: white for permanent staff and yellow for laborers. The appointment letter on its left side contained the name of the company and address on the top and below it a for passport size photograph of the employee. Other details were name, age, address, position, level, salary scale, date of joining the job, signature and finger print of the employee. At the bottom was the place for signature of the employer / manager. The other side of the appointment letter contained the terms and condition of service, benefits etc. being stated in five points as show in **Fig. 4.3**. Employees other than permanent were appointed by signing agreement letters which contained the terms and conditions of service and benefits. The duration of such agreement letters used to be for 3 months. After the expiry of the agreement, another letter of agreement had to be signed to continue the job. The statutory provisions (Labor Act) relating to appointment / employment of employees is presented as following:

- Advertisement is compulsory for appointing workers and staff in the posts of classified jobs of the enterprise.
- Employees and workers have to work on probation for a period of one year (or 240 days). Appointment letter should be issued while appointing on this basis.
- After expiry of probation period the staff and workers should be made permanent on the basis of evaluation. The criteria for making permanent are: work efficiency, honesty, discipline, sincerity to work, attendance etc.
- The evaluation of workers / staff on probation has to be done on factual basis. It is necessary on the part of management to mention the reasons and grounds on which the employees are not made permanent. Worker / staff can file petition against such decision.
- While appointing on permanent basis, the appointment letter is issued which may contain the worker's post, his / her remuneration, terms and conditions of job.
- The information regarding permanent appointment of workers / staff has to be submitted in the Labor Office.

Fig. 4.3

Appointment Letter

<p>Regd No. Tea Estate (Pvt.) Ltd. Jhapa</p> <p style="text-align: center;"><u>Permanent Appointment Letter</u></p> <p>Name: Age: (years)</p> <p>Present Address: Post:</p> <p>Level: Monthly Salary (Rs.): Grade:</p> <p>Date of Joining this Company:</p> <p>Signature of the Employee:</p> <p style="text-align: center;">Finger Print</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td style="width: 50px; height: 50px; text-align: center;">Right</td><td style="width: 50px; height: 50px; text-align: center;">Left</td></tr></table> <p style="text-align: center;">Signature of Employer</p> <p style="text-align: center;">_____ Manager</p> <p>Date:</p>	Right	Left	<p style="text-align: center;"><u>Rules, functions, duties and benefits</u></p> <p>a. You have been appointed as permanent employee in post level according to the Labor Act 2048 Section 4 Sub-Section 2 and as per the agreement and provisions of The Estate's Regulations.</p> <p>b. You are entitled to receive the salary and allowance as fixed by the company and benefits as per the provisions of Labor Act, Rules and Regulation for your service.</p> <p>c. You have to fulfill the job assigned to you with full responsibility by attending the job as determined by the Enterprise.</p> <p>d. You are not authorized to take part or assist in any kind of strikes, processions etc. organized by worker's union or by them.</p> <p>e. If found indulged in misconduct like violating Labor Act, rules and regulation of the enterprise, disciplinary actions will be taken or published or dismissed from the job.</p> <p style="text-align: center;">Signature of the Employee</p>
Right	Left		

Socialization:

Socialization is a process of adaptation of employees with the job environment and organization culture. New employees need to be socialized to adjust with the norms and values and set pattern of behavior of work group. It helps new employee to learn "do's and don'ts". It also ensures employee commitment for better performance. For the socialization of employees, orientation could be used as a tool to:

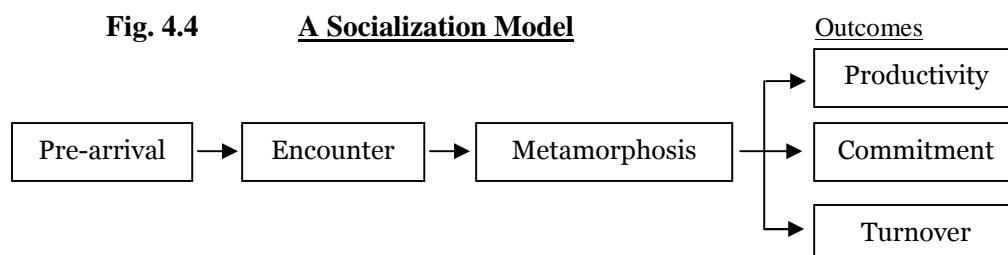
- Familiarize the employee with organization history, philosophy, objectives, policies, rules and procedures etc.
- Communicate about HR policies related to pay scale, benefits, holidays, working hours etc.
- Introduce the employee to supervisors and co-workers.
- Review job duties and responsibilities of the employees with each other.

Socialization can be formal or informal. Formal socialization is designed and executed by management for new employees, whereas informal socialization takes place on the job in their own initiation. Socialization could also be done individually or collectively in groups. Small organizations, which have fewer new entrants to socialize, frequently use the individual approach. Large organizations use collective approach because of its ease, efficiency and predictability. Socialization is beneficial to both the organization and the new employees. The organization gets higher productivity, greater employee commitment and low turnover rates, whereas employees receive the confidence and satisfaction that comes from feeling of being accepted by their peers and bosses.

Socialization has four assumptions:

- It influences employee performance and organizational stability,
- The new employee is anxious about the new rules but is motivated to learn the roles and become an accepted member of the organization.
- It is influenced by clues given by colleagues, superiors, subordinates, clients and other people with whom new members come in contact,
- People (employees) adjust in similar ways.

A socialization process consists of three stages: pre-arrival, encounter, and metamorphosis (John and Edgar, 1977: 58-62), as depicted in **Fig. 4.4**.



The pre-arrival stage recognizes that each individual arrives with a set of organizational values, attitudes, and expectations which they learn in school and in prior trainings. Upon entry into the organization, the new employee enters the encounter stage. Here individuals confront the possible dichotomy between their expectations about their jobs, co-workers, boss-and reality. Where expectations and reality differ, the new employees must undergo socialization. At the final stage, new members must work out any problems discovered during the encounter stage. This may mean going through changes-called metamorphosis stage. The new members internalize the norms of the organization and their workgroups and become comfortable with the organization. Successful metamorphosis should have a positive impact on the new employees' productivity and their commitment to the organization.

Nepalese organizations lack appropriate socialization practices. Some organizations conduct one-day orientation programme which tends to be formal. New employees generally feel adaptation problems to organization culture (Agrawal, 2001: 9). Tea industry under study revealed the similar situation as regards the socialization of employees. No tea estates under study practiced formal orientation to the new employees. From informal discussions with the employees of different ea estates about orientation, it was found that they did not have such an opportunity making them familiarize with the policies, rules, regulations, objectives etc. of the company. Some of the employees responded that the manager or senior staff used to give instructions about the jobs. They were briefly told about the nature of work and about supervisor, peers, subordinates etc.

In case of laborers, as the new comers were mostly form the family members of out goers (retiring employees), they were more or less familiar with the pattern of life in the tea gardens. Due to family based recruitment system in the tea estates these laborers had some work-experience too, who worked as seasonal workers during plucking seasons.

On asking the owner-managers about the need of orientation of employees they did not deny, but they opined that the workers were there in the garden as their own family members. The children of the workers were already oriented to the life-cycle and systems prevailing in the estate, because majority of the workers were residing within the garden premises. The sub-staff like Sardars, Chaukidars, Fitters, Helpers, Bahidars etc. were also from among the workers residing in the tea garden who were well adapted to the garden-life.

In case of staff, which performed administrative and supervisory or technical works, they were mostly appointed on contract basis. As the numbers of such staff were comparatively very few, they were generally given instructions about the jobs they had to perform by the manager. Moreover, such staff members were found changing frequently except those who were permanent. In case of NTDC tea estates all such staff was appointed on contract basis, so the staff turnover was very high. The nature of employment system in tea industry itself being different, the formal socialization process was not practiced.

The owner-managers were also not well acquainted with the significance of socialization process of employees. They considered the orientation programme as an activity that incurred unnecessary cost. But they were not aware of the fact that socialization could ensure employee commitment for better performance.

The orientation system should include a variety of components, which could help the new employees to adjust faster to the new job. The topics of employee orientation program may include as shown in **Fig. 4.5** below.

Fig. 4.5 Topics covered in an Employee Orientation Program

1. **Organization Overview:**
 - Overview of the Company
 - History
 - Products
 - Goals and Mission
 - Long-range Plans
 - Organization Structure
 - Organizational Chart
 - Facts on the key managers
 - Culture and Values
 - Ethical Principles
2. **Policies and Procedures:**
 - Employee Handbook
 - Working Conditions
 - Work Hours
 - Vacation and Leaves
 - ID Card
 - Provision of Pay and Benefits
 - Discipline System
 - Appeal System
 - Suggested System
 - Promotion and Assignments
 - Probationary Period
 - Career Development System
 - Training Plans
 - Supervision
 - Performance appraisal system
 - Retirement Information
 - Termination of Employment
 - Communication Channel
 - Personal Records
3. **Union-Management Issues:**
 - Grievance Procedure
 - Safety Equipment
 - Employee rights and responsibilities
 - Management rights and responsibilities
 - Copy of the union contract
 - Shop steward relations
4. **Safety:**
 - First aid stations
 - Emergency procedures
 - Fire prevention guidelines
 - Accident procedures
 - Use of alcohol and drugs on the job
 - OSHA regulations
5. **Salary:**
 - Pay period
 - Overtime pay
 - Supplement pay periods
 - Tax shelter options
 - Holiday pay
 - Deductions
 - Longevity pay
 - Credit union
6. **Benefits:**
 - Insurance (Information and copies of medical, dental, group health, disability, life, workers' compensation forms)
 - Leave (Illness or death of family member, maternity or paternity leave)
 - List of holidays
7. **Physical Facilities:**
 - Map and tour of facilities
 - Career resource center
 - Library or resources
 - Lounges and cafeteria
 - Parking
 - Restricted areas
 - Rest rooms
 - Equipment and supplies
 - Facilities for people with disability

Source: *Adapted from Bernardin, H. John and Russel, Joyce E.A. (1993) Human Resource Management, P. 299.*

Summary and Conclusion:

Human resource is the most important asset of the organization. Only capable and efficient people working in the organization can achieve organizational goals. So the acquisition function of HRM such as human resource planning, recruitment, selection, placement and socialization has a vital role for the success of an organization. The acquisition function is completed when the selected applicants have been placed in the organization and have adapted to the organization work culture.

By focusing on productivity, it is imperative to find and hire employees who can do the job efficiently and be successful in the organization, which calls for a sound human resource planning. HR planning ensures that an organization has the right number of people, at the right places, at the right time, capable of doing the job efficiently and effectively that will help the organization to achieve its overall objectives.

In Nepal most of the organizations lack systematic HR planning due to lack of up-to-date human resource inventory which describe the skills currently available. Nepalese management tends to regard the HR planning as an area of low priority. They do not regard HR planning as part of overall strategic planning. Need-based assessment for HR requirement is not done. Estimates are based on ad-hoc decisions.

Family owned and managed private sector organizations do not bother about human resource planning and so is the case with the tea industry of Nepal. The management generally estimates the manpower requirement at the time of extending plantation and installing new machines for increasing production.

Jobs in the plantations were created by the chief executive or managing director at the time of expansion of plantation or at the time of retirement or death of employees. The jobs were classified as administrative (office), technical (garden and factory) and labor. The employment practices were as permanent, temporary, contract, piece-rate and casual or seasonal. Majority of workers and a few lower level employees such as supervisors, clerks etc. were appointed on permanent basis, who were entitled to receive all facilities as per the legal provisions of Labor Act and Tea Regulations of the tea estates. Almost all the managers, assistant managers, factory in-charges and technical staff were appointed on contract basis. Tea industry being season-specific production industry requires additional workers during plucking season. This requirement was fulfilled by hiring a large number of seasonal workers. The number of such seasonal workers used by the tea estates accounted for about 45 percent of the total labor force.

Job analysis, a means of assessing the skills needed to fulfill the requirement of the job and laying down proper job descriptions and specifications was lacking in tea industry. The management did not practice succession planning. As the plantations required a large number of workforces during formative stage, the planters encouraged families to migrate for work and settle permanently within the plantations. So, recruitment of workers was done through Sardars (recruiters) who were deputed by the planters at various places of remote and rural areas. The Sardars used to attract their relatives and fellow kin to work in the plantations. Another important aspect of recruitment in tea estates was the follow-up or 'Badli' (substitute) of retiring workers and employees from their family members. Thus, the tea industry did not face any recruitment problem because of the unemployment problem existing in the rural areas. Recruitment methods and sources varied according to the job levels and skills required. At lower level jobs in the tea industry, informal contacts dominated the recruitment process usually based on the agreement between union and management. But at the higher level-jobs, internal search, family relatives and informal contacts were practiced. Despite its statutory provisions for advertisement while employing in the positions of classified jobs, the tea industry followed the traditional methods of recruitment. The major source of recruitment was the unemployed pool of family members of permanent workers, apprentices and casual workers residing in and around the plantations.

The common selection modalities partially adopted by the tea management were: application, interview, job-test, physical fitness (medical test) etc. Starting with the job applications, the major method of selection of workers and employees adopted by the tea industry was interview. Job tests were conducted only for technical jobs like mechanics, computer or machine operators, electricians, fitters etc. The final selections were based on the subjective judgement of the owner/managing director in which personal relationships counted most. Candidates were informed about the final selection through notification (list of selected candidates was posted on the notice board). And those accepting the job offer were issued appointment letter. Placement was not given due importance by the management as a result the morale and performance were found low among workers and employees. However, the overall impression about the prevailing selection process in the tea industry as viewed by the majority of workers and employees (44:81%) was satisfactory.

As regards the formal socialization process of new entrants, no tea estates practiced. A few tea estates sometimes conducted one-day orientation programs which tended to be formal. In practice, the manager or senior employees used to orient the new entrants individually and informally. They were briefed about their job, supervisors, co-workers etc. The management considered orientation programs to be costly. They were not well aware of the fact that socialization could ensure employee commitment and better performance.

CHAPTER : V

TRAINING AND DEVELOPMENT OF EMPLOYEES

Every work requires certain types of knowledge, skill and abilities in the worker. More the person has such qualities and environment for work the better is the performance and efficiency. The training is designed to improve knowledge, skills and attitudes which equip the individual to be more effective in his present or prepare him for future assignment (Saiyadain, 1993 : 218). Training and development of employees does not happen in isolation and is linked in some way with all aspects of human resource management. The effective performance depends on the training of the post holder, and safety of employees is dependent on their being trained, in safe methods of working thereby reducing accidents.

In this chapter issues relating to the training and development of employees, performance appraisal, and promotion system being practiced in tea industry of Nepal are discussed.

Training:

Training is any process by which people are taught skills and given the necessary knowledge or attitude to enable them to perform specific jobs to the required standard. Training is focused on the specific requirements of a job. It aims to improve the performance of current tasks or to prepare the individuals for challenges that are likely to arise. So the trainings is designed to improve knowledge, skills and attitude which equip the individual to be more effective in his / her present job or prepare him / her for future assignment.

Manpower Service Commission, 1981, London has defined training as a planned process to modify attitude, knowledge or skill behavior through learning experience to achieve effective performance in an activity or range of activities. Its purpose, in the work situation, is to develop the abilities of the individual and to satisfy the current and future manpower needs of the organization.

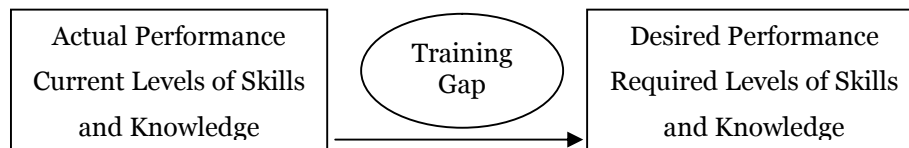
The main reason for undertaking training is for the organization to ensure that it achieves the best possible return from its investment in its most important resources - its employees. Specifically, training may be used to:

- develop individual skills and abilities to improve job performance;
- familiarize employees with the new systems, procedures and methods of working;

- help employees and new starters to become familiar with the requirements of a particular job and of the organization (Cushway, 2001 : 13).

Factors affecting the organizations' training requirements are : (i) staff turnover, (ii) changes in technology, (iii) changes in jobs; (iv) changes in legislation; (v) new pattern of work; (vi) economic developments; (vii) market pressures; (viii) social policies, eg privatization; and (ix) performance variation. The process of finding out the training gap is presented in **Figure 5.1**.

Figure 5.1 **The Training Gap**



Source : *Cushway 2001 : HRM*.

A well designed and effectively implemented training may result in the following benefits (Agrawal, 2001: 192).

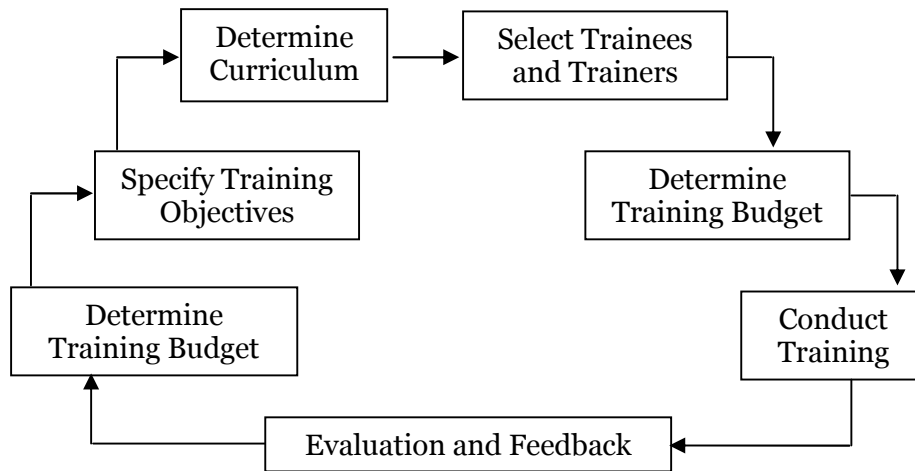
- Improves knowledge, skills and attitudes of employees.
- Aids productivity and quality improvements.
- Heightens employees' morals and job satisfaction.
- Improves labor relations and organizational climate.
- Better safety, reduces accidents.
- Fosters openness and trust, improves communication.
- Helps plan changes and manage conflicts.
- Improves career planning and development of employees.
- Reduces supervisory burden.
- Helps adapt to technological changes.

Training is still regarded as cost matter in Nepalese organizations. Issues and trends relating to training and development are:

- Training and development needs are not properly assessed in public enterprises to use strategically.
- There is no pre-post performance appraisal method to evaluate the training of employees who have attended training (Adhikari, 2006: 250).

The training process consists of following steps as exhibited below in **Figure 5.2**.

Figure 5.2 Training Process



Development:

Development is concerned with giving individual the necessary knowledge, skills and experience to enable them to undertake greater and more demanding roles and responsibilities. Development is often categorized in terms of management development, organization and staff development. Managers are equipped to adapt to change and have all the necessary attributes to enable them to make decisions critical to the organization's success. Management and staff development concentrate on the individual managers and staff, whereas organization development is about total organizational effectiveness, or organizational health and ability of the organization to adapt to changes. It comprises a whole range of strategies, techniques and approaches, usually called interventions, aimed at individuals, groups, teams and ultimately, the whole organization. The emphasis is on cultural change (Cushway , 2001 : 112).

Management development, in contrast to employee training, is more future oriented and concerned with education for employee's personal growth. On-the-job management development techniques include: Coaching, understudy assignments, job relation and committee assignments. And off-the-job management development techniques include: sensitivity training, transactional analysis, lecture courses, and simulation exercises.

The goals of management development are;

- Increase managerial capabilities
- Enhance managerial effectiveness
- Foster team-work

- Facilitate environmental adaptation
- Improve managerial decision-making
- Facilitate managerial succession and cadre development
- Aid managerial satisfaction and retention

Training Policies and Programs:

Nepalese organizations lack training objectives, policies and concepts. Human Resource Development (HRM) has remained an area of least priority in Nepalese organizations. Professional training in Nepalese organizations is still in its infancy. Training is not regarded as an investment in human capital. Most organizations lack comprehensive human resource development plans. HRD needs are not identified properly and thus training is not taken as continuous activity by the management (Agrawal , 2001 : 239).

Nepal severely lacks skilled manpower. Low literacy rate, on the one hand, and non-vocational education at school level, on the other, has resulted in the shortage of skilled manpower in the country. Because of the lack of skilled labor force, the advantages of modern technology have not yet been achieved and thus organizations lack the ability to compete in the international market (Adhikari, 2006: 246). National education policy greatly affects the development and employment of the workforce. Higher education in Nepal is facing severe problems, such as over-enrollment at the university, under financing, leadership crisis, irrational structure and quality erosion.

Some private consulting firms and Management Association of Nepal (MAN) conduct short-term programs for managers. The methods being used for management development are coaching and understudy assignments. Off-the-job management development methods are largely lecture / seminar oriented. Public enterprise in Nepal lack specified management development philosophy, objectives, policies and programs. Efforts to train and develop managers are quite inadequate. Separate budget is not allocated for training and development of employees (Pradhan, 1997). In fact, very little training is based on the real needs of the trainee and jobs. In addition, there are shortage of professional trainers and training facilities and training aids (Pant, 1993).

Similarly the concept of career planning / development and succession planning is lacking. Nepalese organizations offer jobs, not careers to employees. Private sector organizations furthermore lack consciousness about career development of employees. They regard money invested for career development as cost rather than investment (Agrawal , 2001 : 262).

The National Labor Policy of the government, 1999, has some provisions regarding training of employees as following:

- The participation of private sector shall be encouraged to make training facility available for increment of productivity of industrial sector by the development of human resources.
- For the purpose of increasing the opportunity of waged and self-employed, by making qualitative and quantitative reforms and expansion of skill development programs, non-Nepalese workers shall be replaced by producing skilled labor.
- To increase the skills of the working personnel of the enterprise, training programs shall be encouraged at the enterprise-level itself. For this purpose, training fund shall be established with the contribution of management and working personnel at the enterprise level to conduct trainings.

Under the Industrial Training Act 1982, industrial establishments are required to provide training in industrial skills to Nepalese workers and the Act has envisaged the setting up of a Training Council (consisting of representation from the Government, factory and industrial enterprise, T.U. and industrial labor experts) for this purpose. But such a Training council has not been formed yet.

National Tea Policy (2000) has following provisions regarding manpower development in tea industry of Nepal.

- A Tea Research and Training Center shall be established with the participation of Nepal Agriculture Research Council (NARC), International Cooperation and private sector.
- To arrange for domestic and foreign training under Tea Development Fund for small farmers, tea farmers and the manpower working in tea cooperatives. And for other entrepreneurs, arrangement shall be made to bear such costs by themselves.
- No income tax shall be levied on investment made by enterprises on training in order to encourage manpower development.
- An arrangement of training shall be made on time to time basis to technicians extending their services.

Despite such provisions for training and development of employees in the National Tea Policy, this aspect of human resource development (HRD) seems to be neglected aspect in tea industry of Nepal. Due to lack of efficient agency and sufficient fund the implementation of the policy has not yet been practiced.

Training Programs

There are different types of trainings which involve positive change in knowledge, skill and attitudes of workers and employees such as (a) Orientation training, (b) Refresher training, (c) Job training, (d) Promotional training, (e) Safety training, (f) Remedial training etc.

Tea estates under study did not have any declared policy and programs for training and development of employees. The management did not allocate budget for training and development. So the formal training programs were completely absent in tea gardens. The reasons for the absence of formal trainings were: (i) lack of declared policy and programs; (ii) lack of categorization of laborers as highly skilled; skilled; semi-skilled; and unskilled; and (iii) nature of employment of staff, i.e., mostly on contract basis. However, the following informal training programs were practiced in the tea industry:

- **Apprenticeship Training:**

In order to provide first-hand knowledge and skill to the newly employed unskilled laborers, the management used to organize apprenticeship training programs informally. In these training trainers (supervisors and senior sardars) would explain about the job which they were supposed to do and demonstrate machines, tools and apparatus to be used at work. Such a training program was conducted for one to two days without paying to the trainees.

- **On-the-job Training:**

The tea management claimed that they used to provide informal type of on-the-job training to the employees. Guidance and instructions were given as and when felt necessary. On-the-job training being inexpensive and practical was given all the time during work and the trainees could contribute to the production on the one hand and could earn wages while learning the job on the other hand.

None of the tea estates had formal on-the-job training programs. However, informal on-the-job trainings were conducted in all the tea estates. The manager, assistant managers, senior employees, supervisors were mainly responsible to guide, instruct and direct the junior levels employees foreman and laborers. Tea industry being an agro-based labor intensive industry, a large number of workforces has to work in the field (gardens) and a few of them in the factory and office. So the managers, assistant managers, the 'Bagan Babus' (supervisors) and Sardars were required to visit the work-sites regularly and frequently. During their visits or rounds in the field and factory, the seniors used to instruct, guide the lower level employees. This was the usual practice being implemented in the tea estates.

However the Supervisors and Sardars were themselves not trained to train the juniors. As they did not get extra incentive for training and as they had their own work, they did not take keep interest in their trainees. So the employees had to turn to their fellow workers to learn the job.

During informal discussions with the administrative officers, employees and union leaders of the tea estates, they agreed that the training and development of employees was necessary. They viewed that training was necessary for safety on the job, stability on the job, higher productivity, better use of tools and equipments, and reduced supervision. But they also argued the tea-garden workers were to some extent skillful and trained in their works of plucking, pruning and manure etc. Due to the reasons of the family-recruitment system the garden workers were acquainted with the nature and pattern of jobs they performed. They also mentioned that they frequently supervised, guided and provided suggestions and counseling to the employees as their routine work. As such the question of formal training programs was minimized.

▪ **Training Outside the Enterprise:**

The managers / owners mentioned that the employees were occasionally sent to attend orientation and short-term training programs organized by the government or other agencies. Such occasional training programs were, however, not job related. The auditors concerned gave office accountants instructions about keeping books of accounts and sometimes they attended orientation programs organized by internal revenue (VAT) office of the government.

The managers / assistant managers had to work as trainers in the tea estates who were responsible for the effectively running of the organization. On the basis of their long experience they were capable of handling the activities of the tea estates. Their roles were more technical than administrative who worked mostly in the field with the workers thereby observing, guiding, instructing and controlling activities and workers. Due to lack of pre-post performance appraisal method to evaluate the training of employees who have attended training, it is difficult to assess the after training effect on the job behavior of the employees.

Employees' Responses regarding the need of training were quite positive because all of the respondents opined that training could help enhance their knowledge and skill to perform the job better. Employees also suggested that training of different types and levels were necessary for different levels of employees, namely, workers, staff, union leaders, managers. They also suggested that there was need for establishing a separate

training institute by the Tea Producers Association to provide trainings to the tea-employees on regular basis.

As regards the need for training the managers opined that employees must be provided workshop training to motivate and win their commitment. They pointed out that employees were lacking motivation and sense of belonging; they waited for orders from superiors even to do regular tasks. Employees due to lack of motivation did not take initiative in their own, so training was necessary to change their behavior and attitude. The responses of employees interviewed are presented in **Table 5.1**.

Table 5.1 **Employees' Responses About Need For Training**

Group of Employees	Number of Employees	Number of Responses		
		Yes	No	No Idea
Managers/Officers	12	12 (100%)	–	–
Assistants	80	72 (90%)	–	8 (10%)
Laborers	130	102 (78.46%)	–	28 (21.54%)
Total:	222	186 (83.78%)	–	36 (16.22%)

The employees were asked to respond about the necessity of job related training in the tea estates under study. **Table 5.1** exhibits their responses with a majority of 83.78% of employees felt that training was necessary for enhancing their knowledge, skill and attitude. Only a few employees 16.22% respond that they did not have any idea about training.

To find whether there is any significant relationship between the responses of officers and workers in relation to the need for training, chi-square test was done with null hypothesis HO as there is no significant relationship and an alternative hypothesis H1 as there is significant relationship. Chi-square at 5% level of significance for 2 degree of

freedom is 5.99 and calculated value $x^2 = \frac{\sum(O - E)^2}{E} = 5.3625$.

Since calculated value of x^2 is less than tabulated value of x^2 , the null hypothesis HO is accepted. This means there is no significant relationship between the responses of officers and workers in relation to the need for training.

During informal interview and discussion with the chief of NTCDB, regional office, Birtamode, he stated that among other activities, they provided training specifically to small tea farmers who were registered in NTCDB. Such training was organized for one to

three days on plantation and other field activities such as plucking, nursery, pruning, up-keeping, manure, and pest control etc. He also stated that the budget for training and development was lacking. However, they managed to conduct short term workshop-trainings with the co-operation of other district-based organizations. So lack of budget and technical experts were the main challenge even in government agency-NTCDB.

Similarly during informal discussion with the General Manager of NTCDB, he stated that trainings were arranged for supervisor-level employees on seasonal basis prior to privatization. Trainers and experts were brought from outside the country that visited different tea estates of NTCDB and provided training on technical matters for the duration of 6-7 days. The main objective of such training was to produce cadres who could, later, be able to train or instruct other junior level employees of the tea gardens. But after privatization of NTDC such a practice was completely stopped.

Strength of a garden manager lies in his workforce and once the manager win their faith, many problems can be solved easily. So the tea management is required to train its people for the security and safety of workers as well as property and for handling the disturbances that arise in the plantations. The tea garden managers are now required to educate and update themselves for better utilization of resources of the enterprise. In order to bring a favourable work culture in his garden, a manager has to first set an example through his action and then proceed to initiate actions for an attitudinal change among his people.

Performance Appraisal:

All organizations evaluate the performance of their employees to find out their relative worth for the job they are doing. Performance is being related to the productivity, it is crucial for the organization to achieve its goals and objectives. Effective performance for the organization means that output can be maintained with fewer numbers of employees. Performing effectively is also of crucial importance to the employee because organizations can no longer tolerate poor performance, they (employees) are more likely to be dismissed.

The effective management performance, therefore, is not only vital for the long-term survival of the organizations but is also a moral obligation on the employees.

Performance appraisal is the systematic evaluation of individuals to their performance on the job and their potentials for development (Dale S. Beach, 1980: 290). Wendell French has defined performance appraisal as a systematic and periodic assessment of how well

employees are performing their jobs in relation to established standards and the communication of that assessment to employees. It is a process of evaluation an employee's job performance in terms of its requirements.

A systematic performance appraisal provides information for making decisions about various issues such as promotions, pay increases, layoffs, training and development and transfers. It is management's powerful tool in controlling human resource and productivity. Managers can improve an employee's job performance through clarifying expectations and evaluating performance. Employees also, in general, prefer having some kind of appraisal to develop an appropriate vision of their own effectiveness and opportunities (Roberta, V.R. 1986; 23). Formal performance appraisal can meet the three needs, one of the organization and the other two of the individuals within the organization:

- It provides systematic judgments to back up salary increase, transfer, demotion or termination.
- It is the means of communicating to subordinates the behavior, attitudes, skills or job knowledge and let him know where he stands.
- It is used as a base for coaching and counseling the individual by his superior.

The effective management of performance is not only vital for the survival of the organization but is also in the best interest of the employees. The underlying assumption of performance management is that the individual employees can satisfy their needs and objectives by contributing to the attainment of the organization's objectives. This may result in employee's motivation and greater job-satisfaction which is at the core of HRM (Cushway . 2001).

The performance appraisal process generally consists of the following six steps as depicted in **Figure 5.3** (Decenzo and Robbins , 1988).

Figure 5.3 The Performance Appraisal Process

1. Establish performance standards
2. Communicate performance expectations to employees
3. Measure actual performance
4. Compare actual performance with the standards
5. Discuss the appraisal with the employee
6. If necessary, initiate corrective action

The performance appraisal process begins with the establishment of clear and objective standards of performance evolved out of job analysis and job description. These standards need to be communicated to the employees. Subordinates have to receive and

understand the information properly. The third step is the measurement of the actual performance. For this, four measures can be utilized by managers, namely, personal observation, satisfied reports, oval reports and written reports. The fourth step is the comparison of actual performance with the standards. If any deviations are found between standards and actual performance, the manager may proceed to the fifth step to discuss the appraisal with the employees. The final step in the appraisal is the initiation of corrective action when necessary.

Three different approaches exist for doing appraisals. Employees can be appraised against (i) absolute standards, (ii) relative standards, or (iii) objectives (MBO). However, no one approach is always best. Absolute standards are individual oriented whereas relative standards rank individuals. Management by objectives facilitates continuous improvement of performance results.

Performance Appraisal System in Government Institutions:

Performance appraisal system has not received adequate attention in Nepal's human resource management. It is largely confined to appraising current performance on the job. It is not concerned about employees' potential for assuming future responsibilities. Most of the private sector enterprises lack systematic performance appraisal system. Personal judgment and subjective assessment of owner-manager serve as the key criteria for performance appraisal.

Performance evaluation systems in Nepalese organizations are mandatory. The results of performance appraisal are not used in terms of career development, reward management and employee training and development. The results are mostly used to decide whether to promote employees or not (Adhikari, 2006: 250).

The main purpose of performance evaluation in government and public enterprises is the promotion of employees. It is not used for performance feedback to employees, reward management and identification of training and development needs. In civil service, 40 percent of performance appraisal is confidential and thus non transparent to employee (Agrawal , 2004 : 232).

From 1957 to 1967, government organizations used an appraisal system having two parts - personal traits and job performed for reward and punishment. Four rating scales were used to measure the job performance and quality of an individual employee, namely, poor, ordinary, better, excellent. The performance format of 1968 contained (a) achievement, (b)

quality, (c) cost, and (d) time for the completion of work. Ten different personal traits for both officers and assistants were identified, which was taken as confidential. Two supervisors rated the performance of the employees annually. In 1971, two sets of forms were developed for the job performed and its quality. Appraisal system was made half yearly and rating scales were designed in order of unsatisfactory, ordinary, good, better, and excellent, each carrying 10, 20, 30, 40 and 50 marks respectively. Important modifications were made in appraisal system in 1977 and 1983.

The new Civil Service Act-1992 was enacted under the Article 124 of the constitution 1990 by the first elected government of Nepal. This Act updated the old Act-1957 and provided a base for a fair and just civil service system in Nepal. Under the existing civil service regulations in government and other public sector institutions, career advancement, eg., promotions and punishments are based on marks (total 100) received by eligible candidates on the following criteria:

▪ **Objective Criteria:**

- i. Seniority in service, i.e., number of years of service (total marks 20, i.e. 20%).
- ii. Educational qualifications, academic degree / diploma and its class, i.e., first, second, third and training courses attended in Nepal and abroad (total marks 15, i.e. 15%).
- iii. Number of years of service in (remote) districts outside Kathmandu valley (total marks 15, i.e. 15%).

▪ **Performance Evaluation Report:**

This is the annual report (subjective) that is expected to be submitted at the end of every year by the supervisor and personal qualities, e.g., leadership, initiative, decision-making abilities etc. (marks given out of 50, i.e. 50%).

The existing performance evaluation system in public administration encourages the civil servants to spend their time and efforts in acquiring academic degrees, attending as many training courses as available, and grooming up better relations with the superiors, rather than concentrating on their jobs.

After the inception of new Civil Service Act 1992 and the Civil Service Rules 1993, the assessment of jobs has to be done in terms of (a) total quantity, (b) total cost of work, (c) total time taken, and (d) the aggregate of above. The ranking scales were developed as low, ordinary, good and excellent. The intentions of the appraisal seemed to have following objectives. (a) the upper level officers were sought for preparing policies and taking leadership, (b) the middle level officers were sought for understanding the policies

and implementing the same, (c) the third class officers were sought for preparing them as future implementers and policymakers, (d) assistant level and non-ranked employees were sought for obedience, loyalty, character and technical efficiency as required by the job. Five sets of personal traits were defined to measure employees of different levels: officers (class-1st, 2nd, and 3rd); non-officers and non-ranked. Total marks for performance evaluation was 100, out of which 50 each was assigned for job performed and other qualities including education and training. The criteria for appraising performance of employees in Department of Labor and Department of Cottage and Small Industries (DCSI) were based on ranks not on the nature of jobs. (See **Table 5.2** and **5.3**)

Table 5.2 **Personal Traits to be assessed**

First Class Officer	Second Class Officer	Third Class Officer	Asst. Level	Non-Ranked
1. Ability to analyze policy	1. Knowledge & Skill	1. Knowledge & Skill	1. Knowledge & Skill	1. Knowledge & Skill
2. Ability to discuss & carry out dialogue	2. Interpersonal character & communication skill	2. Work plan & Standard	2. Secrecy	2. Ability to follow instructions
3. Ability to use discretion, decision making & evaluation	3. Ability to use discretion & decision making ability	3. Ability to use discretion & decision making	3. Ability to follow instructions	3. Interest & Courage
4. Leadership & organizing capacity	4. Ability to break workload	4. Ability to bear work pressure	4. Regularity, punctuality, discipline	4. Obedience & Discipline
5. Professional ethics (Honesty & Integrity)	5. Performance assessing ability timely & properly	5. Creativity & authority	5. Honesty & morality	5. Conscious
	6. Leadership & organizing	6. Performance assessing ability timely & properly		
	7. Creativity & enthusiastic	7. Honesty, morality & courteousness		
	8. Professional ethics (Honesty & Secrecy)	8. Professional ethics (Secrecy & Maintaining Respect)		
	9. Ability to use resources effectively	9. Interpersonal characteristics & communication skill		
		10. Ability to organize & work		

Source: *Civil Service Rule, 1993*

A checklist is used by supervisors and reviewers for giving marks and the marks are equally divided on four attributes as depicted in **Table 5.3**.

Table 5.3 Supervisor's / Reviewer's Evaluation

1. Total work progress (Its target and progress)
2. Total quality (Its target and progress)
3. Total cost (Its target and progress)
4. Time taken (Its target and progress)

In Cottage and Small Industry Development Board (CSIDB), the factors being used to appraise performance were to judge the quality of work, behavior with subordinate, interest in work etc. and assigned the values such as 'excellent', 'very good', 'good', 'satisfactory' and 'bad' (See **Table 5.4**). The personal traits to be measured for upper level employees were leadership, decision making, and ability to develop subordinates, ability to bear the responsibilities.

Table 5.4 Performance factors to be assessed by Supervisors

Officer Level	Assistant Level
1. Stated work completed or not	1. What is his present position in the work, improvement in the work?
2. Quality , efficiency	2. Quality of work
3. Creativity towards work	3. Responsibility towards work
4. Habit of taking interest	4. Interest toward work
5. Courage, and seeking new knowledge on the work	5. Behavior with subordinates
6. Relation with subordinates and colleagues for the completion of work	6. How did he fulfill his duty?
7. Follows the instructions and maintains discipline	7. Discipline
8. Any remarkable quality and weakness in course of work	8. Responsibility
9. Need of any training, grade, reward in order to encourage him	9. Habit of increasing knowledge
	10. Morality
	11. Works in case he is promoted

Source: *PSC Principle*

For assistant level employees the qualities sought were ability to understand the instructions, cooperation with the subordinates, patience and cooperation with the office (See **Table 5.5**).

Table 5.5 **Personal Traits to be assessed**

For Officers	For Assistants
1. Conduct : (Honesty, morality, courteousness)	1. Job knowledge & skill
2. Leadership quality	2. Ability to understand the instruction
3. Decision making	3. Nervousness
4. Ability to develop subordinate	4. Fastness
5. Ability to bear the responsibility of upper level	5. Co-operation with the subordinate
	6. Patience
	7. Co-operaiton to the office in time of increased work load
	8. Ability to do the work arranging them neatly
	9. Handwriting fair & clear
	10. Quality of technical work
	11. Habit of taking leave

In Council for Technical and Vocational Training (CTEVT), the personal traits of employees were assessed for all level of employees to provide feedback in their jobs to help improve their performance (See **Table 5.6**).

Table 5.6 **Personal Traits to be measured**

1. Honesty and dependability
2. Timely completion of work (Punctual)
3. Laborious
4. Timely completion of assigned work
5. Taking the responsibility without supervisor
6. Taking interest to take help to do assigned job
7. Ability to take an additional responsibility
8. Interested in extra curricular activities and physical work
9. Right code of conduct, follow instructions, helping attitude towards the works of concerned as his office
10. Fit to be promoted in every respect

The Government's new Employees Performance Evaluation System may be stated as follows:

- The purpose of an appraisal should not be to rate employees on the basis of their personal attributes, but rank them in relation to the performance (Karya Dakshata) in a given period of the employees of comparable rank / level and with similar assignments and responsibilities. This seemingly obvious concept underlying any evaluation is often missing in public sector bureaucracy.
- Appraisal of an employee should be done in terms of his / her 'performance on the job', i.e., his / her achievement in terms of 'net results' in relation to the goals of organization. The result should be appraised in terms of four universal criteria:
 - quantity of the product,
 - quality of the product,
 - cost per unit, and
 - time taken to produce the product.
- The criteria for relative performance evaluation or peer comparison should be appropriately designed in terms of the goals and objectives of an organization and should be uniformly and importantly applied to all members of a peer group.
- The 'norms' for performance may be set on the basis of the peer group's 'actual average' output in a given period. All the members of the peer group would be ranked in order of their performance at the end of every appraisal period.

Ojha in his research work 'HRM in skill development Institutions in Nepal' found that the performance appraisals were not fair, accurate and based on the requirements of nature of jobs. The absence of proper job descriptions made the evaluation of work very complicated, so it created problems than to help the employees. Supervisors were not professionally ready to undertake this sensitive task judging others (Ojha, 1996: 129).

In public enterprises, the performance evaluation of employees is done on the basis of general principles prescribed by the Public Service Commission. Performance appraisal is done by (a) Supervisor, (b) Reviewer, and (c) Division Chief in every six months. A rating scale is used to allocate marks for various traits related to job performance and personality. The chief executive has the authority to do performance appraisal.

It can be concluded that performance appraisal in Nepal has remained ritualistic, unsystematic and ineffective. Personal biases and judgment of evaluators dominate the appraisal system which does not motivate employees towards higher performance.

Performance Appraisal in Tea Industry:

Most of the private sector enterprises in Nepal lack systematic performance appraisal system. Personal judgment and subjective assessment of owner-manager serves as the key criteria for performance appraisal (Agrawal, 2004: 232). Formal and systematic performance appraisal system was non-existent in tea industry of Nepal.

No tea estates under study used any kind of prescribed forms to assess or measure the job knowledge and skills and other personal qualities of the employees as practiced in the government institutions.

The management used to follow informal practices of performance appraisal i.e. general observation method, not in a time-bound system. In course of informal discussions with the managers however, they claimed that the annual salary increment and promotion of employees were based on the result of performance evaluation. During informal discussion with the administrative officer of NTDC, he stated that the bases of performance appraisal of the employees were factors like attendance, hard work, discipline, sincerity and co-operation.

The employees during interview responded that they did not know as to how and who evaluated their job-performance due to lack of formal evaluation system. However, they guessed that the supervisors and senior staff might assess their performance during supervision. However, the workers who perform manually in the tea garden have fixed amount / quantity of tasks to be fulfilled within 8 hours of working in a day. The standards for works as fixed by the tea estate management called tasks, eg. a worker has to pluck 26 kgs. of green leaves in 8 hours was the bases for measuring performance used for paying wages. More than the task is paid extra money as incentive and less than the task is deducted from fixed rate of pay. So, the workers' job performance could be evaluated on the basis of fixed tasks of different types of works they perform. Other personal traits of the employees were evaluated on the basis of day-to-day supervision by the supervisors and their reporting to the management.

For employees other than laborers, there were no any kinds of formal and systematic methods of performance appraisal system being practiced in tea estates under study. It was the sole responsibility of the manager to evaluate their performance through day to day direct observation at work. Due to lack of specified criteria for measuring their performance and personal traits such as abilities, skills, knowledge etc., the appraisal had to be based on subjective-judgment of the seniors and the manager.

During filed-survey, employees were asked to respond about the performance appraisal system being practiced in tea estates under study. Many of them did not respond clearly because they did not have clear idea about performance appraisal. However, after discussions on this topic they responded in different ways as presented in **Table 5.7**.

Table 5.7 **Employees Satisfaction Over Performance Appraisal System**

Groups of Employees	Number of Respondents	Number of Responses			
		Satisfactory	Moderately Satisfactory	Not Satisfactory	No Idea
Managers/ Officers	12	3 (25%)	6 (50%)	3 (25%)	–
Assistants	80	8 (10%)	20 (25%)	28 (35%)	24 (30%)
Laborers	130	13 (10%)	26 (20%)	26 (20%)	65 (50%)
Total:	222	24 (10.8%)	52 (23.42%)	57 (25.68%)	89 (40.1%)

Above table exhibits that in officer level 50% of them responded the performance appraisal practices to be moderately satisfactory and 25% each responded as satisfactory and not satisfactory respectively. In staff and sub-staff level their responses are divided and majority of them 35% were not satisfied with the practices of performance appraisal; and 30% of them responded that they did not have any idea about performance appraisal being practiced in the tea estates under study. Similarly 50% of the laborers did not know about performance appraisal practices. Many of them did not have idea about performance appraisal system, so they responded in an undecided manner. Only 10% of them responded that the performance appraisal system was satisfactory and 20% each responded to be moderately satisfactory and not satisfactory respectively.

To identify whether or not there is any significant relationship among respondents responses over performance appraisal system Chi-square test was done with Null hypothesis HO: as there is no significant relationship among respondents' responses and Alternative hypothesis: H1: as there is significant relationship among respondents responses. Chi-square (χ^2) at 5% level of significance for 4 degree of freedom is 9.49 and calculated value of χ^2 is 17.0412. Since calculated value of χ^2 is greater than the tabulated value of χ^2 , i.e., null hypothesis is rejected. This implied that there is significant relationship among respondent's responses.

From the field survey and discussions with the employees of tea estates it was found that due to lack of formal and systematic performance appraisal system, employees were not well familiar about it. No any kind of forms containing different criteria and personal traits

were used to evaluate employees' performance. So, supervisors also felt problem to appraise their subordinates' performance. There were no systems of reporting about the employees' performance in writing. The managers' or supervisors' subjective personal judgment was taken as the basis of reward and punishment of the employees. All these shortcomings related to performance appraisal thus suggest that the tea industry in Nepal should adopt formal and systematic performance appraisal system.

Promotion:

Promotion is the vertical movement of an individual in an organization's hierarchy, accompanied by increased responsibilities, enhanced status and usually with increased income, though not always so (Manappa and Saiyadaan, 1993 : 186). It is the advancement of an employee to a higher job-rank in the organizational hierarchy accompanied by a pay rise (Pigors and Myers, 1981: 303). Employees consider their ultimate success of their career and performance in terms of the number and frequency of promotion they get during their service. Yoder et al observed that promotion provides incentive to initiative, enterprise and ambition, minimizes discontent and unrest, attracts capable individuals, necessitates logical training of advancement, and forms and effective reward for loyalty and cooperation, long service, etc. (Yoder et al ; 1985). It increases satisfaction in the employees that their talents and capabilities are being recognized. In turn, they trust the organization and devote for the accomplishment of organizational goals and objectives.

In Nepal, the Civil Service Act was promulgated in 1956 which stated that promotion should be given to civil service personnel on the basis of work efficiency (Civil Service Act, 1956, Article 8, (2)). Many changes have been done in the promotion system of the employee in the government organization since that time. The Administrative Reform Commission formed under the chairmanship of Mr. Vedananda Jha suggested that the promotion criteria for civil service personnel should include (a) seniority, (b) experience, (c) academic qualification and training, and (d) departmental performance report including co-operative attitude. Another Administration Reform Commission formed under the chairmanship of Mr. B.B. Thapa noted as promotion occupied special importance in the career development of employees, so capability to hold higher promotion and the capacity to perform the work satisfactory in the present position were the main criteria of promotion (GoN, 1976, Report of Commission). Amendments were done in the Civil Service Rules in 1978 and 1983. Similarly the Administrative Reform Committee formed under the chairmanship of the then prime-minister Mr. G.P. Koirala in 1991 emphasized performance oriented promotion system. The new Civil Service Act, 1992 laid stress on performance ability with criteria such as past performance, seniority, work experience of remote area, and academic qualification.

Similarly, the comparative weight-ages of promotion criteria of civil service employees were changed after 1992. **Table 5.8** depicts the weight-age of promotion criteria practiced in the civil service of the government.

Table 5.8 **Weight-age of Promotion Criteria**

Civil Service Act 1992		After 1992	
i. Performance	50%	1. Performance Evaluation	39.0%
ii. Seniority	20%	2. Experience	22.8%
iii. Work in remote area	15%	3. Remote Area	8.1%
iv. Academic qualification	15%	4. Special responsibilities	1.6%
		5. Decoration honour	4.2%
		6. Academic Qualification	19.5%
		7. Training	2.9%
		8. Research	1.9%
	100		100

Above-mentioned matters related to promotion of employees in the government institutions revealed that there was a trend to promote employees on the basis of work performance. However, the regular promotion practice in fixed interval of time was lacking (Ojha , 1996 : 150).

Promotion Practices in Tea Industry:

The tea estates under study did not have their promotion policy. The promotion system and practices were not systematic. There were no any written rules regarding promotion of employees. However, the management would occasionally promote the employees to the upper rank as and when they felt necessary in certain job-positions lying vacant. While offering promotion to any employee, the management did not adopt any specific procedures based on certain criteria like seniority, training and experience, academic qualification, performance evaluation etc. Whenever there occurred a vacancy in a particular department, the head of the department would inform the manager who in turn recommend the names of prospective employees to the managing director. The manager would recommend the names of senior and capable employees with certain years of service for promotion consideration. The managing director or in some cases the board of directors used to take the final decision for the promotion. So, promotion of the employees would entirely depend on the personal judgment of the owner cum managing director of the tea estate.

Management succession planning which identifies high potential employees as successors to key jobs that are likely to become vacant in future was completely lacking in tea industry. MSP consists of information on each manager about current performance, long term

growth potential, promotability and development needs. If managerial shortages are spotted to fill in vacancies in the MSP, candidates could be developed through training and management development, special assignment, job rotation, understudy etc.

MSP encourages hiring from within the organization i.e. promoting employees for managerial posts to fill vacancies. Qualified candidates could be systematically placed in the right jobs through promotion.

During field survey and interview with the employees, a few questions were asked related to their promotion such as: (i) how far do you feel the promotion prospect is wider in your company? , (ii) how do you feel about promotion system in your company? , (iii) how many times have you been promoted since joining the job? , (iv) to whom would you like to acknowledge for your promotion? , (v) are you satisfied with the existing promotion policy and practices of your company?, and (vi) they were also asked to rate some of the factors causing promotion.

The employees' responses regarding the promotion prospect, majority of workers (49.55%) responded that it was less wide. Only 34.23% of the employees responded it to be moderately wider and very few 16.22% of them responded it to be wider (See **Table 5.9**).

Table 5.9 Promotion Prospect

Group of Employees	Number of Respondents	Number of Responses		
		Wider	Moderately Wider	Less Wider
Managers / Officers	12	–	4 (33.33%)	8 (66.67%)
Supervisors / Assistants	80	10 (12.5%)	30 (37.5%)	40 (50%)
Laborers	130	26 (20%)	42 (32.5%)	62 (47.69%)
Total	222	36 (16.22%)	76 (34.23%)	110 (49.55%)

With regard to their feelings about promotion system and practices, the employees were not satisfied so much. Their responses are presented in **Table 5.10**. The table clearly shows that majority of the employees (54.95%) felt the existing promotion system and practices to be unsatisfactory. 32.88% of the employees interviewed responded that the promotion MSP system was moderately satisfactory.

Table 5.10 Employees' Feeling about Promotion System

Group of Employees	Number of Respondents	Number of Responses		
		Satisfactory	Moderately Satisfactory	Not Satisfactory
Managers / Officers	12	2 (16.67%)	4 (33.33%)	6 (50%)
Supervisors / Assistants	80	12 (15%)	30 (37.5%)	38 (47.5%)
Laborers	130	13 (10%)	39 (30%)	78 (60%)
Total	222	27 (12.16%)	73 (32.88%)	122 (54.95%)

The chi-square test was done setting Null hypothesis HO: as there is no similarity in the perception of respondents of different groups pertaining to the existing promotion system, and Alternative hypothesis H1: as there is similarity in the perception of respondents of different groups pertaining to the existing promotion system.

The calculated value of $x^2 = \frac{\sum(O - E)^2}{E} = 3.2654$ and the tabulated value of x^2 at

$(3 - 1) (3 - 1) = 4$ degree of freedom at 5% level of significance is 9.49.

Since the calculated value of x^2 is less than the tabulated value of x^2 , i.e., the null hypothesis is accepted. This implies that there is no similarity in the perception of respondents of different groups pertaining to the existing promotion system.

As regards the promotion received by the employees, very few of them replied positively that they were promoted after years of working in the tea garden. Those who received promotion generally gave the credit for their promotion to the owner / manager of the tea estates. As regards the criteria for promotion the employees were not clear. However, they were asked to rate different factors causing promotion. They randomly tick marked the questionnaire provided to tick mark. **Table 5.11** shows their responses of supervisors / assistants of the tea estates under.

Table 5.11 Ranking for Promotion Factor

SN	Factors	Total Space
1.	Academic Qualification	22 (27.5%)
2.	Seniority	18 (22.5%)
3.	Merit and Efficiency	68 (85%)
4.	Hard Work	52 (65%)
5.	Discipline and Honesty	40 (50%)
6.	Loyalty to supervisors	22 (27.5%)

The number of staff and sub-staff who responded was 80, out of which a majority of 85% ranked merit and efficiency as the most important basis for promotion. Hard work was rated as second important basis for promotion followed by discipline and honesty. Laborers did not respond clearly about the ranking of factors responsible for promotion.

During field survey and discussions with the management about promotion they responded that promotions of employees were taken as the annual increment of grade in the salary of employees. Laborers were not included in these categories of employees because they were paid on daily wage basis in flat rate pay. In a rare case employees were promoted to higher post when any post lay vacant. But it took years to get promotion, due to absence of systematic and time-bound promotion policy and practices. Hardly any worker was promoted to 'Sardar' and from 'Sardar' to 'Senior Sardar'.

In all tea estates under study, except one, i.e., Himalaya Goodricke Tea Estate Pvt. Ltd., the accountants were working for more than ten to fifteen years, in the same post. They were never promoted to higher posts as Accounts Officers or senior accountants. In the name of promotion they were provided with a small increment in the salary but were labeled as 'accountant' only. It was only Himalaya Goodricke Tea Estate where there were sub-accountant, cashier and accounts-officer with their specific job-responsibilities. In other tea estates there was no classification of job-positions with clear hierarchy and job-titles. Only one position of 'accountant' was fully responsible for financial transactions and keeping books of accounts of the company. One office clerk used to keep records of attendance and other activities of large size workers of the tea garden. The clerk was like office assistant to the manager who kept records of administrative works. He was also never promoted to officer level post as 'administrative officer'. Except a few personnel working in the office all employees ranging from manager, assistant managers, and supervisors to laborers had to work in the field (tea garden and factory). Due to the nature of jobs in the tea estates, the upper level posts being very few, the promotion systems and practices in the tea estates were not systematic and wider.

Summary and Conclusion:

Over the years, training and development of human resources have become increasingly popular as an important HR tool for improving employee and management performance in the organizations. Successful trainings in organizations depend upon a systematic approach involving careful needs assessment, solid program design, and through evaluation of results. Training is a must to improve knowledge, skills and attitudes which equip the employee to become more effective in his present job or prepare him for future assignment. But unfortunately, human resource development has remained an area of least priority in Nepalese organizations. Training is not regarded as an investment in human capital. Separate budget is not allocated for training and development of employees. Nepalese organizations lack objectives, policies and programs relating to employee development. They do not give much attention to developing their managers to assume greater responsibilities in the future.

To sum up, none of the tea estates under study had any training and development policy and declared training programs. The tea management availed on-the-job training on casual basis. Due to lack of efficient training institutions and budget, training program was not taken as a continuous activity by the tea management. However, the workers and the employees (83.78%) responded that training was necessary to enhance their knowledge and skills to perform the job better. The plantation managers also opined that training was necessary to change the workers and employees behaviors and attitude thereby increasing their commitment.

Formal performance appraisal system was lacking in the tea industry due to lack of proper job description. Performance appraisal whatsoever was based on informal practice of general observation. Due to absence of systematic performance appraisal, the tea management could not obtain information for making decisions on issues such as promotion, pay scale increase, training and development etc. As the organization did not pay attention to train the supervisors in the art of writing appraisal report, they experienced anxiety and difficulty about judging subordinates' performance. The managers responded that employees' performances were generally judged on factors like attendance, hard work, discipline, sincerity etc. through observation at work situation.

The tea estates under study did not have proper job classification with clear-cut hierarchy of job-positions. Similarly the labor force was not divided into unskilled, skilled and highly skilled categories. Management succession planning was non-existent in the tea

industry to identify the potential employees as successors to key jobs. All these led to a less wide prospect for promotion of tea employees. The management would occasionally promote the employees whenever a particular job-position lay vacant. There were no any formal rules, procedures and criteria such as seniority, training and experience, academic qualification etc. to be used while promoting employees. So promotion of employees was based on personal judgment of the owner / managing director as recommended by the garden manager.

In view of the poor training and development, performance appraisal, and promotion system prevalent in the tea industry, the following measures are necessary to be implemented:

- The tea estates should establish separate personnel department with qualified staff to conduct training and development programs on regular basis.
- The tea estates should formulate policies for training and procedures for performance appraisal and promotion of employees with specific criteria.
- There should be top management commitment and support for employee development plans and programs along with sufficient budget.

CHAPTER : VI

COMPENSATION MANAGEMENT

Employees work for money, and money is used to attract, motivate and retain the best employees. So how much should an employee be paid is the subject of compensation administration (Decenzo and Robbins, 1998; 424). Compensation is the term synonymously used as salary, wages and other facilities paid to an employee for his job (Dale Yodar, 1979; 615). Compensation management is a matter of vital concern for human resource management. Organizations need to design and manage appropriate compensation structure to attract, retain and motivate the employees they want.

This chapter examines the current state of wages / salaries, benefits and services in the tea estates under study. It specifically deals with the issues relating to national minimum wage structure, determination of wages and legal provisions, internal wages / salary structure, benefits and services prevailing in the tea estates, and the views and opinions of the employees regarding wages / salaries and benefits.

Compensation:

All forms of financial rewards received by employees are known as compensation. This includes all forms of employees' pay or rewards arising from the employment (Dessler, 1994). It is composed of the basic wage or salary and incentives or bonuses and benefits. Compensation can be direct or indirect. Direct compensation consists of pay (wages and salaries) and incentives such as piece wage, commission, bonus, profit sharing, stock options etc. Indirect compensation consists of (a) benefits: such as pay for time not worked paid (leaves, holidays, vacation), protection programs (pension, gratuity, insurance) and executive benefits (free telephone, newspapers, rentals etc.) and (b) services and perquisites such as housing, transport, food, loans, children education expenses, discount on purchases, credit cards, social-cultural recreational activities etc.

Wage means all remuneration (whether by way of salary, allowances or otherwise) expressed in terms of money, which could, if the term of the contract of employment, expressed or implied, were fulfilled, be payable to a person employed in respect of his employment. Wages includes any payment to an employee in respect to any period of authorized leave, lock-out, strike which is not illegal or lay-off and other additional remuneration, if any paid at intervals not exceeding two months (Dahal etal, 1999; 29).

The common terms wages and salaries paid to the employees have some differences because of differences in the nature of work undertaken. Wages tend to be a fixed hourly or

weekly rate paid to production operations and the manual craft employees, whereas salaries are usually an annual figure paid monthly to managerial and professional staff that manage and administer the organization. There are number of allowances such as unsocial hours payments, attendance bonuses, tool and dirty allowances, overtime and productivity bonuses that are added to basic wages, often negotiated by the trade unions. Salary is the contractually agreed rate for a job, which the employee receives on a regular basis regardless of performance.

Wage and salary have two connotations from the standpoint of employers and employees in organizational settings. First, the employers perceive wages as cost of their business efforts and are keen to reduce labor cost per unit of output. Second, employees consider wages as means for satisfying their needs in terms of an expected standard, and hence desire to receive as much as possible. So, financial compensation of human resources is a crucial problem involving several emotional components (Dwivedi, 2000; 317). Megginson (1997; 380) points out that compensation is provided for two reasons including as a reward for past service to the enterprise and as a stimulus to increased performance in the future. Financial compensation has tow functions: the equity function and the motivational function. The equity function tends the individual employee to feel that the existing reward system of the enterprise in the form of wages, salaries, bonuses, etc. provides them adequate compensation for the physical and mental efforts and contribution. And the remuneration determines its motivational effects on performance.

Though fairness in pay and benefits is pursued by both employer and employees, the question of fairness frequently arises in the administration of an organization's compensation program. Employees in any organization look for one or more of the following:

- a fair day's pay for a fair day's work;
- a reward system which is seen to allocate rewards fairly;
- some link between the individual's contribution to the organization and the rewards received;
- rewards in line with those that are paid to do similar jobs in other organizations;
- some forms of progression in pay, particularly in managerial and professional jobs;
- certain minimum benefits, such as paid-holidays, sickness pay and a pension, gratuity etc.

(Cushway, 2001; 154,155)

Beach (1975: 643) visualizes four objectives of wage and salary administration system as:

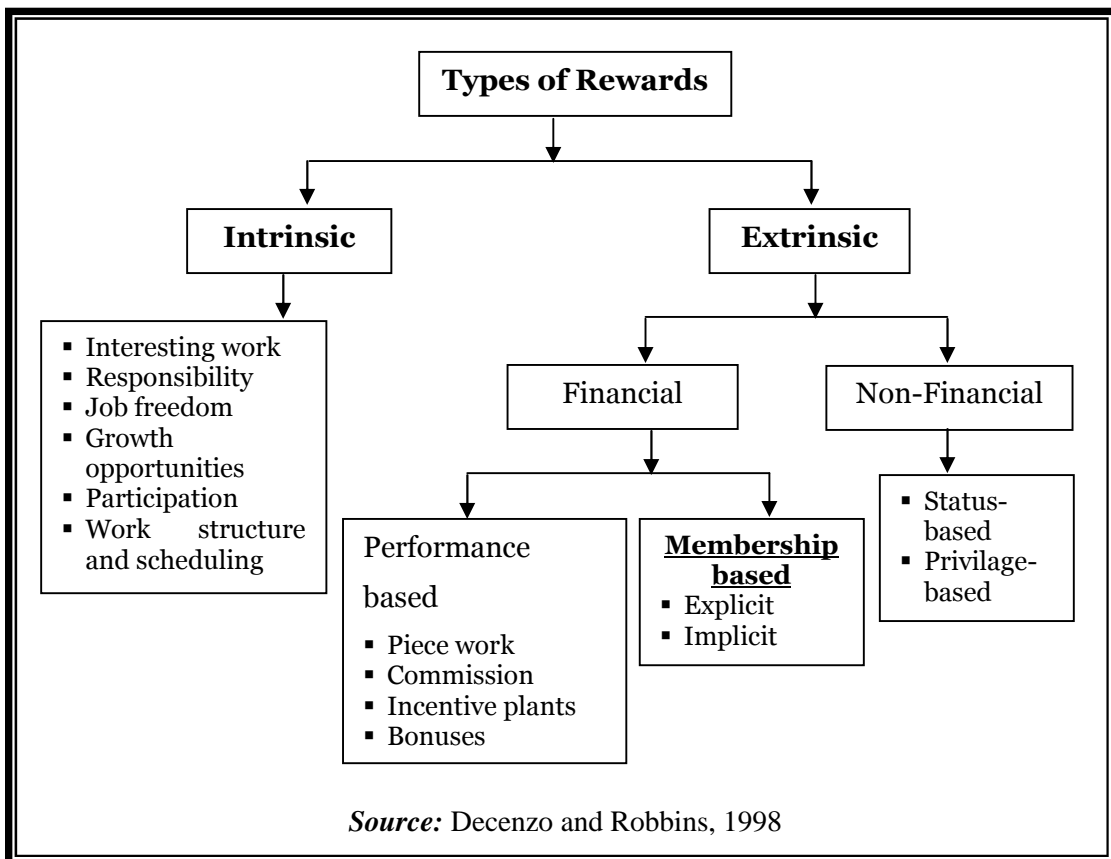
- wage and salary levels form effective measures to attract human resources for recruitment purposes in a competitive labor market;
- a carefully designed compensation system facilitates control of wages and salaries and labor costs;
- compensation system seeks to maintain satisfaction of human resources reducing voluntary separation and grievances stemming from inadequate or inequitable wages, as perceived by the employees; and
- the compensation system purports to induce and reward improved performance and forms an effective motivator.

The reward strategy is a key component of the organization's corporate strategy. It is important not only because it appears to be one of the biggest items on the balance sheet, but the way in which employees are rewarded in terms of their pay and benefits sends powerful message to them, shareholders and the public in general (Cushway, 2001; 153).

Reward consists of a package of:

- a. **Pay:** Wages and salaries given for performing work.
- b. **Benefits:** These are payments in addition to pay, such as paid-holidays, vacation-leave, pension-gratuity, insurance etc.
- c. **Services:** They increase employees' well-being, for example: housing, transport, food, loans, discount on purchases, children's education, recreation etc.
- d. **Job-related rewards:** Such as a promotion, participation in decision making, greater job-freedom, opportunity for growth, status etc. **Figure 6.1** exhibits the types of rewards.

Figure: 6.1 **Types of Rewards**



Beach (1975: 646-47) visualizes seven elements or issues in wage and salary administration as under:

- a. **Pay Levels:** This relates to the problem as to whether the wage structure is high, average or low which is determined by competitive labor market and industry rates, financial position of the enterprises, managerial policies and allied consideration.
- b. **Internal Pay Structure:** It relates to the hierarchy of pay rates, pay grades and job classification and revolves around the job evaluation.
- c. **Individual Pay System:** It relates to the classification of individuals into job titles and pay grades involving determinations of how much compensation they should be paid based on seniority and merit.
- d. **Payment by time:** It relates to remuneration paid in terms of time spent on the job while payment by output involves financial compensation in terms of units of output as indicated by wage incentive plans.
- e. **Special problems of managers and professionals:** It relates to incentive plans, tax-saving and fringe benefits plans and pay plans in terms of qualifications and performance.

- f. **Fringe benefits and pay supplements:** These include insurance, pensions, paid holidays, bonuses, profit sharing and allied factors which are significant components in the compensation system involving substantial labor costs to enhance the attractiveness of a job.
- g. **Control of wages and salaries:** Several measures such as annual review of job classifications, evaluation of incentive plans and careful budgeting of pay increases can be used. Wage and salary surveys can be conducted to gather factual information on pay practices among firms in the industry, which serve as benchmarks for comparing compensation levels. And finally pay structure is determined which consists of a sequence of pay ranges with a defined maximum and minimum. The compensation structure is reviewed from time to time to adapt it to the changes in the environment and cost of living.

Determination of Wages / Salaries:

Compensation management consists of designing the lowest cost pay structure that will attract, retain, and motivate the competent employees, so several factors have to be taken into account while determining compensation. The factors that influence compensation are:

- **Legal Framework:** Government laws, regulations, and decisions that stipulate minimum wages, overtime rates, hours of work, benefits, tax implications etc.
- **Organization's Compensation Policies and regulations.**
- **Union Pressures:** The relative strength of unions and employees while negotiating pay settlements.
- **Equity Considerations:** Fair pay in terms of equity i.e. same rates for similar type of jobs.
- **Competition:** Compensation should match the market rates accounting for inflationary pressures.
- **Job Evaluation:** The relative worth of a job to the organization. Job requirements affect pay structure and level.
- **Productivity:** A new trend to link pays with performance.

In Nepal, poor salaries / wages have always been the basic factor responsible for causing strain between the workers and management. So the determination of wages and salaries occupies an important place in compensation management of any enterprise. The essence of compensation administration is job evaluation and the establishment of pay structure. Job evaluation seeks to rank all the jobs in the organization and place them in a hierarchy that will reflect the relative worth of each. It should be used as means to determine the organization's pay structure. However, external labor market conditions, collective

bargaining, and individual differences may require a compromise between the job evaluation ranking and actual pay structure.

There are four methods of job evaluation in practice, namely, ranking, classification, factor comparison, and point method. Any of the four job evaluation methods can provide the necessary input for determining organization's overall pay structure.

The determination of wages and salaries is influenced by several factors such as legal framework, organization's policies and regulations, union's pressures and collective bargaining, prevailing market rates, job evaluation and productivity etc. These factors work together to determine the wages and salaries of the enterprise.

Wage determination has assumed several forms in the past. At the initial stage, government intervention in the labor field was rare and wages were determined unilaterally by employers depending on market conditions. With the advent of democracy in 1951, labor unions were organized and demands were made for increment of wages and other fringe benefits. The refusal of meeting the demands led to strikes and lockouts, and later the government introduced Factory Act 1959, which contained separate clauses for wage determination.

Nepal does not have a permanent wage board. Wage committees were set up from time to time consisting of the representatives of the government, employers and employees. The first wages committee was set up in 1965, which took into consideration the following points as criteria for fixing wages such as (i) subsistence needs of the workers, (ii) dearness allowance to meet the rising cost of living, (iii) efficiency of the workers, and (iv) paying capacity of the industry. Minimum wages for different categories of workers were fixed in 1966. Thereafter revisions were made in 1974; 1979; and 1981 respectively. Collective bargaining in Nepal is based on the voluntary practices, as there is no law to govern it. So the practice is based on negotiations between labor unions and employers at plant level and agreements are signed relating to wages and other benefits.

Government policies and regulations stipulate minimum wages, overtime rates and benefits, which the employers must meet. Unions through collective bargaining with the employees negotiate pay settlements. Similarly, productivity of the organization affects the pay structure – the new trend to link pay with performance. Job evaluation serves as basis for developing the organization's pay structure. Once the job-evaluation is done, organization can establish pay rates or ranges that are compatible with ranks or classification. Job evaluation,

however, is a difficult task with regard to the criteria such as responsibility, skill, effort and working condition etc. Most organizations use surveys to gather factual information on pay practices within specific communities and among firms in the industry. This information is used for comparison of wages. In addition to the average wage level for a specific job, other information such as entry-level, minimum wage-rates, shift differentials, over-time pay practices, vacation and holiday allowances etc are also gathered.

In Nepal, the goal of reward management is mainly a legal compliance. The Labor Regulation 1993 has made provisions for remuneration and welfare, no discrimination in remuneration, limitation, manner and time limit for deduction of remuneration, power, rights and duties of remuneration fixation committee, welfare trust, compensation against injury and others. The regulation provides guideline for compensation policy of an individual organization. Civil servants are paid according to the provisions of the Civil Service Act and Regulations. Workers are paid minimum wages and bonus according to Labor Act. Ranking through job evaluation process is generally not done. The pay levels for jobs are largely determined by market rates or legal provisions. Job grades in private sector enterprises differ from organization to organization.

The employer's prerogative for fixing wages has been eroded by legal provisions, state intervention and union pressures. However, in view of the unorganized state of labor market and prevalence of widespread unemployment and underemployment, employers still influence wage rates in Nepal (Agrawal, 2000; 350). Lack of professional management and the prevalence of family owned / managed enterprises; the reward management in Nepal has not been effective.

Determination of wages of plantation workers is a legal compliance. The tea estate management followed the very minimum wages as fixed by the government from time to time. The Labor Rules relating to the Tea Estate regulates employment and services, remuneration, welfare, health and safety of workers working in tea garden, As regards the determination of compensation, the tea estates had their own published Regulations with provisions which commensurate with the Labor Act, Labor Regulations and the Bonus Act. However, the Board of Directors enjoyed full authority to determine the pay structure and levels of other staff members other than laborers. The tea estates under study did not have similar pay structure. The pay-structures differed from one tea estate to another depending on the professional ability and bargaining power of the employees concerned.

Determination of pay structure in tea estates also depended on the state of profitability and financial status of the enterprise. No tea estates under study had a certain pay structure for the employees having supervisory roles and responsibilities because of high rate of employee turnover. Almost all tea estates under study hired upper level staff such as manager, factory in-charge, senior mechanic, field in-charge etc on contract basis. Thus the salary level for newly appointed staff differed depending on the negotiation between the employer and employee.

Practices of Minimum Wages:

The minimum wage refers to the lowest wage that may be paid by the employer to any employee or to a particular occupational group. "Minimum Wages" reflects an idea, a belief, a conviction, a demand or some measure of social justice towards providing a wage adequate to enable a worker to maintain himself and his family within reasonable standards. Minimum wages can be fixed using several benchmarks. At the lowest level is the bare subsistence minimum wage covering only the bare physical (survival) needs of the workers and dependents. The real wage level is the rate that caters to the bare physical needs plus minimum provision for education, medical requirements and certain other social necessities. At a higher level is the 'living wage' which could enable the wage earner to provide for himself and his family not merely the bare essentials of food, clothing and shelter but a measure of frugal comfort including education for children, protection against ill-health, requirements of essential needs and a measure of insurance against major risk including old age. At a further higher level is the "Need-based Minimum wage" which would add to the living wage some provisions for recreation and some social necessities. The approach to minimum wages cannot be static but varies with time, growth and development to the national economy.

It is universally accepted that a minimum wage must provide not merely for bare sustenance but for the preservation of efficiency of workers. This means that minimum wage must also provide for some measure of basic education, medical requirements and other essential amenities. There are various concepts of minimum wages such as living wages, fair wages, need based wages etc. which contain in them the elements of the physical and social needs of workers. Minimum wages must be paid irrespective of the extent of profits, the financial status of the industrial establishment and availability of workers on lower wages. It sets the lowest limit below which cannot be allowed to sink (Dahal: 1995: 7).

The ILO, being the only international body that concerns itself with the question of minimum wages has been instrumental in ensuring the right to a minimum wage for workers. The minimum wages as stated by ILO means the minimum amount payable to a worker for work performed or services rendered, within a given period, whether calculated on the basis of time or output, which may not be reduced either by individual or collective agreement, which is guaranteed by law and which may be fixed in such a way as to cover the minimum needs of the worker and his or her family, in the light of national economic and social conditions (ILO, 1992;: 13).

In Nepal, the government is empowered under Labor Act to fix the minimum wages for workers. Efforts were made to regulate wages for the first time in 1961 by incorporating statutory provisions in the Nepal Factory and Factory Workers (NFFW) Act, 1959. Section 37 (1) of the NFFW Act, consisted of the provision of legal framework for fixation of minimum wages. With the increasing demand by the workers for the fixation of minimum wages, the government of Nepal formed a Committee for the first time in 1964 to recommend about minimum wages. The committee consisted of the representatives of the government, employers and employees. The committee had taken into consideration the following principles:

- that the wages be fixed according to the subsistence needs of the workers;
- that the rising cost of living to be met by dearness allowance;
- that wages be related to efficiency of workers; and
- that while considering the wages, the paying capacity of industry be taken into account keeping in view of its profit ability (Shrestha, JB: Management Dynamics, Vol. 2, No. 1, 1982).

As per the recommendation of the committee, the government fixed the minimum wages for the first time in Nepal in the year 1965. The workers were classified into four levels as highly skilled, skilled, semiskilled and unskilled, while fixing the minimum wages.

The Government established Department of Labor (DOL) in 1971 with the responsibility of formulating labor policy and dealing with labor problems. In 1973, a Wage Board was constituted for fixing minimum wages, which adopted criteria as following:

- the minimum wages of workers should ensure the subsistence needs of one family consisting of four members.
- the capacity of the industry to pay should not be overlooked, for there is much need to protect the younger industries from adverse effects if wage increase as there is to protect the interest of workers (1973, DOL, Ministry of Industry and Commerce).

The Government adopted the International Labor Organization's (ILO) recommendations regarding the minimum wages. The General Conference of ILO, 1970 recommended that minimum wage fixing should constitute one element in a policy designed to overcome poverty and to ensure the satisfaction of the needs of all workers and their families (ILO, Minimum Wage Fixing Recommendation No. 135, 1970).

The Wage Board's Report (DOL, 1979) stated the following three-fold rationale for fixing the minimum wages as:

- The minimum wages should be linked with the cost of living of workers and the capacity of the industries to pay.
- The minimum wage should not merely be for bare subsistence but also for the efficiency and productivity of the workers.
- The minimum wages should be calculated for family consisting of four members.

The minimum wage structure being revised in 1974 and in 1979 respectively on the recommendations of the wage Committees Constituted for this purpose is presented in **Table 6.1**.

Table: 6.1 Minimum Wages Revisions

Workers:	1965: (Rs.)	1974: (Rs.)	1979: (Rs.)
Unskilled	110.00	150 (36.36%)	200 (33.33%)
Semi-skilled	137.50	173 (25.81%)	230 (32.95%)
Skilled	206.25	228 (10.55%)	290 (27.19%)
Highly skilled	309.38	320 (3.43%)	390 (21.87%)

Source: Nepal Rajpatra: Vol. 3, No. 23

The **Table 6.1** shows that the wage hike of unskilled workers in the first revision was 36.36 percent and that of highly skilled as 3.43 percent only. In the second revision the unskilled got 33.33 percent hike and the highly skilled as 22 percent. The revisions of wages show that the government adopted progressive attitude by providing higher percentage of increase to the unskilled workers than the skilled ones. It is also seen that there has been substantial improvement in the minimum wage structure from 1965 to 1979.

In 1982 a tripartite National Labor Advisory Board was set up under the Chairmanship of the secretary of Ministry of Labor and Social Welfare to provide suggestions to the Government regarding issues relating to labor. The Director General of DOL was its member-secretary and the board was represented by five nominees from the government,

employers and employees. In 1983 the Pay Commission was formed which recommended the following factors for fixing minimum salary and wages:

- a. Minimum wages, particularly in manufacturing units, should be fixed on the basis of productivity of the industry and the economic condition.
- b. Minimum wages should be fixed on the basis of minimum requirements of a laborer and his family's survival.
- c. Minimum wages should be fixed on the basis of GDP per head (Pay Commission's Report, 1983).

Fixing minimum wages has been a most difficult, sensitive and controversial issue in Nepal. The unions and employers are using minimum wage fixation as a general wage revision process. The determination of minimum wages has been made more complicated by the new amendments of Labor Act. The Act has empowered the government to fix not only the minimum wages but also the dearness allowance and the facilities. The government can also fix the minimum wages on regional basis. Minimum remuneration for workers is fixed by the Government upon recommendation of the Minimum Remuneration Fixation Committee consisting of representatives of workers, management and government. The notices regarding minimum remunerations rates are published in the Nepal Gazette.

The government has been revising the minimum wages with progressive attitude as a result the wage differentials between highly skilled and unskilled categories have narrowed down. After 1979 there have been several revisions of minimum wages done by the government. A summary of the minimum wages and allowance is presented in **Table 6.3**.

Table: 6.2 Monthly Minimum Wages in Nepal (in Rupees)

Year:	Unskilled Workers:	Semi-skilled Workers:	Skilled Workers:	Highly-skilled Workers:	Minimum Daily Wage:
1981	260+50	299+50	377+50	507+50	10.40
1984	325+50	365+50	452+50	598+50	13
1986	425+50	465+50	552+50	698+50	17
1988	532+50	582+50	690+50	873+50	22
1990	800+50	850+50	958+50	1141+50	32
1992	1000+150	1050+150	1160+150	1350+150	40
1995	1000+150+300	1050+150+300	1160+150+300	1350+150+300	50
1997	1300+450+50	1350+450+50	1460+450+50	1650+450+50	63
2000	1450+666	1500+666	1610+666	1800+666	74
2003	1700+860	1750+860	1860+860	2050+860	90
2007	2200+1100	2250+1100	2360+1100	2550+1100	125

Source: Labor Office: Bhadrapur (DOL)

Note: The figure at the left represent the basic minimum wages and the additional figures are allowances fixed by the government.

The **Table 6.2** exhibits the summary of minimum wages and dearness allowances fixed by the government from 1981 onwards. Since 1981, there is a two-year pattern to revise minimum wages. It also shows, over the years, the difference between the minimum wages of unskilled and highly skilled laborer has narrowed down considerably. The amount of dearness allowance is not increased from 1981 till 1990, although the minimum wages have been changed as many as four times. In 1992 the amount of allowance was increased three times making as Rs. 150 from Rs. 50. The government was not empowered to fix the dearness allowance until the amendment of Labor Act in 1992. With this amendment the government could fix minimum wages, dearness allowance and other facilities on regional basis as well. Along with the increase in the minimum wages, the amount of allowance has also increased to a sizable amount of Rs. 500 in 1997. Increasing allowances provide two safety margins. First, the employers can skip financial obligations, like gratuity and provident funds, arising out of increased pay scales. Second, by restoring to increased allowances, the government can play safe with the complicated task of fixing minimum wages.

In the year 2000, the government revised the existing minimum wages of workers, with an increase of 11.54% for unskilled, 11.11% for semi-skilled, 10.27% for skilled and 9.09 % for highly skilled workers respectively. The dearness allowance for all categories of workers was increased at 33.2%. This way, the daily minimum wage for workers was fixed at Rs. 90. Similarly, after 3 years in 2003 the minimum wages and dearness allowances were revised. The minimum wages increased with 14.71%, 16.67%, 15.53% and 13.89% respectively for different four categories of workers, whereas the dearness allowance was increased with 29.13%. And in 2007 minimum wages were increased with 29.41% for unskilled, 28.57% for semi-skilled, 26.88% for skilled and 24.39% for highly skilled workers. The dearness allowance was increased with 27.91% for all categories of workers. This way the daily minimum wage was fixed at Rs. 125. The above mentioned figures of minimum wages indicate that the rate of increased at the interval of 3 years or more, seems to be lower than the real wage which caters the physical needs plus minimum provision for education, medical requirements and certain other social necessities.

Wage / Salary Structure in Tea Industry:

A reward structure is the way in which the organization pays its employees. This can be some kind of salary scale or grade applied to different categories and groups in the organization or it might be a single salary point or wage paid to one particular job, such as graded salary structure, individual job range, job family system, pay curves related to competency levels etc (Cushway, 2001: 161). The wage policy of any organization provides

guidelines for wage and salary administration. The marginal enterprises provide only the minimum wages required by the law, while the progressive enterprises pay more than prevailing wages to attract the individuals of higher caliber believing that superior employees provide greater productivity causing lower labor costs. Some organizations adopt a policy to pay high wages in view of a good product market demand and the union's strong bargaining power. So, the main considerations in this respect are job requirements and current wages rates in the labor market.

The tea estates under study did not have written or published wage / salary policies of their own. So the remuneration practices in the tea industry were directly influenced by the minimum wages and salaries prescribed by the government from time to time. Workers were paid wages according to the provisions for minimum wages of Labor Act. For other staff ranging from manager to supervisors, the Board of Directors determined the pay scales and benefits. Before the restoration of democracy in 1990, the employees of tea industry were not paid even the minimum wages and salaries prescribed by the Government of Nepal. The workers were exploited due to lack of state intervention and unorganized state of labor market. Most of the tea estates being owned and managed by family members, the owners fixed the wages and salaries of their employees at their personal judgment. There was no uniformity in wages and salaries structure in different tea estates. One of the reasons of low pay-structure of tea-employees was due to the uncontrolled influx of Indian workers. As the location and concentration of tea estates are on the bordering areas of Jhapa and Ilam districts with India and due to the open-boarder system, the Indian workers could enjoy easy access to the tea estates of Nepal. The presence of Indian workers in tea industry of Nepal, affected adversely for the unionization of workers as well. And due to the absence of workers' union, they could not raise voice collectively against the management for raising their wages and salaries.

From field survey and through informal interviews it was found that the tea-workers were paid very low at different rates to male, female and minor workers before 1990. *Table 6.3* shows the average daily-wages paid to the workers in tea estates till 1990.

Table: 6.3 Daily Wages for Tea Workers before 1992

Year:	Adult Workers		Minor Workers (14-16 yrs.):
	Male Workers:	Female Workers:	
1982	Rs. 9.00	Rs. 6.00	Rs. 4.00
1990	Rs. 27.00	Rs. 22.00	Rs. 12.00

Source: Field Survey

The table also shows that there was discrimination between male and female workers while paying wages in tea industry.

It was only after restoration democracy (1990) in Nepal, Labor unions came into existence with the initiative and backing of different political parties. Workers were unionized and started raising voices against the exploitation of employees by the tea estate management. As a result of the strain between labor and management, the government took the issue of employees' remuneration into account and started determining the minimum remuneration of plantation workers. In January 6, 2000 the Government constituted a nine members Committee to determine the minimum remuneration for plantation workers and submit the report to the government within one month. The committee was headed by the Director General of Labor Department and other members were from representatives of Ministry of Labor, Ministry of Agriculture, Nepal Trade Union Congress, Nepal Democratic Trade Union, GEFONT, FNCCI etc. On the recommendation of the Minimum Remuneration Fixation Committee, the government fixed new minimum remuneration for plantation workers through notification in the Nepal Gazette in May 15, 2000.

The minimum wages fixed by the government is applicable for the plantation workers as well. However, the plantation workers are not classified into four levels as for other manufacturing industries. Since 1992, the government fixed the minimum wages for the plantation workers as well. The adult (male and female) workers were paid the minimum daily wage of Rs. 62 whereas the minor workers (aged 14 to 18) were paid at Rs. 46. These minimum wages included both pay-scale and dearness allowance. The minimum remuneration has been applied in the tea industry since 1992.

Determining the relevancy of separate minimum wages for the tea estates is however a tricky issue. The trade unions have been claiming it as a discriminating practice and demanding for a single rate irrespective to industry classification. Similarly, questions might be raised for determination of wage rates for adult and minor workers. *Table 6.4* exhibits the minimum remuneration of plantation workers from 1992 onwards.

Table: 6.4 **Minimum Remuneration of Tea-Employees**

Year	Monthly Remuneration				Daily Remuneration	
	Adult Worker		Minor (14-16 yrs)		Adult Worker	Minor Worker
	Rem.	D.A.	Rem.	D.A.		
1992	850	100	650	75	34	25
1994	-	200	-	200	40	30
1997	1105	333	737	222	50.50	34
2000	1338	400	1010	265	62	46
2003	1683	400	1262	265	74	56
2006	2660	-	1952	-	95	72

Source: Nepal Gazette, and Labor Office, Bhadrapur (DOL)

Table 6.4 shows that there has been a continuous increment in the wages at the interval of two to three years from 1992 onwards. The table also shows that the dearness allowance has been introduced for the first time in 1992 for plantation workers. The amount of D.A. has been increased continuously with a sizable amount. It is also revealed that both male and female plantation workers are paid at same rate from 1992 with a separate minimum wage for minor workers. In 1994, the wages were not increased but the allowance was increased just double than the existing rate whereas for minor workers, it increased at 166.66 percent. In 1997 the wages increased as much as 30 percent for adult workers and 13.38 percent for minor workers respectively. Similarly the dearness allowance increased with 66.5 percent for workers and 11 percent for minor workers. In 2000, the wage hike was 21 percent for workers and 37 percent for minors whereas the DA increased as 20 percent and 19.36 percent respectively.

In 2000, the government fixed new remuneration for tea employees as recommended by 'Remuneration Fixation Committee', in effect from September 8, 2003, through notification in the Nepal Gazette by the Ministry of Labor and Transport Management. The minimum monthly remunerations being fixed for adult workers were Rs. 1683, and for minor workers was Rs. 1262. But the monthly allowance money remained the same Rs. 400 for adult workers and Rs. 265 for minor workers. On the basis of this new minimum remuneration, the minimum daily wages for the plantation workers were Rs. 74.00 for adult worker and Rs. 56.00 for minor worker respectively. The increases in the minimum remuneration of workers were Rs. 345 (25.78%) for adult, workers and Rs. 252

(24.5%) for minor workers respectively. However, as there was no increase in the dearness allowances, the increases in total in the daily wages were Rs. 12 (19.35%) for adult worker and Rs. 10 (21.74%) for minor workers respectively. Similarly, in the year 2006, the monthly minimum wages of both categories of tea workers were increased to the tune of Rs. 2660 and Rs. 1952 respectively. The increase has included the dearness allowances in the remuneration previously paid separately. Thus, the increase accounts for 27.70 percent and 27.83 percent respectively.

The salary structure for the staff other than laborers in the tea estates under study varied from estate to estate. It was so due to absence of legal provision for determining the salaries of plantation employees who were paid on monthly basis. The board of directors fixed the salary scales of the employees on the basis of negotiation between the two parties, namely, the management and the employees concerned. The employees who were paid salaries consisted of the manager, assistant manager, factory in-charge, accountant, mechanics, fitters, electricians, clerks, storekeepers, supervisors, peons etc. The salary structures of the tea estates differed from each other because of the financial condition, profitability and tradition of pay system of the tea estates on the one hand and other professional ability and competency of the employee concerned on the other. As most of the tea estates under study hired employees under contract basis, the turnover was very high and hence the fluctuating salary scales. Very few junior level employees were permanent job holders in the private sector tea estates.

In the tea estates under NTDC all employees other than workers were appointed on contract basis despite of being Nepalese citizens. All tea estates under study had the managers and technical personnel from Indian nationality. As such the salaries paid to the employees differed much depending on their qualification and bargaining power. The salary scales and allowances of employees in the tea estates under study differed very much especially for the post of managers and assistant managers. The salary of the manger as prevailing in the Fiscal Year 2005/2006 ranged from Rs. 10,000 to Rs. 32,000 per month. Similarly, the salary of assistant managers and factory in-charges ranged from Rs. 6,000 to Rs. 20,000 depending on the financial condition of the tea estates. However the gap in the salary scales of assistant level staff such as accountant, clerks, fitters, sardars etc. were not so much different. The average salary structure prevailing in the tea estates under study is presented in **Table: 6.5**.

Table: 6.5 The Average Salary Structure in Tea Estates
Fiscal Year 2005/2006

Position of Employee:	Average Salary (In Rupees):
Manager	18,000
Asst. Manager	11,000
Factory In-charge	9,000
Accountant	8,000
Electrician / Mechanic	6,000
Head Clerk	4,500
Store Babu (Clerk)	4,000
Bagan Babu	4,000
Senior Bahidar	3,700
Assistant Fitter	3,700
Driver	3,500
Head Sardar	3,500
Hajira Babu	3,400
Factory Sardar	3,400
Carpenter / Massion	3,300
Sardar	3,200
Chaukidar	3,200

In the survey during field visit, employees were asked to respond about their wage / salary levels in their enterprises compared to those in other similar enterprises. The employees' responses have been presented in **Table: 6.6**.

Table: 6.6 Employees' Responses about their Wages / Salaries
(Compared with those in other similar enterprises)

Group of Employees	Number of Respondents	Number of Responses			
		Higher	Equal	Lower	Don't Know
Managers/ Officers	12 (100)	2 (16.66)	-	6 (50)	4 (33.66)
Assistants	80 (100)	5 (6.25)	12 (15)	38 (47.5)	25 (31.25)
Laborers	130 (100)	-	60 (46.15)	30 (23.07)	40 (30.76)
Total:	222 (100)	7 (3.15)	72 (32.43)	74 (33.33)	49 (22.07)

The **Table 6.6** shows that 50% of the Officer-level employees expressed their opinions as they were paid lower salaries. Only 16.66% of them opined that they received higher salaries whereas 33.66% did not know about the salaries as compared to the same level

of employees working in other similar enterprises. As regards the assistants and supervisors, a majority of 47.50% of them opined that they were paid comparatively lower salaries, and 31.25% of them did not have any idea whether they were paid higher or lower. Very few of them (6.25%) considered they were paid higher and 15% of them opined their salaries to be equal as compared to other employees working in similar enterprises. As regards the laborers majority of them (46.15%) opined that they received equal wages, but 23% of them responded that they received lower and 30.76% did not know about how much other laborers received working in similar enterprises.

Table: 6.7 Employees' Responses about their Satisfaction over the

Present Salary Scales and Wages

Group of Employees	Number of Respondents	Number of Responses		
		Satisfactory	Moderately Satisfactory	Not Satisfactory
Officers	12	2 (16.67%)	4 (33.33%)	6 (50%)
Staff	80	6 (7.5%)	24 (30%)	50 (62.5%)
Workers	130	4 (3.08%)	26 (20%)	100 (76.92%)
Total:	222	12 (5.41%)	54 (24.32%)	156 (70.27%)

The employees were asked to respond about their satisfaction over the prevailing wages and salary scales in the tea estates under study. Their responses are presented in **Table 6.7**. The table reveals that a great majority of workers and employees were having similar views (not satisfied) with the prevailing remuneration scales. To test the significance of the views of employees, Chi-square test was done. The Chi-square test shows that the tabulated value of χ^2 at 5% level of significance for 1 d.f. is 3.84; and the calculated value of χ^2 $\left[\chi^2 = \frac{(O - E)^2}{E} \right]$ is 4.7157. Since the calculated value of χ^2 is greater than the tabulated value of χ^2 this means that the alternative hypothesis is accepted. Therefore it can be concluded that employees' views are significant about present wages and salaries in the tea industry of Nepal.

Employees' Benefits and Services:

Benefits are payments in addition to direct wages and salaries, which include paid holidays, vacation-leaves, gratuity, pension, insurance payments etc. Services increase employee well-being which housing, transport, food, loans, discount-purchases, children's educational expenses, recreational and cultural activities etc. Employee benefits are items in the total package offered to the employees over and above wage/salary, which increase their wealth or well-being at some cost of the employer. They are called fringe benefits, perquisites

or perks and non-wage benefits which are an integral part of conditions of employment (Armstrong, 200; 185).

Organizations provide benefits and services to attract and retain good employees. Factors like the amount of paid vacations, the number of sick-leave days, insurance and pension programs influence the employment policy of any organization. Lack of adequate benefits and services can cause employee dissatisfaction, absenteeism and turnover. Offering such benefits is often based on the compensation policy and philosophy of the company.

Tea plantation systems are not just economic production units, but rather social institutions which are able to control the lives of their resident workforce to a large extent. Plantations not only offer employment but they are also responsible for housing and other welfare activities determining the lives of workers. Although there is legislation regarding the plantation workers, the implementation and monitoring the laws seem to be weak. Moreover, plantations being commercial enterprises do not give top priority to providing welfare to workers (Verschoor, 1996).

There are several fringe benefits in the form of social obligations or legal bindings upon the company which the employees have to provide as their responsibility. The fringe benefits purport to provide a feeling of individual security against hazards and problems of life, minimize labor turnover costs, and develop a climate for employer-employee relationships and improving productivity. So the task of management is to link the benefit system with employee-needs to accomplish the desired results.

Fringe benefits can be categorized as legally required benefits and voluntary benefits. The legally required benefits include social security and medical care, unemployment compensation and workmen's compensation. The voluntary benefits are provided either unilaterally by the company or because of union management bargaining. Those include insurance premium and death benefits, paid vacations, payment for rest, lunch, festivals, profit sharing payments, discount on goods and services of the company, separation pay etc.

The nature and quantum of benefits and services being paid to the employee in the tea estates under study are discussed under following headings: growth of benefits, types of benefits and services and the cost of employees' benefits.

Growth of Benefits:

The practices of paying employees' benefits were guided by factors like statutory provisions, capacity of the enterprise to pay for the needs of employees, the bargaining power of the labor unions, and the availability of such benefits in other public as well as private enterprises. The nature and quantum of employees' benefits in the tea estates under study were decided by the board of directors of the enterprise concerned. Factors like enactment of Acts and Rules, government directives; rising profits and the bargaining power of the labor unions have contributed to the growth of employees' benefits and services.

With the enactment of Acts and Rules from time to time by the government, it became obligatory for the management to provide benefits and services such as paid holidays and leaves, overtime premium, gratuity, provident fund, compensation against accidents, bonuses, and so on. Some additional benefits like house rent allowance; medical facilities, festival bonus, Tiffin allowance etc. were transplanted from public enterprises.

The rising profits of the tea estates also contributed to the additional benefits for the employees such as recreation and welfare activities. Last but not least is the bargaining power of laborers that influenced the management decisions to introduce and increase the quantum of benefits. The increment of gratuity amount and wages are some of the examples. According to the Labor Act 1992 (Clause 22), the employer/manager has the obligation to pay remuneration, allowance and benefits to the employees and workers.

Types and Quantum of Benefits:

In the past the additional compensation did not form an important component of the employees' income and accordingly designed as 'fringe' benefits. However at present these payments form a significant part of employee compensation system. There is divergence of opinions as to what items should be included in benefits and services. Wide variations are found in the nature and quantum of the benefits available in different enterprises. Employees' benefits can be grouped under two heads: Statutory and non-statutory. Statutory benefits, which are prescribed by the statute, available in the tea estates under study are as follows.

1. Quarter Facility or House Rent Allowance:

Under the provisions of Labor Act, 1992 and the Tea Estates Regulation, 1993, the management should provide accommodation facilities within the tea estates for employees who do not have houses near the plantation. The Labor Act (41) has a provision that 5 percent of the gross profit of the enterprise has to be allocated for the purpose of workers' and employees' accommodation and the amount has to be deposited in a separate fund.

In all the tea estates under study, the workers and the employees were provided with the quarters inside the tea garden. The quarters for the officer and supervisor level staff were better with facilities like electricity, a drinking water and toilets. But for the laborers, the accommodation facilities were very poor, they were provided the huts, mostly with thatched roof and few of them were tin-roofed. There were no facilities like electricity, drinking water and toilets. Hand pumps were used for drinking water. In some tea estates, common toilets were made for workers which were not sufficient. Moreover, the condition of the quarters and sanitation facilities were very poor. Some 10 to 15 percent of the total employees and workers resided outside the tea estates, but they were not provided house rent allowance.

Table: 6.8 Workers' and Employees' Opinions about Quarter Facilities

Group of Employees	Number of Respondents	Number of Responses		
		Satisfactory	Moderately Satisfactory	Not Satisfactory
Officers	12	7 (58.33%)	3 (25%)	2 (16.67%)
Assistants	80	20 (28.57%)	40 (57.14%)	10 (14.29%)
Laborers	130	10 (7.69%)	40 (30.77%)	80 (61.54%)
Total:	222	37 (16.67%)	83 (37.39%)	92 (41.44%)

The workers' and employees' views regarding the provisions for quarter facilities have been presented in **Table 6.8** which shows that a great majority of workers (61.54%) were not satisfied with the existing accommodation facilities in the tea estates, whereas the officer level employees were in majority (58.33%) to respond as satisfactory. The majority of assistant level employees (57.14%) responded as moderately satisfactory.

2. Health and Safety:

Human resource is considered to be the most important element in the organization from the point of view of Labor Law. So the health and safety measures of the workers and employees are the responsibility of the management. There may be different kinds of risks associated with the works such as mechanical risks, chemical risks, electrical and fire risks, etc.

Both the employees and workers are required to take safety precautions and adequate protection from the risks while working in the field, office and factory. Moreover, the management is required to maintain the cleanliness, sanitation, lighting and ventilation facilities.

In tea estates most of the workers faced different risks. While working in the tea-bushes (while plucking), workers required safety equipment like apron, gumboot and rain coat in the rainy season and sacks for collecting tea leaves. They needed masks while spraying pesticides and other apparatus. Similarly they required masks and other equipment in the factory. The Labor Act, 1992 (Section 45), recognizes 'the tea estates as special enterprise' which states that the manager should provide necessary safety equipment to the employees and workers for their safety at work. In the tea estates under study workers were not provided with adequate safety equipment. The tea company provided the workers with a few items like half-gumboot, apron, and umbrella only to the permanent and temporary workers. They were not provided with any orientation and training regarding safety measures against accidents. Workers had to work with marginal equipment provided by the management.

Table: 6.9 Employees' Opinions about Adequacy of Health and Safety Measures

Group of Employees	Number of Respondents	Number of Responses		
		Satisfactory	Moderately Satisfactory	Not Satisfactory
Officers	12	3 (25%)	6 (50%)	3 (25%)
Assistants	80	10 (12.5%)	39 (48.75%)	31 (38.75%)
Workers	130	10 (7.69%)	40 (30.77%)	80 (61.54%)
Total:	222	23 (10.36%)	85 (38.29%)	114 (51.35%)

Table 6.9 exhibits the opinions of employees about adequacy of health and safety measures available in the tea estates under study. A majority of employees (51.35%) responded as not satisfactory. A great majority of workers (61.54%) responded as not satisfactory. A majority of officers and assistant level employees responded the provision of health and safety measures as moderately satisfactory. To test the significance of the opinions on similarity and dissimilarity Chi-square test $\chi^2 = \frac{(O - E)^2}{E}$, the calculated value was 22.5428; whereas the tabulated value of χ^2 at (3 -1) (3 -2) = 4 of freedom at 5% level of significance is 9.49. Since the calculated value of χ^2 is greater than the tabulated value χ^2 . This implies that there are significant similarities in the views of respondents about health and safety measures.

3. Paid Holidays and Leaves:

The tea estates under study provided the employees and workers with paid weekends, holidays and different types of leaves. These included public holidays,

home leave, sick leave, maternity leave, compassionate leave, special leave, family planning leave etc. Only the permanent employees were entitled to enjoy these leaves except public holidays.

3.1. Public Holidays:

The statutory provision of public holidays for a year is 13 days with full payment. The tea estates under study provided the public holidays as per the legal provision but in one of the tea estates it was 14 days with full payment. The public holidays in the tea estates was fixed in the beginning of each year by Labor Relations Committee (LRC) and then informed to the employees and workers through notification. In case there was absence of LRC, the decision was taken jointly by the manager and the representation of employees and workers, but if there was disagreement in this matter, the management's decision was considered to be final.

3.2 Home Leave:

Permanent employees are entitled to get annual home leave with full pay at the rate of one day for every 20 days of working time period and this leave could be accumulative in maximum of a period of 60 days. (Labor Regulations 2001 Rules 29). In tea estates under study the employees were provided with one day home leave for every 30 days of working period with full pay. Such a leave could be enjoyed with prior approval of management. For the workers home leaves could be given at the end of the year generally fixed by the management.

If the employee quit his job by resignation, retiring or for any other reason he would receive a sum of money for the leave accumulated at the rate of his current wage / salary.

3.3 Sick Leave:

The statutory provision for sick leave is 15 days at half pay for permanent employees and workers. In the tea estates under study the sick leave granted to the permanent employees and workers was 15 to 15.5 days at half pay for each year. The employees were required to submit certificates from recognized medical doctors for the sick leave of more than three days. In one of the estates the sick leave for workers was 15 days and for staff it was 16 days at half pay. The decision about sick leave in the tea estates rested on the discretion of management. In case of falling sudden sickness the employee was required to inform through quick means of communication.

3.4 Compassionate (Kriya) Leave:

The statutory provision for compassionate leave for employees (who have completed one year's continuous service in the enterprise) would get 13 days with full pay. In tea estates under study the compassionate leave was granted up to 13 days in case the employee / worker was required to take part in the mourning rite on the death of his / her parent and husband or wife. But in case of the workers / employees who were not required to perform the rite for 13 days according to their religion, tradition and customs, the manager could use his discretion to grant this leave. Such a leave would be granted generally for not more than two times.

3.5 Special Leave:

The tea estates under study provided the special leave for permanent employees as per the statutory provision of Labor Regulation, Rule 33. The employees who were bound to take the leave due to unavoidable circumstances could take special leave up to 30 days in a year with prior approval of the management. Such an employee was not provided wage / salary during the leave. But in one of the tea estates the employees were provided 3 days special leave with pay. The total time period of such a leave would not exceed six months in his / her service period.

3.6 Maternity Leave:

The pregnant women worker / employee of tea estates under study would get a total of 45 days maternity leave with full pay. Such a leave could be provided for twice in the service period. In one of the tea estates the maternity leave consisted of 60 days. But the statutory provision for maternity leave (as per Labor Regulation, Rule 34) consisted of 52 days with full pay. And in case the two children were not alive, the women worker / employee could get the maternity leave for the next tow issue as well.

3.7 Exchange (Satta) Leave:

The tea estates provided employees with exchange leave if they were made to work during public holidays due to the company's increased workload.

3.8 Family Planning Leave:

In one of the tea estates under study provided the permanent employees a maximum of 22 days leave with full pay if they did the family planning.

The tea estates' Regulation included other provisions relating to the employees and workers' leaves. It stated that the leaves were only as facilities but not rights of the employees. Without prior approval if the employees were absent, they were taken action and if they were absent for more than 30 days without information, such employees could be dismissed from their jobs.

4. Provident Fund and Gratuity:

4.1 Provident Fund:

The statutory provision regarding provident fund states that the enterprise would establish a provident fund for its permanent employees. A 10 percent of each employee's monthly salary would be deducted and the manger would contribute similar amount to the fund from the enterprise, and the amount of money would be deposited each month in the name of the employee concerned. But the tea estates under study provided the provident fund at the rate of 5 percent to the permanent employees and workers.

In one of the tea estates, the management provided at the rate of 10 percent as provident fund to the staff and 5 percent to the workers. The employee would get the deposited amount of money of the provident fund only after his / her retirement or resignation from the job. But if the manager would approve, the employee could get a loan up to 50 percent of the deposited amount at the rate of 10 percent interest, with a provision of deduction of one fourth of his monthly salary. Other provisions relating to the provident fund would be as per the provident fund Act and Rules.

4.2 Gratuity:

The provision regarding gratuity in the tea estates under study revealed that a minimum of four years of permanent service was a must to get the gratuity money.

The permanent employees of tea estates who retired or left the job due to other reasons would get a lump sum money as gratuity as following:

- For first 10 years of service – one-third of the monthly salary (last draw) for every year of work completed.
- For more than first 10 years to 15 years of service – half of the monthly salary for every year of work completed.
- For more than 15 years of service – two-third of monthly salary for every year of work completed.

The amount of gratuity money as states above would not exceed Rs. 7000; Rs. 15000; and Rs. 20000 respectively.

However, the statutory provisions relating to the gratuity (Labor Regulation 1993, Rule 116) for the employees who would retire or leave the job could get a lump sum amount of money as under:

- For the first 7 years of service – half of the monthly salary for every year of work completed.
- For more than 7 years up to 15 years of service - two-third of monthly salary of that year for every year of work completed.
- For more than 15 years of service – one month's salary of the year for every year of service completed.

From the discussion as mentioned above it is obvious that the tea estate-employees would get less amount of money as gratuity as compared with employees of other manufacturing enterprises. Firstly, in the tea estates, the retiring or resigning permanent employees were entitle to get the gratuity only after completing 10 years of service whereas in other enterprises it was only seven years of service to be completed. On the other hand the rate of paying the gratuity money was also less (one-third of monthly salary) in the tea estates, which was a half-month's salary in other enterprises. Secondly, the rate of gratuity money paid to the employees having completed up to 15 years of service differed greatly. It was at the rate of a half of the monthly salary in the tea estates whereas statutory provision was at the rate of two-third of the monthly salary. And thirdly, the employees completing more than 15 year of service in tea estates would get only two-third of monthly salary as gratuity money or not exceeding Rs. 20000 whereas the statutory provision was one month's salary for every years of service completed.

Other provision as mentioned in the tea estate Regulations stated that the gratuity money for the employees would be as per the Factory and Factory workers Rules 1963, who were working in the enterprise before introduction of Labor Regulation 1993. It was also stated that the employees being dismissed from the job due to misconduct would not get the gratuity.

5. Medical Facilities:

The statutory provision states that the management would provide medical facilities to the workers and employees having any kind of physical injuries on duty for the immediate treatment. The tea estate regulation also has a provision that the management should establish a treatment-center with medicines under the charge or supervision of a health assistant having professional training.

The tea estates under study provided medical facilities to the workers and staff for first-aid treatment. Medical kits were found kept for the treatment of minor physical injuries and simple medicines were made available. In some tea estates a separate room was allotted as health clinic with part-time service of medical assistant and nurses. The dispensary established in the tea garden provided free first-aid service for the employees having small injuries. The tea estates also provided medical expenses as compensation to the workers / employees if injured at work on the recommendation of a recognized medical officer. In case the employee, due to physical injury, was unable to work and was required to stay at hospital or at home for the treatment, he / she was provided with full pay while staying at hospital and half-pay while staying at home in addition to the compensation. But for more than one year, no any remuneration would be paid. In one of the tea estates, the staffs were provided with one month's extra salary and workers were provided with half-month's salary as medical expense every year.

6. Compensation against Accident:

In case any laborer met with an accident while working in the enterprise and became physically disabled or lost his life, he / she or his / her family would receive the compensation as per statutory provisions as under:

6.1 Compensation for physical disability:

If an employee or a worker, while carrying out his/her duty, met with an accident and lost some parts of body or became physically disabled, she/he would receive the compensation as per the prescribed details of disability as mentioned in the Tea Estates Regulation. In the event of physically disability being 100 percent, such as employee/worker would receive the amount of money equivalent to his/her four years remuneration. A recognized medical doctor should certify the percentage of such a physical disability.

6.2 Compensation against death:

In case of death of the employee / worker while working in the enterprise, his / her nearest family member would be provided an amount equivalent to three years remuneration as compensation. But if the worker / employee would die due to natural calamity, his / her family would not get any compensation as per this rule.

6.3 Termination from job with compensation or gratuity:

If the employee/worker sustained any physical injury and became disabled and could not gain health even after treatment for one year, such an employee/worker would be terminated from the job by giving compensation as per rule and gratuity.

7. Child Care Center (Crèche):

Enterprises employing 50 female workers or more are required to provide a place for their children (under 5 years of age) to be kept safely with care by trained care-takers. Such mother-workers should be provided break time for breast-feeding their children (Labor Act 1992 _ Sec. 42). Tea industry where more than 60 percent workers are women, crèches are required much for sheltering the infants of mother-workers. In tea estates under study women (mother-workers) were found commonly, where they came to work in the garden carrying their babies with them. No tea estates under study provided sanitarily good crèches with necessary arrangements and trained nurses. Instead they provided temporary sheds such as tents in the tea garden where the mother-workers were sent to work, especially, plucking tea leaves. The crèches were nominal with no facilities like beds, cradles, toys etc. One of the women workers was appointed to look after the children where they were served with milk and biscuits.

Tea estates under study did not provide other statutory benefits such as bonus, rest-room, canteen insurance, employee welfare funds, financial assistance, children's education, sports facilities etc.

Non-Statutory Benefits and Services:

Some of the non-statutory benefits and services being provided by the tea estates under study are as follows:

1. Loans and Advances:

The permanent employees / workers were provided loan or salary advance facility as per need with the provision of deducting from their salaries / wages. In one of the tea estates such loans and advances were provided for medical treatment, marriage, death of the employees' family member. For the staff, an

amount of 2 months salary could be granted with the provision of returning the same within 3 months of time period. For workers, a maximum of Rs. 1500 could be granted, that was to be returned within 10 weeks. The management decided solely on this matter whether or not to grant loans and advances. Such a facility would be provided only once a year.

2. Festival Bonus:

The permanent employees / workers were provided 'Dashain Bonus' every year at different rates in the tea estates under study. The amount of Dashain Bonus was found changing every year depending on the joint agreement between labor union and management. In one of the tea estates out of 10, the 'Dashain Bonus' being distributed to the employees / workers changed every year (See *Table 6.10*).

Table: 6.10 **Dashain Bonus**

Year:	Dashain Bonus:
2000/2001	Rs. 800
2001/2002	Rs. 850
2002/2003	Rs. 912
2003/2004	Rs. 1210
2004/2005	Rs. 1628

Source: Field Survey

In another tea estate the 'Dashain Bonus' was given an amount equivalent to 20 days salary to both staff and workers. Further, in another tea estate the assistants were provided one month's salary and workers were provided 19.5 days salary as 'Dashain' bonus for 240 days' work in a year. In some other tea estates there was no fixed amount paid to the employees as 'Dashain' bonus, it depended on the agreement between management and union.

3. Uniforms and Amenities:

The estates under study provided uniforms to some of the permanent employees such as guards, chaukidars, office peons, drivers, factory-helpers. The uniform contained a pair of trouser and shirt which were provided once a year.

The plantation workers were provided with apron and a pair of half gumboot each on yearly basis. They were also provided with umbrella on alternate year, to work in the rainy season.

4. Traveling and Daily Allowances:

The employees would be provided transportation allowance, when sent outside the company for performing certain tasks or while transferred from one unit to another unit. Similarly the daily allowance would be provided for the days of official visits as decided by the manager. Advances could be given to the employee concerned with a provision of clearing the same later.

5. Recreation Facilities:

Recreational activities such as games and sports, cultural club, library etc were lacking in the tea estates under study. Some tea estates provided two to three footballs to the youth-employees once a year. Cultural clubs and libraries were not available in the tea estates. One of the tea estates provided a sum of Rs. 2000 for picnic to the group of employees if they organized picnic in group.

6. Other facilities:

Some tea estates under study provided following other facilities as following:

a. Made-tea facility:

The employees / workers were provided 300 grams of tea on monthly basis and 250 to 300 grams of tea at Dashain-Tihar festival free of cost. They were also provided up to 2 kilograms of tea at company's price rate in the marriage of their family member. This facility was provided to both permanent and temporary employees who worked more than 15 days in the estate.

b. Maternity expense facility:

One of the tea estates under study provided its permanent women employee / workers an allowance of Rs. 500 for the delivery of first and second child.

c. Funeral ritual:

In case of death of the employee's father, mother, wife, husband, he / she would be provided up to Rs. 500 to perform the funeral ritual. The company also provided vehicle to be used for this purpose along with some helpers to attend the funeral.

d. Marriage ceremony:

In one of the tea estates, the employees were provided firewood, tea free of cost and 4 men / women to help at the marriage ceremony of their family members.

From the discussions about the employees' benefits and services as stated above, it is clear that the industry provided limited facilities for the plantation employees. The tea estates under study did not fulfill even the statutory provisions as per the Labor Act, 1992, Labor Regulations, 1993 and Tea Estate Labor Regulation 1993.

The employees' opinions about the adequacy of benefits such as quarter facilities, safety, medical expenses, gratuity, provident fund, leaves etc are presented in **Table 6.11**. The table shows that a majority of employees were not satisfied with the benefits and services provided to the employees by the tea estates under study. The officer level employees were satisfied (83.33%) with the quarter facilities, whereas majority of assistant level employees (57.14%) were moderately satisfied. But a majority of laborers (69.23%) were not satisfied with the accommodation facilities. Similarly more than 50% of the employees were not satisfied with the health, safety and medical facilities provided by the tea industry. Regarding Dashain Bonus, provident fund and gratuity and other facilities on overwhelming majority of the employees (more than 80%) were not satisfied.

From the table is revealed that in some benefit-items many of the officer and Assistant level employees did not respond, it was because they were mostly appointed on contract basis and they were non-citizens.

The reasons for being not satisfied with the provident fund and gratuity were because of the low rate of PF at 5 percent and the ceiling system of Rs. 20000 as gratuity. The only one item in which a majority of employees (65.12%) were moderately satisfied was Dashain Bonus, though it varied from one tea estate to another. So far as recreation facilities were concerned none of the respondents were satisfied. The crèche facility for the infant children was not good as more than 75 percent of the employees responded to be not satisfactory.

Table: 6.11 Employees' Opinions about the Adequacy of Benefits

Benefits	Group of Employees	Number of Respondents	Number of Responses		
			Satisfactory	Moderately Satisfactory	Not Satisfactory
Quarter Facility	Officers	12	10 (83.33)	2 (16.67)	-
	Assistants	70	20 (28.57)	40 (57.14)	10 (14.29)
	Laborers	130	-	40 (30.77)	90 (69.23)
	Total:	212	30 (14.15)	82 (38.68)	100 (47.17)
Health and Safety	Officers	12	3 (25.00)	6 (50.00)	3 (25.00)
	Assistants	80	10 (12.50)	39 (48.75)	31 (38.75)
	Laborers	130	10 (7.69)	40 (30.77)	80 (61.54)
	Total:	222	23 (10.36)	85 (38.29)	114 (51.35)
Medical Facilities	Officers	2	1 (50.00)	1 (50.00)	-
	Assistants	70	10 (14.29)	45 (64.29)	15 (21.42)
	Laborers	130	12 (9.23)	23 (17.69)	95 (73.08)
	Total:	202	23 (16.38)	69 (34.16)	110 (54.46)
Gratuity	Officers	2	-	-	2 (100.00)
	Assistants	60	-	10 (16.67)	50 (83.33)
	Laborers	130	-	18 (13.85)	112 (86.15)
	Total:	192	-	28 (14.58)	164 (85.42)
Provident Fund	Officers	2	2 (100.00)	-	-
	Assistants	40	-	5 (12.50)	35 (87.50)
	Laborers	130	-	10 (7.69)	120 (92.31)
	Total:	172	2 (1.16)	15 (8.72)	155 (90.12)
Dashain Bonus	Officers	2	2 (100.00)	-	-
	Assistants	40	8 (20.00)	32 (80.00)	10 (25.00)
	Laborers	130	20 (15.38)	90 (69.23)	20 (15.38)
	Total:	172	30 (17.44)	112 (65.12)	30 (17.44)
Crèche	Officers	12	-	2 (16.67)	10 (83.33)
	Assistants	80	2 (2.50)	18 (22.50)	60 (75.00)
	Laborers	130	8 (6.15)	22 (16.92)	100 (76.92)
	Total:	222	10 (4.50)	42 (18.92)	170 (76.58)
Recreation	Officers	12	-	3 (25.00)	9 (75.00)
	Assistants	80	-	15 (18.75)	65 (81.25)
	Laborers	130	-	20 (15.38)	110 (84.62)
	Total:	222	-	38 (17.12)	184 (82.88)

Incentive Schemes:

Incentives are additional rewards to wages and salaries given to employees for outstanding performance. Incentives are granted to the individual employees in terms of changes in specific results in the organizational settings. Under the system employees' minimum earning is generally guaranteed and production above the guaranteed level is enveloped under the incentive scheme (ILO, 1984; 11). The rationale underlying incentive is to change the individual's pay in terms of some criteria related to his/her organizational performance including productivity, profit or ratio of labor cost and sales prices. Incentives are related to work situation which prompt an individual to attain or excel the standards or objectives set for him/her. Properly designed incentive systems enhance workers' earnings and minimize production cost. Incentive schemes can bring about effective utilization of human resources.

Incentive may be financial and non-financial. Financial incentives may be based on individual or group performance and exert a significant impact on personal motivation. They include different types of wage incentive systems such as time rate, piece rate, differential piece rate and profit sharing plans. Non-financial incentives include advancement, security, recognition, job satisfaction, quality of supervision and good relationship with supervisors. There are two methods of payment of incentives - payment by time and payment by output.

Incentives can be awarded at different three levels as following:

- Individual Incentives: Piecework , commission and bonus
- Group Incentives: Piecework , commission and bonus
- Organizational Incentives: Productivity gain sharing, profit sharing, and suggestion plan.

Piecework incentive plan is used for production workers. The worker is guaranteed a minimum hourly rate for standard output and additional amount is paid at specified rate for each unit produced about the standard. Commission incentive plan is used for sales personnel based on sales performance given at specified percentage of sales value.

Bonus incentive plans are one-time lump sum payments for meeting a performance goal which are tied to salary level. Gain sharing incentive is linked to the overall performance of the organization which consists of profit sharing, production gain sharing, and cost reduction gain sharing and employee ownership plan.

In a developing country like Nepal, the financial incentives play a vital role as a tool for motivating workers and employees. Since 1974, bonus has been made a statutory requirement to set aside 10 percent of net profit to be distributed to the employees. However in practice it has not been implemented by private sector enterprises. Indirect incentives, such as fringe benefits, are by and large taken for granted and do not provide necessary motivation to the employees.

The prevalent type of incentive scheme is the piece-rate system because it is simple to operate and understand. Another common incentive prevalent in most of the industries is the production bonus usually paid at different rates for output which is in excess of the norms of output fixed for a unit. This scheme operated both on an individual as well as a group basis, depending on the measurability of the work done. By means of this scheme, workers and employees have been found drawing as much as double of their pay.

In the tea estates under study, the management provided incentive to the workers at a fixed rate above the prescribed production volume or task. Tea estates have established tasks for the workers which they were required to complete within fixed working hours. Incentives were provided above the tasks set for each worker.

The tasks are fixed quantity of works required to be done by plantation workers in tea estates. It is published in the Tea Estate Regulation about terms and conditions of service of workers and employees. The tasks consist of different types of works required to be done by workers in the tea garden and factory in 8 hours of time each day. The tasks are fixed in works like planting, pruning, plucking, drain works, digging, cutting trees, bushes etc., cleaning bushes and fallen trees, mulching, shade planting, sickle, manure, repairing etc. Each of these works is specified with the quantity, number, area etc. Workers performing more than the fixed tasks were paid additional amount of money at a certain rate as incentive for each unit produced above the standard. Incentives were given at different rates in different tea estates under study. The rates of incentives were fixed by the management and the enterprise level unions. Incentives would increase earnings of workers and employees if they actually performed more than the given standards. During plucking season, the plantations workers could earn double their wages because of prevalence of incentive schemes. This is the method of rewarding employees on the basis of their outputs.

Summary and Conclusion:

Compensation management is a matter of vital concern for human resource management. All forms of financial rewards received by employees are known as compensation. It is composed of the basic wage or salary and incentives and benefits. Thus, organizations need to design and manage appropriate compensation structure to attract, retain and motivate the capable employees they want. The essence of compensation administration is job evaluation which serves as basis for developing the organization's pay structure. Job evaluation seeks to rank all the jobs in the organization and place them in a hierarchy that will reflect the relative worth of each, so that the organization can establish pay ranges that are compatible with the ranks. Organizations also conduct surveys to gather factual information to pay-practices among firms in the industry for comparison purposes.

In Nepal, financial rewards are considered important that enhance the employees' well-being. These include wages or salaries, incentives, benefits and services. Wages tend to be a fixed hourly or weekly rate paid to production operations and the manual craft employees, whereas salaries are usually an annual figure paid on monthly basis to managerial and professional staff. Financial compensation serves two functions, namely, the equity function and the motivation function.

The system of fixing minimum wages in Nepal was initiated in 1965, and followed by several revisions. These revisions in the minimum wages have brought structural changes with progressive improvements in the wage rates. However, the minimum wage in Nepal is not linked with the GDP of the country. Though the minimum money wage index stood higher the index of productivity, it lagged far behind the consumer price index or the rate of inflation.

Determination of wages in Nepal has been a legal compliance. The fixation of minimum wages has become a controversial issue due to absence of clear-cut policy. Minimum wages function has come to become more as a wages-revision practice. The amendments made in the Labor Act have empowered the government to fix not only the minimum wages, but also the dearness allowance and facilities. The government forms Minimum Wage Fixation Committee (MWFC) to fix the minimum wages for the workers at the enterprise level. The Labor Regulation 1993 provides guidelines for compensation policy of an individual organization.

The government started fixing the minimum wages for plantation workers only from 1990, after restoration of multiparty democracy, with equal pay for male and female workers. Before 1990, plantation workers were paid at low rate with pay discrimination for male and

female workers and minor workers (14 to 18 years of age). Several revisions were made in the minimum wages of plantation workers with the introduction of dearness allowance from 1992 onwards. However, a great majority of plantation workers (76.92%) were not satisfied on the prevailing wages provided in the tea estates under study.

The salary structure of tea employees other than the workers varied significantly from one tea estate to another, due to lack of statutory provision. The salary scales for different levels of employees were fixed by the management depending on factors such as: financial condition, profitability of the tea estates as well as the professional ability and competency of the individual employee. In course of informal discussion and interview it was found that a great majority of employees (62.5%) were not satisfied with the amount of salary they received in the tea estates under study.

With the enactment of Labor Act, Rules and Regulations by the government, it has become obligatory for the management to provide benefits and services to the tea workers and employees, such as: paid holidays and leaves, overtime premium, compensation against accidents, medical facilities, festival bonus, gratuity etc. The rising profits at the tea estates also contributed to the additional benefits such as recreation and welfare activities. However, it was the bargaining power of the unions that influenced the increase in the quantum of benefits. Plantation workers and employees responded that the benefits and services being provided by the tea estates were just nominal.

Though the employers' prerogative for fixing wages has been eroded by legal provisions and union pressures, in view of the unorganized state of labor market and prevalence of huge unemployment problem, employers still influence much the pay-rates in Nepal. Due to absence of job evaluation process in tea industry, the act of determining pay levels largely depend on market rates and legal provisions. Government job grades and pay rates were taken as point of reference for determining grades and rates. Having fulfilled the task of fixing minimum wages is not enough; there must be a periodic check, revision, monitoring and enforcement by the concerned agency. But there is lack of a strong enforcement mechanism for the enforcement of the decisions taken by the government and agreements done between unions and management. It is, therefore recommended that independent and qualified experts are included in the tripartite Minimum Wage Fixation Committee to provide professional advice.

To sum up, the compensation management has remained ineffective due to lack of professional management in the family-oriented tea estates of Nepal. However, it is hoped that the advent of multinational companies will have a positive effect on compensation management in tea industry of Nepal in future.

CHAPTER : VII

LABOR RELATIONS

Labor relations consist of managing the divergent and conflicting interests of three actors - workers, employers and government. It is generally concerned with negotiations, collective bargaining, labor disputes, conciliation and arbitration, consultation, wages, workers' participation in management decisions, trade unions, and the role of government, employers and their welfare.

Traditionally, labor relations were concerned with the relations that existed between employer and labor. It was looked upon as a fire-fighting function to resolve labor disputes (Aswathappa, K; 1999: 439). Labor relations in modern sense is a dynamic concept, concerned with managing interrelationship among the three major actors, namely (i) workers, represented by trade unions, (ii) employers, represented by employer's associations, and (iii) society represented by the government and various pressure groups. Good labor relations are the key to industrial peace, productivity, profit and quality of work life. So the goals of labor relations are:

- To promote and develop healthy labor-management-government relations to achieve the overall goals of national development.
- To minimize industrial conflicts, tensions and disruptions; and
- To establish favourable work climate through effective communication and participative culture.

Industrial relations in Nepal have been a mix of informal “custom and practice” and a set of formal structures and rules as provided by labor legislation. Many aspects of labor relations and personnel administration are still governed by traditional values and mutual understanding between employers and employees. Only a few aspects like minimum wages, fringe benefits, settlement of disputes, working conditions etc are regulated by labor laws. The total scenario of industrial relations in Nepal can be depicted by following characteristics:

- Mutual hostility, suspicion and hesitation reside between three actors of industrial relations, namely management, employee and the government.
- Strikes and Lockouts are thought to be the one and ultimate weapons in the hands of trade unions and management respectively for the resolutions of disputes.
- Politicization of labor issues has caused multiplicity of unions. Both government and management use “divide and rule” policy thereby weakening the position of labor union. On the other hand, the powerful unions have gone beyond their

jurisdiction to dictate the management on personnel issues like recruitment, promotion, transfer and departmental actions.

- The industrial relation is too much preoccupied with legalistic orientation. The parties, their attitudes and behavior, their roles and responsibilities were not considered duly while formulating Labor Act and Trade Union Act. The management charges that labor legislation has been drawn singularly with the interest of labor in mind while the labor unions accuse the law to be devoid of practice.
- There is presence of unacceptable labor practices like bonded labor, child labor and labor discrimination in terms of caste, creed, gender and nationality. Laborers working in unorganized and informal sectors like agriculture workers and self-employed workers are yet to be covered by labor legislation.
- As the strikes and lockouts are used as the ultimate solution to settling labor dispute, government intervention has been made as a necessary condition thereby making tripartite intervention as the popular mode of dispute resolution.

Labor relations in Nepal should be studied in the context of the country's very low level of economic development, its predominantly agrarian economy, very small manufacturing sector, short history of industrial development, and equally limited exposure to industrial relations, as well as the effects of the political changes (Guru Gharana and Dahal; 1996:29). In Nepal, the government has been very active in regulating labor relations. As there is no separate Industrial / Labor Relations Act, the labor relations mechanism has been embodied in Labor Act, 1992. The provisions of the Act are executed by the Department of Labor. The labor officers and the factory inspectors are the major instruments to implement labor laws and shape the structure of labor relations of the enterprise level. The major responsibilities of the Labor Department include:

- Administration of Labor Legislation to ensure that satisfactory standards of employment are maintained and measures for the protection of workers are properly taken.
- Regular inspection of places of employment such as factories, workers, etc.
- Settlement of disputes between employers and workers.
- Promotion of joint consultative machinery and collective bargaining in industry.

Labor relations in tea industry under study are discussed under the following heads: trade unionism, union-management relations, workers' participation in management, labor legislation, employees' grievances and their redress, disputes and their settlement, employees' discipline, and Labor Relations Committee.

Trade Unionism in Nepal: A Historical Perspective

Trade unionism is a world-wide movement intended to achieve the laborers' freedom, liberty and equity and safeguarding their interests. The history of trade unionism and industrial / labor relations in Nepal has been short. The concept of trade unionism is the outgrowth of industrial system. In the absence of a large number of industries and significant size of labor force, the concept of trade unions could not develop in Nepal. Besides, the lack of awareness and education on the part of workers themselves regarding their rights and obligation, and the hostile attitude of the management both further discouraged the trade unionism in Nepal. The history of organized labor movement and worker organizations goes back as far as 1947, when the first trade union was formed. The first historical strike (in 1947) was launched in Biratnagar where the industrial activities had been localized during the period. The historical perspective of trade unionism in Nepal could be studied into four historical periods as following.

During Rana Autocracy (Before 1950)

Rana regime was a family-ruled political system and an extreme case of political suppression. Agrawal (1976) points out that the Rana regime was politically an autocratic system with unrestricted political power. The country and the subjects were excessively exploited. They showed concern only for political power and self-enrichment. The people were suppressed and in a state of ignorance and of isolation from the concepts of political and economic freedom.

Economic development was ignored and the government treasury was used as Privy Purse by the Rana Prime Ministers. This situation made the Rana rulers and their peripheral people economically better off. Whatever revenue was left after meeting the expenditure of the administration went straight into the coffers of the Rana Prime ministers (Chauhan, 1971: 10). Nepal had only small and cottage industries prior to the Second World War. Rana rulers discouraged social awareness and establishment of industries. They had seen from the Indian experience where the Labor movements were growing active against the British rule.

The economic crisis created by the great Depression of 1930, and the vested interest of Indian industrialists and Rana rulers, later resulted in establishing a number of industries in the Eastern Terai region of Nepal. After the close of the Second World War, the Indian industrialists saw scopes of considerable economic gain in Nepal. Suffering under uncomfortable taxation and high prices of raw materials in their homeland, they were attracted to start new industrial ventures in the terai region of the country. In 1935, "Udyog Parishad" (Industrial Council) was formed; and in 1936 the first Company Act was introduced

which set the tone of industrialization in Nepal. The Morang Cotton Mills (1939), the Morang Sugar Mills (1946), the Raghupati Jute Mills (1946), the Juddha Match Factory (1946) and some soap, furniture and plywood industries were established within a period of ten years. The industrial figure showed a marked increase to 63 industrial units with a total capital investment of 72 million rupees accounting a very nominal share of 2.78 percent of Nepalese contribution (Giri, 1976: P). Most of the industrial units were owned and managed by Marwari immigrants with Indian laborers working therein. Though some working arrangements had been made regarding wage rates and working hours in the factories, in the absence of legal provisions the standards varied significantly from factory to factory (Pant, 1998: 71).

The Indian immigrant workers were to some extent conscious of their rights who had some experience of the industrial environment in India. Poor condition of work, coercive management style, extremely low rate of wages, oppressing work hours led the workers to despair and discontentment. The growing dissatisfaction of workers with their wages and living conditions led them to establish as many as five unions in Biratnagar. But these unions were not recognized, and therefore, were illegal. Recognizing the strength of a united body of workers as a political asset, the leaders of political parties infiltrated among the workers and started to provide the leadership. It was on March 4, 1947, the leaders called for strike for the first time demanding better wages and the recognition of their trade unions. Viewing the situation as emerging threat, the Rana rulers suppressed the strike violently on March 24, 1947, and several leaders were imprisoned. But the movement started gaining momentum in other parts of the country as well, which resulted in promulgation of the first ever written constitution of Nepal on 26 January, 1948; respecting the tenets of the workers movement.

Democratic Innovation to Panchayat System (1950: 1960)

A typical revolution led by King Tribhuvan and supported by the people overthrew the century-long Rana regime in 1951 and democracy was restored which opened the avenues of political liberalization. The Interim Government of Nepal Act was promulgated through a Royal proclamation which was based on democratic principles and values, incorporating the right to form unions and associations. Leaders were released from custody which gave more impetus to the labor movement. As a result, along with workers, the farmers, students, teachers, traders, tailors, civil servants and other professional groups were organized.

As the labor movement and the unions had political orientation, they worked as the tools of political parties and, therefore, could not develop professionally. After 1951, a number of unions which were functioning secretly at factory levels came out openly. On July

13, 1958, with a view to consolidate the labor strength, three unions, viz, Biratnagar Workers' Union (BWU), Independent Workers' Union (IWU) and Cotton Mill Workers' Union (CMWU) were amalgamated into one with a new name, i.e., Biratnagar Mill Workers Association under the chairmanship of Girija Prasad Koirala. The trade unions established till 1960 are presented in **Table 7.1**.

Table: 7.1 Trade Unions with years of Establishment

<i>SN</i>	<i>Union</i>	<i>Establishment</i>
1	Biratnagar Workers' Union (BWC)	1947
2	Cotton Mill Workers' Union (CMWU)	1951
3	All Nepal Trade Union Congress (ANTUC)	1951
4	Independent Workers' Union (IWU)	1952
5	Biratnagar Mills Workers Association (BMWA)	1958
6	All Nepal United Labor Union (ANULU)	1958
7	All Nepal Trade Union Organization (ANTUO)	1959
8	Nepal Labor Union (NLU)	1959

Source: Prem R. Pant, "Politics, Unions and Industrial Relations in Nepal", *The Nepalese Management Review*, 4, 1 (1983), P.12.

These unions mostly acted as 'striking committees' because they lacked in many respects such as organizational set up, rules, membership scheme etc. However, the change in the political system did not bring any major influence under the management, its attitudes, practices and behavior patterns. The prevalence of such attitude can also be attributed to the characteristics and composition of then working class. A significant size of Indian migrant workers feared dismissal and for Nepalese workers the factory environment was totally foreign. Their organized movement was confined to the meekly organized scattered strikes which looked like their attempt to register protests than a force to reckon with (Pant, 1998: 74).

It was only on June 28, 1959, for the first time the labor law, viz, the Nepal Factory and Factory Workers' Act, 1959, was enacted, with the recognition of the workers' right to form trade union and to strike. This Act had provisions relating to the workers' health, safety, working hours and a few welfare provisions. On May 28, 1961, the Act was amended making some important provisions concerning the wages, job security, works committee and methods of settling industrial disputes. However, the Act remained un-enforced till 1962.

During Panchayat System (1961-1989):

On December 15, 1962 Late King Mahendra introduced No-Party Panchayat system in the country replacing the Parliamentary System of democracy. The democratic constitution was withdrawn and all powers of the state were centralized in the hands of the King. The Panchayat System brought some socio-economic changes through planned approach. To boost up industrialization some developmental schemes and legislative provisions were made, such as Industrial Policy 1961, Industrial Enterprise Act 1961, Partnership Act 1963, New Company Act 1964, Civil Code 1964, Patent Design and Trade Marks Act 1965, New Industrial Policy 1974. A number of other Acts were passed and banks and finance companies were established to support the economic sector. Efforts were done for developing industrial infrastructures and facilities were provided to the industrialists. As a result, the number of industries increased significantly. A total of 62 Public Enterprises were operating in different sectors, such as manufacturing, service, trading and finance.

Despite significant increase in the industries trade unionism could not develop because all existing trade unions were banned. Nepal Labor Organization (NLO) was established in 1963 as one of the six recognized class organizations representing both industrial and transport workers. NLO was a socio-economic as well as a political organization established with the aim to promote the labor welfare, create class coordination, utilize and integrate the labor force for national development. It was seen more as a politically oriented organization than as one involved in trade union or labor management activities. The failure of the NLO to provide service to its member at the plant level created a vacuum that was filled by various independent groups or trade unions or individual leaders, who were able to assist the workers on their problems (Guru Gharana and Dahal, 1996:1). In spite of the ban on trade unions, the labor movement did not cease rather they worked in affiliation with the banned political parties. The laborers went on strikes to get their demands fulfilled. A study conducted by Bhattarai (1997), recorded a total of 33 strikes with 795 strike days. The Panchayat government did its best to disintegrate the labor force; as a result labour relations remained extremely stagnant.

Some of the important steps taken by the government during Panchayat System were establishment of Ministry of Labor, Department of Labor and Field Offices, Implementation of Labor Act, Constitution of Wage Commission, Labor Advisory Board, Minimum Wage Board and adjustment of Labor Act etc. But due to insufficient and incompetent machinery, the government policy could not be effective.

Restoration of Democracy and Multi-Party System (1990 onwards)

The joint movement of Nepali Congress and Left front overthrew the Panchayat regime and multi-party political system was restored in 1990. With this political change, the workers became free to express their voice and discontent suppressed by the state and as a result labor movements of various levels were launched. The Panchayat System with its hosts of associations and bodies came to an end; while a number of new and old, previously engaged in underground union activities came up to the surface. Industrial disputes which were increasing over the years reached new heights in 1990, which paved the road for the recognition of labor community. The period of three years after 1990 was a period of turbulence. The government and the management found it difficult to cope with the new situation.

Under multiparty democratic system, basic infrastructure in terms of legal and institutional frameworks was set up. Important legislation having a direct bearing on labor movement like Labor Act, Child Labor Act, Trade Union Act, Transport and Vehicle Management Act were enacted during this period. The Labor Act, Trade Union Act, Bonus Act, Foreign Employment Act were amended. Central Labor Advisory Board was activated and the Labor Court was established. Three ILO conventions were ratified by Nepal, namely, Convention No. 144 on Tripartism, Convention No. 138 on Child Labor, and Convention No. 98 on Freedom of organization and Collective Bargaining. Similarly, during this decade, minimum wages were reviewed four times. And at the end of 1999, government introduced labor policy.

After 1990s, the strikes, lockouts and man-days lost increased significantly. A study conducted by an NGO mentions 147 labor disputes and 84 strikes launched (GEFONT, 1992, P47). Another study by IRP (1991) showed a total of 142 labor disputes and 84 strikes. GEFONT pointed out the following labor demands (PP. 47-48):

1. Economic demands:

- Increase in minimum pay
- Provision for grade allowance
- Provision for special allowance
- Provision for medical allowance
- Provision for Dashain expenses
- Provision for Life insurance
- Provision for Gratuity
- Provision for education allowance

- Shift allowance
- 10% service charge
- Provision of soap
- Gas allowance
- Increase in minimum daily wages
- Provision for provident fund
- Provision for Tiffin allowance
- Provision for clothing allowance
- Provision for advance drawing
- Provision for dearness allowance
- Rate of overtime
- Transit allowance
- Provision of rice
- Accounts and store allowance
- Diet in duty

2. Demand concerning social security:

- Permanent employment to those laborers who have served for a definite period
- Festival holidays : Viswakarma Pooja
- Leaves at par with government employees
- Friday : Half Working Day
- Sick Leave
- Maternity Leaves
- Labor welfare fund
- Classification and evaluation of positions
- Home-leave accumulating provisions
- Casual leave
- Pay for accumulated leave
- Working hours
- Security at death
- Medical care and health centers
- Provision for drinking water and toilets

3. Political demands:

- Reinstatement of sacked laborers and provision for compensation
- Ban on classification from and warning to laborers
- End to intervention of labor affairs by administration
- Free trade unions
- Making available land to laborers in the labor colonies

- End to discriminate sacking of laborers
- Abolition of contract services
- Expenses and leave with pay to the sued laborers
- Scrapping of "Nepal Factory and Factory Workers Act 1959", and promulgation of a new progressive legislation
- Full pay to the jailed laborers

Regarding the above demands, the laborers were ready to end their strike if most of their economic demands were fulfilled; but the employers were unable to fulfill these demands which brought a deadlock between the two. However, the movement that took place during this period lacked long-term vision concerning the size and nature of enterprises, terms and conditions of work, and the demands put up by unions as a result most strikes were minimally successful (Acharya, 2001: 43).

The figures published by department of labor (DOL) show that the number of disputes (strikes and lockouts) was decreasing from 1994/1995 onwards. The number of disputes in 1998/1999 was 49 (strikes - 35, and lockouts - 14) with a total man-days lost 148520, whereas the number of disputes in 2000/2001 was 21 (strikes - 14, and lockouts - 7) with a total man-days lost 30656. This shows a positive trend of labor relations after the restoration of multi-party democracy.

Trade union leaders were of the view that the increase in the industrial disputes and strikes were for the democratization of work place, whereas the employers regarded these as the result of increased indiscipline at work place. As the history of Trade Union Movement in Nepal is a recent phenomenon, most of the trade unions and their ties with management are mainly guided by limited interest. Labor movements in Nepal, in one way or the other, has been closely related with the political parties. And because of its recent origin, trade union movement still exhibit all of its weaknesses like union fragmentation and multiparty, low representation, mistrust between employers and unions, ineffective dispute resolution mechanism, inflexible labor laws, low productivity and so on.

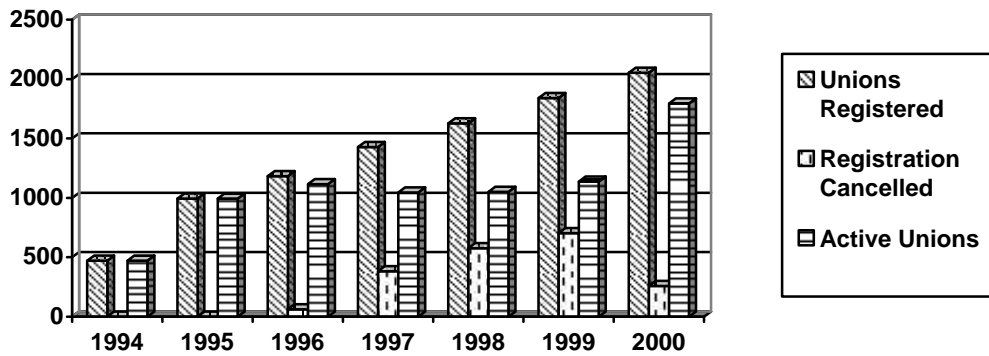
After the restoration of multi-party democracy in 1990, various trade unions emerged which were, directly or indirectly, linked with many ideologies and political parties. A MOL publication (1996, P.9) reports that until March 1996, the numbers of registered trade unions in Nepal were as follows:

Establishment-Level Trade Unions	998	
Authorized Trade Unions		06
Association of Trade Unions		29
Federation of Trade Unions		03

The number of trade unions registered increased from 711 in 1994 to 2054 in 2000. Nearly half of these trade unions are established within Kathmandu valley. However, it is also seen a perceptible increase in deregistration of trade unions due to the failure to get a two year period registration renewal. As a result, the actual number of active trade unions has been, more or less, established as depicted in **Figure 7.1**.

Figure: 7.1

Trade Union in Nepal

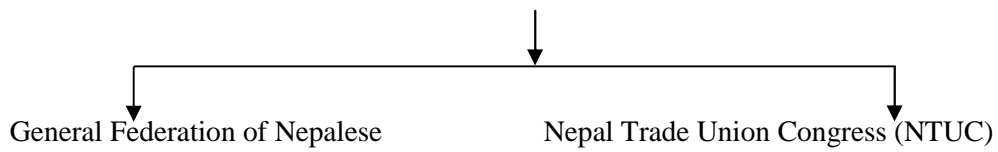


Among others, two trade union Federations, Nepal Trade Union Congress (NTUC) - a Nepali Congress affiliated and General Federation of Nepalese Trade Union (GEFONT) - a United Marxist and Leninist Party affiliated Trade Unions seem powerful in terms of their organizational structure, membership, affiliates and influence. Both of them were legally registered just after the enactment of the Trade Union Act in 1993. In 1997 a small new confederation came into legal existence – DECONT (Democratic Confederation of Nepalese Trade Unions), actually separated from NTUC. Registered Trade Unions in Nepal are as exhibited in **Table 7.2**.

Table: 7.2

Registered Trade Unions in Nepal

Trade Union Federation



General Federation of Nepalese Trade Unions (GEFONT)

Nepal Trade Union Congress (NTUC)

Affiliated Associations

- | | |
|---|---|
| 1. Trekking Workers' Association of Nepal | 1. Nepal Factory Labor Congress |
| 2. Independent Hotel Workers' Union | 2. Financial Institute Employees Union of Nepal |
| 3. Nepal Independent Workers' Union | 3. Nepal Inter Corporation Employees' Union |
| 4. Independent Carpet Workers' Union | 4. Nepal Tea Estate Workers' Association |
| 5. Independent Garment Workers' Union | 5. Nepal Carpet Workers' Union |
| 6. Independent Press Workers' Union | 6. Nepal Transport Workers' Union |
| 7. Nepal Independent Electro-Workers' Union | 7. Nepal Tourism & Hotel Workers' Union |
| 8. Nepal Independent Painters' Union | 8. Nepal Garment Workers' Union |
| 9. Nepal Motorcycle Workshop Workers' Union | 9. Nepal Press Union |
| 10. Nepal Independent Garbage Cleaners' Union | 10. Nepal Health Workers' Union |
| 11. Nepal Independent Tea Plantation Workers' Union | |
| 12. Nepal Independent Transport Workers' Union | |
| 13. Nepal Independent Plumbers' Union | |

Other Trade Unions:

1. Nepal Bricks & Tile Workers' Association
2. Nepal Housing Construction Workers' Union
3. Nepal Wood Workers' Association
4. Restaurant and Small Hotel Workers' Association
5. Nepal Barbers' Association

Collective bargaining on wage and benefits has been only the relationship between laborers and management. Trade unions put their demands before management and management responds and an agreement signed after negotiation. However, in recent years, gradually new demands emerged such as: promotion policies, incentive schemes, work loads, participation in management etc. Management also started putting their demand on labor to augment efficiency, productivity and flexibility to shift worker from one position to another.

Nepal Trade Union Congress (NTUC), besides protecting the rights of its member started launching different programs such as: training, gender awareness, basic education programs, research on health and safety, child labor and minimum wages, call to establish a labor court, leadership training programs for trade union leaders etc.

Demands of Nepal Tea Workers Union Ad-hoc Committee, Mechi

After the restoration of multiparty democracy in 1990, Nepal Tea Workers Union Ad-hoc Committee, Mechi for the first time, published an appeal containing 26 demands. The demands were as follows:

1. The wages of workers as published in the Gazette by the government be implemented compulsorily and keeping in view of the market price, the wage rate be revised.
2. In case of long sickness (more than 15 days) , the workers be provided with sick leave and all expenses incurred for treatment be paid by the tea estate.
3. All plantation workers be provided with an umbrella each during rainy season or otherwise they should be provided Rs. 125 each to purchase the umbrella by the tea garden.
4. The tea estates should provide daily-necessary-goods to the workers at concession rate under quota system.
5. Leaves: All kinds of leaves be provided to the tea workers and employees as per civil service rules.
6. Quarter: All workers be provided with concrete quarters consisting of sufficient rooms with doors, windows and kitchen. There should be provision toilets and clean drinking water.
7. Provident Fund: All workers' provident fund must be implemented.
8. Bonus: All workers must be bonus on yearly basis.
9. Tea: The workers must be provided with 1 kg. of good quality tea each on monthly basis.
10. Employment: While employing new worker, it should be done from the workers' families on recommendation of the union.

11. Education: All the children of the plantation workers should be given free education up to SLC by the tea estates.
12. All tea estates should establish health posts with the provision of sufficient qualified staff.
13. Crèche: For mother workers with infants, three should be crèches in the tea estates along with child-care-takers to look after the infants. There should be provision of nutritious food for the infants and facilities for their health check up and medical treatment.
14. The workers must be provided with pensions after retirement and gratuity after losing earning capacity.
15. Workers who have to do physically hazardous and risky works such as spraying chemical pesticides should be provided with extra allowances.
16. While appointing 'Sardars' and 'Junior Sardars', they should be appointed on the basis of their ability and experience on recommendation of the union.
17. Workers be provided with the extra expense of Dashain Festival the amount at par with civil service employees.
18. Any worker sent outside for the tea estate's work should be provided with daily and traveling allowances equivalent to civil service employees.
19. Watch-man, sardars , drivers should be provided with uniform as per need and their salaries should be fixed separately.
20. Workers should be employed on temporary basis and the probation period of 240 days for permanency be cancelled.
21. Workers must get weekly leave and such a leave should be a paid leave.
22. After completion of 8 hours of work , workers should be put to overtime work with overtime payment (remuneration).
23. There should be uniformity of plucking task in all tea estates, and there should be provision of 'Dabali' extra quantity of tea leaves than the fixed task) paid on the basis of wage-rate.
24. All workers should be provided with sweaters and rugs / blankets needed for winter season on yearly basis. They should also be provided with fuel (firewood and kerosene) free of cost.
25. All temporary workers should be made permanent without delay.
26. Anyone who murdered a worker named Kumar Sarki of Giri Bandhu Tea Estate must be punished severely as per the law.

Union-Management Relations

Initially, due to lack of legal provision, low level of awareness and unorganized state of workers, the management did not feel the labor relations so important. It was only in the mid-eighties when workers started forming groups and putting up demands to the management, resulting in a drastic change in the labor-management scenario. The functioning of management in most of the private organizations being traditional and family oriented styles, problems relating to labor relations and productivity arose in most cases.

The situation of employee relations in public enterprises is not encouraging. Management tried to promote rival worker groups and then the policy of dividing and rule. Due to the absence of communication system and democratic norms in the work place, there was a massive shop floor tension (Pant, 1998). The management trusted their own capacity neglecting the importance of delegation of power and responsibility to their subordinates (Koirala, 1985).

The employers' responses in Nepalese organizations regarding labor relations are still ad-hoc. They need yet to learn the labor relations skills. Their notions of traditionally entrenched prerogatives have widened the socio-psychological gap between them and their workers thereby causing misunderstanding and distrust. Some of the characteristics of employers as identified by Sharma (1994) are as follows:

- The management system is, for the most part, trading-oriented and family dominated.
- Mostly the employers / investors themselves work as managers and one-man ad-hoc decisions are the norms.
- Employers claim that the wages of workers are increasing at a higher ratio than the profitability of their enterprise.
- The attitude of employers towards the workers is that of the master towards the servants.
- Personnel management and industrial relations are non-priority issues.
- The employers are generally unaware and show off as ignorant of relevant legislation and regulatory measures.
- They distrust the workers' commitment to work and are reluctant to accept the workers as partners.
- They are unwilling to introduce democratization at work place.

In order to assess the behavior of the management toward the union and of the union toward management, this study solicited responses from both the parties. **Table 7.3** presents an analysis of responses of plantation workers and trade union leaders towards management.

Table: 7.3 Management as perceived by Workers / Trade Union Leaders and Employees

Response Category	Workers / Trade Union Leaders N=130	Assistants N=80
Affectionate to workers / employees	10 (7.69%)	8 (10%)
Self centered and profiteer	76 (58.46%)	50 (62.5%)
Exploiter and Ruling	35 (26.92%)	20 (25%)
Committed to the cause of workers	0 (0%)	2 (2.5%)
No Idea	9 (6.92%)	0 (0%)
Total :	130 (100%)	80 (100%)

A total of 130 responses from workers / trade unions leaders and a total of 80 employees were collected to review their perceptions towards management. **Table 7.3** shows a great majority of employees (62.5%) and workers / trade union leaders (58.46%) perceived the management to be self-centered. The second highest number of respondents (workers-26.92% and employees-25%) perceived the management to be 'exploiters and ruling'. Only 7.69% of the workers and 10% of the employees perceived the employers as affectionate towards workers and employees. However, very few employees (2.5%) responded as committed to the cause of employees, and a least number of workers (6.92%) expressed their ignorance about it.

Management Behavior towards Unions

There is a general feeling among workers / union leaders and employees that the employers pay least attention of labor related matters. It is believed that the workers are exploited through unilateral decisions by the management. In order to examine the behavior of management towards the workers' unions and employees, this study also solicited responses from the workers and employees. The responses of the workers / union leaders and employees of tea estates under study presented in **Table 7.4**

Table: 7.4 Management's Behavior towards workers / employees

Responses	Workers and Union- Leaders N=130		Employees N=80	
Cordial and Cooperative	10	7.69%	22	27.5%
Indifferent and Negligent	74	56.92%	46	57.5%
Divide and Rule	38	29.23%	8	10.00%
Practicing Unfair means to disintegrate workers	8	6.15%	4	5%
Total:	130	100%	80	100%

Table 7.4 shows that a majority of workers / trade union leaders (56.92%) and employees (57.5%) responded that the management was indifferent and negligent concerning labor-related matters, which indicated similarity in the responses of both categories of employees. However, difference can be seen in the responses regarding how cordial and cooperative was the behavior of management towards their problems. A sizable staff (27.5%) responded as cordial and cooperative but only a small size of workers and trade union leaders (7.69%) responded the management's behavior to be cooperative. Differences can also be seen in the responses of workers / trade union leaders and staff employees on management's behavior relating to their problems. A large number of workers / union leaders (29.23%) responded that management practiced divide and rule whereas only 10 percent of staff responded as divide and rule. A very few workers / union leaders (6.15%) and staff (5%) responded that management practiced unfair means to disintegrate workers and employees. On the whole, the behavior of management toward labor related problems in the industry seems to be indifferent and negligent. There could be seen a feeling of general hostility and negative attitude toward management among the workers / trade union leaders and staff. The behavior of management in general was found to be non-cooperative and threatening. Despite the enactment of the labor laws, the character of the proprietors / management was revealed as traditional, unilateral and suppressive because of lack of professionalism and holistic approach on the part of management.

Workers Participation in Management

French et. al. (1960:3) has defined participation as "a process in which two or more parties influence each other in making plans, policies and decisions". Participative management has been conceived as "any or all processes by which employees other than managers contribute positively towards the reaching of managerial decisions which affect their work (Sawtell , 1968:1). The basic issues which gave rise to the concept of participative management were the problems of (i) growing workers' alienation, (ii) their lack of

commitment to industrial work, and (iii) the widening social distance between them and managers (Pant, 1998:113). Participative management is thus a program of sharing power between managers and operatives for achieving organizational effectiveness and industrial harmony.

The objectives of workers' participation in management are as follows:

- To promote mutuality of interest,
- To provide forum for self-expression and involvement in decisions,
- To overcome workers' resistance to change and hence a cultural change,
- To promote communication across the board,
- To reduce industrial conflict, and
- To establish democratic values in the industrial society (Prasad, 2005: 331).

Recent labor legislations have inserted various principles of workers' participation in the management of the enterprises. An overview of legal provisions has been presented below as following:

a. Collective Bargaining:

The law on its part is very precise and the government has not yet elaborately dealt with rules and regulations. Both the employers and union leaders in the enterprises know little about the philosophy of collective bargaining.

b. Participation in Dispute Settlement:

Cases of dispute settlement in tea estates through bargaining processes between management and workers are increasing. In case of individual dispute, the management has to solve the problem through discussion with the concerned workers within 15 days of the complaint being lodged. And in case of collective disputes the management has to discuss with the representatives of trade union within 21 days. In case of failure to satisfy the demand, the dispute is transferred to Labor Office, where again both the parties discuss to reach a solution. Thus workers' participation for the settlement of disputes could be seen as common practice.

c. Participation in Minimum Wage Determination:

Fixation of minimum remuneration along with annual increments and dearness allowance and other privileges to the workers is done by the government on advice of a tripartite Minimum Remuneration Determination Committee. Workers' / union's representation through the committee ensures their participation.

d. Labor Relations Committee (LRC):

The Labor Act has incorporated a provision to constitute LRC in the enterprises with the involvement of representatives of both management and workers. But in practice such committees were not found in any tea estates under study.

e. Participation in other Activities:

The Trade Union Act has authorized the trade union to educate and discipline their fellow workers, to work activity to raise productivity, to improve the situation of understanding and ultimately to benefit the workers.

As most of the tea estates are managed / operated in traditional ways, both the parties (employers and workers) were found holding hostile attitude and hesitation which created bottleneck for comprehensive participation. Karki (1982.PP.160-165) in G.R. Agrawal (ed.) Emerging Concepts in Nepalese Management, Ktm, CDA, T.U.) in his study: a survey of Nepalese Workers in Biratnagar, found that -

- Most of the workers were predominantly rural migrants.
- Prior to going the industry they had worked mainly in agriculture.
- A great majority of them were illiterate.
- The industrial workforce comprised both Nepalese and non-Nepalese workers.
- The skilled and highly skilled workers generally were non-Nepalese.

The above findings reveal that the socio-economic factors of Nepalese workers such as illiteracy, migrant character, and lack of job knowledge created difficulty for participatory approach in management.

During informal interviews with the union leaders and management personnel of tea estates studied they responded that cases of participations were practiced when labor related problems arose. Problem related with the management of operations and welfare programs were resolved jointly through bilateral discussions. The management used to consult and involve the union leaders which fixing Dashain bonus and tasks of work the workers performed.

Table 7.5 below presents the responses of workers / union leaders and staff / employees on management seeking suggestions from them concerning decisions in labor related matters.

Table: 7.5 Workers' / Union Leaders' and Employees' Responses

Attribute	Responses	Workers / Union Leader N = 130		Employees N = 80	
Management seeking suggestions from union leaders and staff	Often	00	00	12	15.00%
	Sometimes	30	23.08%	38	47.50%
	Never	100	76.92%	3	37.50%
TOTAL:		130	100%	80	100%

The analysis in **Table 7.5** shows that a great majority of workers / union leaders (76.92%) responded negatively on management seeking suggestions and consultation from them while making decisions, whereas only 23.08% of them stated that they were consulted sometimes. But the response of staff / employees differed from that of union leaders. A majority of employees (47.50%) responded that they were sometimes consulted while taking decisions and only 15% of them responded positively. However, 37.5% of the employees expressed similar views as that of union leaders / workers with negative opinions.

However, the emerging trend of professionalism in management as against the traditional management and democratic environment has affected both management and trade unions to think and work from new perspective. Management has begun realizing the importance of improving relations with workers community for industrial harmony and prosperity.

Labor Legislation:

Labor legislation in any country acts as a means to resolve the issues that come in the field of labor management. As Labor Legislation has not a long tradition in Nepal, the major issues are formulation, revision and amendment of Labor Laws. In Nepal, the following Acts and Rules govern the major issues of trade unions and labor relations:

- Labor Act and Rules
- Trade Union Act and Rules
- Bonus Act 1974 and Rules 1982
- Industrial Apprenticeship Training Act
- Overseas Employment Act and Rules
- Arbitration Act 1981
- Labor Rules Concerning Tea Estates 1993

Although the above mentioned are some of the legislations related to the labor sector, mainly Labor Act and Rules and Trade Union Act and Rules have direct relations with the trade unions and the industrial relations. Labor Act 1992 and Trade Union Act 1993 were enacted with the intention of maintaining good relation between Capital and Labor and thereby ensuring good industrial relations. Trade Unions have continually raised demands for amendment and revision of these laws. They have emphasized that the provisions of existing labor laws are insufficient to safeguard the interests of workers. They have also demanded for the ratification of various relevant ILO conventions and adjust the laws accordingly. As a result, significant improvements in favor of workers have been forwarded. Labor Regulations 1994 was brought out to implement the objectives of Labor Act 1992. Similarly, to ensure the

rights of workers in tea gardens, Labor Regulations (1994) related to tea gardens was brought out and enacted.

Labor Act and Regulations have made provisions related to the rights and welfare of workers and officers in the enterprises. These provisions include job security, working hours, the process of determining remuneration and payment, health and security, provision for welfare, the process of resolving disputes, conduct and punishment. The main features contained in those Acts have been presented below:

Main Features of the Labor Act-1992:

Following are some of the main features of Labor Act, which impacts on management decisions relating to labor issues.

- The Labor Act is normally applicable to organizations with ten or more workers or employees.
- The Act has provision for Factory Inspector, Welfare Officer, Labor Officer etc to look after its proper implementations.
- The Act defines "child" as persons below 14 years, "minor" as person between 14 to below 18 years and "adults" as persons above the age of 18 years.
- While engaging minor workers of less than sixteen years of age in the work of any enterprise, they shall not be deployed in work for more than 6 hours a day or 36 hours of work per week, and for workers of more than sixteen years of age, they may be deployed in work, for periods other than from 6 a.m. to 6 p.m., as per the mutual consent entered between such minor workers and employees.
- No worker can be engaged in work for more than 48 hours a week and every worker shall have one day's leave in a week. Every worker will have 30 minutes for Tiffin in a workday.
- The service of a permanent worker or employees can not be terminated without fulfilling procedures prescribed in the Labor Act or the rules and by-rules framed by the government.
- Minimum remuneration for workers is fixed by the Government upon recommendation of the Minimum Remunerations Fixation Committee consisting of representatives of workers, management and government. Notice regarding minimum remuneration rates shall be published in the Nepal Gazette.
- The management of each establishment is required to make necessary arrangement for the protection of health and safety of workers as described in the Act and its rules or by-rules. The government is empowered to specify safety standards and such standards will be notified in the gazette as per need.

- A worker or employee sustaining any physical injury or disablement or death while working in the establishment is entitled to compensation as prescribed.
- Special provisions applicable to special establishment like Tea estates, construction enterprises, Transport enterprises, Hotel, Travel, Trekking, Rafting, Safari, etc. will be as stated in the Act and its specific rules and by-rules.
- Every establishment shall have a Labor Relations Committee of workers and employees for developing healthy industrial relations based on mutual participation and coordination.
- In case the workers or employees fail to settle their differences with the management and wish to go on strike, they may do so after fulfilling procedures mentioned in Sections (74) of the Act.
- The management may declare a lock-out after due approval of the Government. But in case of emergency, the management may declare a lockout by notifying the Labor office or Labor department as per Section (77)-Sub-section (3).
- The Government is empowered to frame rules to implement the objectives of the Act.

Provisions in the First Amendment (1998) of Labor Act:

In the twelfth session of Parliament (1998), an amendment Bill was presented and the first amendment to the Labor Act 1992 was made with the following provisions.

- When an organization / company appoint a worker or officer to any position, then he / she must be given letter of appointment. And after receiving the letter of appointment the worker or officer becomes capable of exercising the rights guaranteed to him / her by the law.
- Non-Nepalese can be employed only in "special circumstances", that is when Nepali Citizens are not available even after advertising for technical posts in national level newspapers; on the recommendation of the Labor Office. Labor Department can allow the employment of non-Nepalese for a maximum period of five years without increasing that period of service for more than two years at a time.
- The organization can appoint on contract basis only when the organization needs to immediately increase production or service. The contract appointment must be for a definite type of work which is not of the nature of a permanent job, and the organization must specify the period of service, the remuneration and service condition.
- Permanent workers and officers must get a salary increment every year, with an amount equal to the concerned employee's half-day remuneration. There is also an additional provision that the Minimum Wage Determination Committee can recommend dearness allowance and facilities of workers and officers on the basis of geographical area.
- The amendment clarifies on the misconduct of employees and states that if the workers or officers do not attend the office without prior information continuously for a period of 30

days, then his / her employment can be terminated. Similarly, while taking action against such misconduct, a letter seeking clarification must be sent within two months specifying allegation and possible punishment, giving the concerned employee seven days time to another.

- The amendment allows cases to be filed through the petition of the aggrieved person or the person connected with the case or the trade union.
- To make the labor court's verdict or directive effective, the amendment has granted the labor court the authority to declare contempt of court and punish parties which do not abide by the verdict / directive.
- To make the working procedure for the resolution of collective disputes more clear, the amendment has made provisions according to which workers can strike under the following conditions: If according to clause 74, sub-clause (4) of the Labor Act, appointed mediator or committee does not come up with a decision within 15 days or if according to sub-clause (6). If the Government does not decide on the appeal within 60 days of the date of appeal, then on the basis of clause 76, the employees can strike. For implementing the conciliation reached at court, the concerned party can position the labor office.
- The amendment has made special provisions related to workers and officers outside the organization. If there is a letter of understanding between employees and employer then the same agreement will have to be adhered to. If there is no such agreement, the one employed must be paid remuneration within seven days. And in case of non-payment the aggrieved workers or officer can petition in the labor office.

Trade Union Act-1993 and its main features:

Trade Union Act, 1993 was enacted by the Government of Nepal in order to safeguard and promote the professional rights and interest of workers working in various establishments. The Trade Union Act allows two levels of Trade Unions – Enterprise Level and National Level.

The objectives of Enterprise Level Trade Unions are as follows:

- To engage in economic and social development by improving the condition of workers.
- To make an effort to establish good relationship between workers and management.
- To assist in the development of Enterprise by increasing its productivity.

- To try and make the workers dutiful and disciplined. Including the above mentioned objectives, Associations or Federation of Trade Unions has following additional objectives:
 - To conduct activities providing education to the workers.
 - To establish relations with international institutions for benefit of the workers.
 - To provide necessary advice to the Government in formulating the Labor Policy.
 - In order to enhance social and economic standards of the workers, publish facts beneficial to the workers by conducting necessary workshops, seminars etc.
 - In order to protect and promote the rights of the workers, negotiate with the Government and take other necessary steps within the existing law.

The main features of Trade Union Act 1993 are as follows:

- For the formation of Trade Union in an establishment, an application signed by at least 10 members authorized by the working committee should be forwarded to the Registrar.
- Trade Unions have to be duly registered with the 'Registrar' appointed by the Government as per section (7) of the Act.
- Trade Union shall also mean Trade Union Federation and General Federation of Trade Unions.
- "Authorized Trade Union" will mean an establishment level Trade Union supported by majority of workers as per Section (11) of the Act. The authorized Trade Union can undertake collective bargaining with the management.
- The Trade Union Association must have at least 50 enterprises level Trade Unions or at least 5,000 workers of similar kind of establishments.
- Federation of Trade Unions must have at least 10 Trade Union Federations.
- A Trade Union has to work for the all round improvement of the working conditions of workers, try to promote better relationship between workers and management, improve productivity in the establishment and try to make workers disciplined.
- Any dispute arising out of the registrar's decision may be filed in the Labor Court and disputes arising out of Labor Court's decisions may be filed with the appellate court.
- Provision of cancellation of the registration of the Union:

The Registrar can cancel the registered Trade Union on the following grounds:

- If the Trade Union forwards an application to the Registrar for the cancellation of its registration.
- If it is found that the registration of the Trade Union has been made by mistake or fraudulent Act.
- If anything is done against the Act, but the registrar is required to give in writing the reason for its cancellation.

The Bonus Act:

The Bonus Act guarantees to provide for the distribution of bonus to workers, laborers and other personnel working in enterprises. A profit making organization should allocate an amount equal to ten percent of the profit made in a fiscal year for distribution to its workers and staff as bonus. When determining net profit for the purpose of bonus distribution, the amount allocated as per Labor Act, 1992 Section 41(1) and the excess bonus amount distributed in the previous year is to be deducted from the net income as provisioned in the income Tax Act, 1973.

Workers engaged for at least half the complete work duration in a fiscal year are entitled to receive bonus. Permanent, temporary, piece-rate or contractual workers or other personnel are entitled to get bonus. However, casual workers or ones who work as substitutes are not entitled to receive bonus. For workers or personnel who work on a contractual basis will be treated as stated in the contract system. The duration of the work of the personnel as mentioned below will be counted within their work duration while distributing bonus (Section 6).

- The duration set aside in reserve as per Section-11 of Labor Act.
- The duration of paid leave of any type.
- The duration during which the worker is rendered disabled due to an accident in course of the work of the organization.

Some Major Legal Issues Raised by Trade Unions:

Along with the formulation, revision and amendment of labor laws, effective implementation of laws and an efficient enforcement mechanism are much more important. Unfortunately in Nepal, laws are formulated for popularity and not for implementation in the real sense. In view of the labor administration and enforcement mechanism being very weak, the major issues raised by the trade unions are significant which are discussed below:

1. Widening the Coverage of Minimum Wages:

All three confederations namely, NTUC, GEFONT and DECONT have viewed that minimum wages should be need-based, and there should be a single minimum wage

within every sector of work. The existing minimum legislation covers only formal sector and even in formal sector the implementation is weak. The system of fixing minimum wages should be based on transparent and permanent objective criteria.

2. Job Security:

With the introduction of Structure Adjustment Program (SAP) and liberalization, emphasis has been placed on privatization of public enterprises. Due to this, retrenchment and joblessness have become common phenomena (Human Development Report, 1998). Similarly, unfair dismissal is common in private enterprises. With world wide changes in the terms and modes of employment, casualization, subcontracting of work and use of contract labor are practiced. Thus the uncertainty and insecurity of job and employment has increased.

3. Working Conditions and Occupational Safety Health (OSH):

The working conditions are still exploitive due to the traditional and feudal norms prevailing in private enterprises. Because of low awareness of occupational safety and health among workers and management, occupational diseases and accidents are not recorded. Due to lack of safety measures and child care centers, sexual and general harassment, discrimination in recruitment-training-remuneration, the working environment is worse.

4. Unfair Labor Practices:

Unfair labor practices are vital trade union agenda. Due to backward socio-economic conditions prevailing in our society, unfair labor practices exist, that can be observed on: women workers, bonded workers and child workers.

Women workers suffer the most in spite of their equal contribution to economic activities. The issue is to improve their condition, increase their participation in union activities and develop leadership.

The issue regarding bonded-workers is to change the master-slave relationship into employer-employee relationship. Similarly, because of socio-economic relations prevalent in society and the acute poverty, the problem of child labor cannot be solved through legislation measure alone. So, gradual progressive elimination can be a practical way out.

5. Social Security:

A few provisions of social security included in the Labor Act such as sick leave, maternity leave, workers' compensation, provident fund and gratuity are based on old methods that are solely dependent on employers. The schemes of social security should

be based on funds created by the tripartite contributions of workers, employers and the government.

6. Workers' Education:

In view of the workers being illiterate and uneducated, workers' education has become an important agenda of unionism. Now the attention of trade unions have drawn toward this and thus have allocated major share of their funds to workers education.

Some Ambiguities in Labor Legislation:

Even after amendment of Labor Act in 1998 and Trade Union Act in 1999 respectively, considerable ambiguities still prevail over the interpretation and operation of the specific provisions of the Acts. Some of the confusions are as follows:

1. Definition of Workers and Employees:

The Labor Act has demarcated workers and employees into operative and administrative staff members, while Trade Union Act has defined workers as all including administrative and departmental, division, subdivision and unit chiefs. This ambiguity in definition has created confusion over who can and who cannot participate in trade union activities.

2. Validity of Collective Agreement:

As per the provision of Article 75 of Labor Act, no claims can be made until the lapse of two years of the last collective agreement. However, the Article 79(2) states that "no demands can be placed over the specified issues made in the collective agreement for the period of two years." These two articles have created confusion for the workers and the management over claiming further demands. The workers accused that the non-execution of the collective agreement by the management would result in labor agitation.

3. Implementation of Collective Agreements:

Article 79 (1) of the Labor Act states that in case of failure of execution of the collective agreement by one party, the other party can petition of the Labor Office. However, the article 22 (2) of the Trade Union Act states that non-implementation of the contract, shall have to be filed within three months at the Labor Court.

4. Authority to enter into Collective Bargaining:

Article 74 (1) states that at least 51 percent of the total workers can submit their demands in writing to the management. However, article 12 of the Trade Union Act states that Executive Committee members of the Authorized Trade Union can place their demands. The confusion in whether these two provisions are substitutes or an alternative way out. What happens when 51 percent of the total workers place demands to the management irrespective of the will of the Authorized Trade Unions?

Employees' Grievances and Their Redress:

Employees' grievances refer to any discontent or dissatisfaction whether expressed or not and whether valid or not, arising out of anything connected with the company that an employee thinks, believes or even feels, is unfair, unjust or inequitable. Employees occasionally have causes to be uncomfortable, disappointed or aggrieved either about certain managerial decisions, practices or service conditions. Accumulation of such grievances is a potential threat to orderly labor relations. Unresolved grievances can become industrial disputes which need to be resolved at the earliest opportunity (Ghos, 2000: 291). Employees vote for a strike only when they are frustrated because their needs, wants and ideas go unheard, unheeded or unanswered (W. Imberman; Harvard Business Review, Nov-Dec 1983, P.18). The three cardinal principles of grievance settlement are – settlement at the lowest level, settlement as quickly as possible and settlement to the satisfaction of the aggrieved.

The tea estates regulations state that the individual grievances are related with:

- Facilities provided or not, received or not.
- Promotion related
- Service tenure
- Wages and salaries
- Leaves and holidays
- Payment dues
- Health and safety
- Compensation
- Suppression or misbehaving by superiors or other employees
- Payments of over time work

Redress of Employees' Grievances

Management of grievances represents a challenge for managers. Trade union leaders or representatives of workers frequently voice workers' grievances in the plant level joint councils, most of which remain unresolved. Redress of grievances as soon as they arise is essential for handling industrial complaints as well as preventing varied human relations problems, such as: low morale, employee unrest, indiscipline, lack of commitment etc.

In the tea estates under study, the nature of employees' grievances were mostly related to financial aspects such as wage/salary, benefits, quarter facilities etc. Other grievances were related to safety, health, tools and equipment, uneven workload, misbehaving by seniors, poor working conditions, supervision practices, lack of opportunity to participate in management, unfair dismissal etc.

A unique type of grievance was: the provision of 'Badli' (replacement by the children or relatives in case of disability or death of a worker). The grievances of such workers consisted of uncertainty of work, no due-recognition, neglect and suppression.

The study attempted to collect responses regarding the causes of workers' grievances. The managers and union leaders pointed out some of the lacking existing in the tea estates which caused grievances as following:

- Lack of proper implementation of labor laws and subsidiary rules by the tea estates.
- The inefficiency of law implementing agencies and their siding with the management.
- Inadequate labor legislation to cope with the emerging industrial relations problems.
- Paternalistic attitude of management toward the workers.
- Lacking on the part of management on the socio-psychological aspects of labor administration.
- Illiteracy and lack of education in workers.
- Want of industrial culture in the tea industry.

During interviews with the workers and union leaders it was found tht there existed no practice of keeping records of grievances presented by workers in the tea estates studied. The workers and employees were asked to rank the factors relating to the grievances and their timely redressed by the management. **Table 7.6** presents the responses of the workers and employees.

Table: 7.6 Workers' / Employees' Grievances

Grievance-Factors	Number of Responses			
	Assistants (n=80)		Workers (130)	
Working Condition	27	(33.75)	78	(60.00)
Wage / Salary	52	(65.00)	78	(60.00)
Benefits	52	(65.00)	70	(53.85)
Tools and Equipment	33	(41.25)	68	(52.31)
Supervisors' Behavior	25	(31.75)	48	(36.92)
Promotion Practices	40	(50.00)	42	(32.36)
Others	15	(18.75)	38	(29.23)

Figures within parenthesis indicate percentage.

The responses relating to the employees grievances as shown in **Table 7.6** indicates that the highest grievances of a good majority of workers (60%) were related with their

working condition and wages / salaries benefits related grievances of workers got second position in ranking and the other factors such as tools and equipment, supervisors' behaviors, promotion got importance in descending orders. However a great majority of employees (65%) responded that their grievances were at most related with their salaries and benefits, then secondly to the promotion practices.

As regards the reporting of grievances, a good majority of workers and employees responded that they reported to their supervisors and the manager. They were asked to respond about timely redress of their grievances by the management. Their responses have been presented in **Table 7.7**.

Table: 7.7 Redressing of Grievances by Management

Group of Employees	Number of Respondents	Number of Responses			
		Always	Often	Sometimes	Never
Supervisors / Assistants	80	16 (20%)	25 (31.25%)	30 (37.5%)	9 (11.25%)
Workers	130	12 (9.23%)	40 (30.77%)	58 (44.66%)	20 (15.38%)
Total	210	28 (13.33%)	65 (30.95%)	88 (41.90%)	29 (13.81%)

The workers' and employees' responses about redressing of their grievances by the management as exhibited in **Table 7.7** shows that a majority of workers (44.66%) and employees (37.5%) stated as 'sometimes', and a little less percentage of workers (33.77%) and employees (31.25%) responded as 'often'. But very few of them responded as 'always' and 'never'.

There was no formal employees' grievances redress system in any tea estates under study. However the general practice in the tea estates was that the aggrieved workers would meet to the Sardar/Supervisor concerned and other persons in the management for the redressal of their grievances. It depended upon the nature of the grievances. Both tow types of procedures for the settlement of grievances: namely (i) open door and (ii) step-ladder were practiced. In the open-door system, the employees would go up to the top level executives with their grievances for redressal. In the step-ladder procedure the aggrieved employee would first present his grievance to the first-line supervisor. The grievance could be dealt with at the lowest level. In case of not being satisfied with the decision of the supervisor, the employee with the grievance would go to next higher authority and so on up to the chief executive of the company. The employees' grievances were redressed by the management as per the company's rules and regulations and Labor Act, 1992. According to the tea-estate regulations the grievance handling procedure consists of :

- The aggrieved should present orally or in writing the grievance to one step-senior supervisor or officer than the accused employee. The supervisor or office should resolve the grievance within 3 days of the complaint.
- In case of not being satisfied with the decision of the supervisor then the aggrieved should present the grievance in writing through the supervisor to the manager. Such a grievance should be redressed within seven days.
- The individual grievances should be presented within 3 days.
- Employees having any individual grievance should not present it to the Trade Union.
- The Trade Unions are also not allowed to put up individual grievances as collective demand.

Although the Labor Act has made provisions regarding the procedure of personal and collective bargaining, the employees felt that the procedures were time consuming and lethargic. Employees and the union leaders told that timely redress of grievances were not possible due to lengthy procedures. Due to lack of functional and well-defined grievance machinery to handle the grievances, most plantation workers were used to the inconveniences, while a few were compelled to knock at the door of the labor office to ventilate their grievances.

During interviews, it was noted that the grievances were not properly recorded so that to know as to how many grievances were redressed by the management within certain time period. The workers used to complain to the concerned personnel verbally or in written form, but only a few of the grievances were redressed.

Disputes and their Settlement:

Labor disputes are differences, conflicts or strife between workers and employers. They manifest in the form of strikes, lockouts and other industrial actions. Disputes can be between employers and workers, between workers and workers, between employees and government. But in practice, most disputes are between employees and workers in the form of (i) disputes over rights or (ii) disputes due to conflict of interest. In Nepal, the labor disputes are by and large linked with political movements.

During the Panchayat rule, labor disputes were suppressed by banning trade union activities. The restriction was lifted after the restoration of multi party democracy.

Labor dispute being a typical socio-economic problem has three distinct features. First, in labor disputes, the disputing parties have to stay together before, during and after the disputes. The disputes involve not just the workers and the management but the workers' families and society at large. Thus the solutions to the disputes must be humane. Second, the parties trying to solve the dispute must be involved for the solution. Finally, the speed by which the problem is solved is as much important as the outcome of the solution, because prolonged labor disputes may bring unexpected consequences (Manandhar, 2001, P.75).

In Nepal, labor disputes are classified into two types, namely, individual disputes and collective disputes as laid down in Labor Act 1992, clause 73 and 74. Most common types of disputes may be 'dispute over right' (rights dispute) which may include either individual or collective and disputes over interest include collective dispute only.

Nepal has witnessed a steady escalation in industrial disputes. According to Pant (1998), a total of 85 cases of strikes and lockouts took place in the country between 1947 and 1980. The labor scene between 1987 and 1990 presented a picture of confusion and despair with pervasive industrial unrest. According to the data published by the Department of Labor, the number of disputes in the form of strikes and lockouts in 1991/92 exceeded all previous records. The increase in the number of industrial dispute was due to the political transition in the country. After 1992/93, the disputes were found to be sliding down.

A study funded by Friedrich Nauman Foundation in 1991, "Toward Improved Industrial Relations" indicated that large number of industrial disputes (142) occurred during the People's Movement for Democracy in 1990-1991. In the wake of political movement, though the labor disputes peaked (159) in 1991-92, this was followed by a substantial decline

due to formulation of new Labor Act, 1992 and Trade Union Act, 1993. These acts guaranteed the workers' freedom to associate and engage in the collective bargaining process. It could also be observed that the management was becoming assertive in dealing with labor issues.

Causes of Disputes:

Disputes between workers and employers can arise because of following reasons.

Economic Causes

It relates to the compensation demands which include wages, benefits and services. Insufficient bonus or no bonus also can be the cause of dispute because employees expect a share in the profit. Working conditions such as hours of work, working environment and factors related to working condition can also lead to disputes. Terms and conditions of employment can be a major source of disputes due to differences in understanding and interpretation by employers and employees.

Industrial sickness due to economic recession, defective taxation policies of government and changing competitive forces in the environment may result in lay-offs or downsizing of the enterprise thereby leading to dispute between employees and workers.

Managerial Causes

It relates to the unfair labor practices by the employers which may result in disputes between the two parties. It includes non-recognition of labor union, lack of consultation in recruitment and development which the workers perceive as unfair treatment. Job insecurity, unfair disciplinary actions and lack of communication between employers and employees may also result in disputes.

Other Causes of disputes may include interference by political parties in labor affairs, inter-union rivalry, multiplicities of labor laws and political pressure influencing collective bargaining and settlement process. However, it is difficult to verify the causes of disputes. The statistics only categorizes the disputes as "economic demands", "social security demands" and "political demands".

Regarding the causes of disputes, studies of different persons give different observations. B.R. Singh (1973) in his seminar paper pointed on politics, non-implementation of labor laws and financial resources. A document of the Department of Labor (n.d.) cited by R. Sharma identified as political, economic, and inter-group rivalry were the issues leading to strikes. A study by Pant (1983) on industrial relations identified a wide range of issues as causes of disputes including economic, managerial and legislation and political. Economic

matters coupled with the physical of work accounted for nearly half of them, and managerial practices relating to appointment, promotion, retrenchment, disciplinary action, and implementation of labor laws also precipitated a substantial number of disputes. Political demands constituted about 15 percent.

The study of G.P. Acharya (2001) on "Trade Unionism and Industrial Relations in Nepal" identified that the economic demands were the foremost reason for industrial disputes. Other reasons were wage and benefits, unfair labor practices, dismissal of workers, outside (political) support and labor standards. One analysis, provided by Democratic Confederation of Nepalese Trade Unions (DECONT) included 100 demands made by trade unions during 1995/96 and 1996/97 showed that,

- 70 percent of the demands were related to the non-implementation of the provisions mentioned in the Labor Act: such as, appointment letters, permanent positioning, transfers, grading of skill levels, provident fund, contract labor, health and safety issues, bonus distribution, canteen and rest room facilities, and accident compensation.
- 20 percent of the demands were related to economic provisions made in the Labor Act.
- The remaining 10 percent was related to the local socio-cultural norms and traditions, such as holidays during local festivals. (Manandhar, 2001 : 17)

Main Issues of Disputes in Tea Industry:

In the tea estates under study, the system of recording labor disputes was completely absent. On the basis of informal interviews and discussions with the managers and labor leaders of the tea estates, some of the common issues of disputers were revealed as following:

1. Wage-Disputes:

The difference of minimum wages between the plantation workers and other factory workers has been the permanent issue of dispute between the union and the management in tea industry. The minimum daily wage for plantation workers as fixed by the government was Rs. 74.00 whereas it is Rs. 90.00 for other factory workers. The tea industry unions have been demanding to raise the minimum wages of plantation workers and make it equal to other factory workers. Recently, the daily wage for adult tea workers has been raised to Rs. 95 and for minor workers, it is Rs. 74.

Wage-related disputes also arose due to delayed payment of wages to the workers. In most of the tea estates studied the wage payment system was done on weekly basis. In case of delays in timely payment of wages, the disputes emerged between the plant-level union and the management. Both the disputing parties held different views about delayed payment of wages. The management stated that it was due to the prevailing economic depression and no sale of made tea, whereas the union leaders blamed that it was due to mismanagement and no proper budgeting system of the company.

2. Task-Disputes

Tea tasks for pruning, plucking etc. were revised and fixed by the management and the union in 2003 with the increase in minimum daily wages from Rs. 62 to Rs. 73. For example the tasks being fixed for pruning were:

- Light skiff : 1500 tea bushes per day
- Medium skiff : 725 tea bushes per day
- Deep skiff : 400 tea bushes per day

The dispute regarding pruning-task emerged due to lack of understanding as to whether it was light, medium or deep skiff. The union leaders blamed that the manager, for example, ordered for medium skiff, but at the time of payment the task was counted for light skiff and paid lower than the actual amount of wage.

Similarly in plucking also dispute arose frequently especially in the off-season. In peak-season the minimum task of plucking (26 kg.) could be fulfilled easily but in the off-season and if the condition of tea garden was very poor the task could not be fulfilled and the dispute emerged at the time of payment.

3. Accommodation related dispute:

The tea industry having considerably a long history of more than four decades has not yet provided proper accommodation facilities to the workers who have been residing in the tea estates since decades. The labor lines look like slums lacking toilets, drinking water and electricity facilities. The quarters provided to the workers consist of a single small room with an area of 100 square foot where all family members have to live. They are provided with the bamboo and straw to repair their houses at the interval of 2 to 3 years. The workers complained that these materials were not sufficient for repair. During rainy season, when the shades/huts start leaking, the workers faced a severe humane problem. The union leaders complained that despite agreements done for improvements of accommodation the management hardly implemented the agreement, which invited disputes. However, the management blamed that the labor-leaders / sardars who took the

repairing works on contract did not use the fund properly for repairing the houses. However, in a few tea estates the management has started constructing permanent type of quarters for laborers and staff, using bricks and tin.

4. Disputes relating to Tools and Apparatus:

In the tea estates under study, the workers complained that they were not provided with the necessary tools and apparatus by the management as per the provisions of Labor Act. Lack of proper tools and apparatus such as apron, sickle, masks, sacks, spades, gloves, gumboot, umbrella etc. hampered much while working in the tea garden. The workers blamed that the management provided low quality apron which did not last for one year so they had to purchase by themselves. The seasonal workers were not provided any kinds of tools and apparatus. But the management also complained that the workers misused the apparatus such as umbrella, aprons etc. This situation frequently gave birth to dispute between labor and management.

5. Disputes relating to medical facilities:

The union leaders complained that the provision for medical facilities in the Labor Act is not sufficient, whereas in practice the management did not provide even the minimum requirements. Only four tea estates under study had a dispensary each with a medical staff and first-aid treatment facilities for workers having minor injuries. Due to non-existent of dispensaries and lack of provision for medical facilities created disputes between labor and management.

6. Disputes relating to leaves:

Sometimes dispute was created when the management did not allow the workers to utilize the leaves and holidays at their will and at other times when the management forced the workers to be on leave. In a few tea estates under study it was also found that the public holidays could be enjoyed only when the workers attended their work just before and after the public holiday. In tea estates under NTDC, the sick leave of 7.5 days in a year must be utilized as becoming sick by the workers and they were required to produce the medical prescriptions certified by a doctor otherwise such a leave was taken as lapsed. Before privatization in 2000, the sick leave and home leave if saved were paid later. So the change and reduction in the prevailing facilities led to dispute between labor and management.

7. Employment related disputes:

Despite the legal provision for employment (that workers having completed 240 days of working continuously are to be appointed as permanent workers) the tea estates were found ignoring the legal provision for employment. Especially new tea estates did not appoint any one as permanent workers even after working continuous for more than 5-10

years. Another aspect of employment related dispute was the land-labor-ratio. The generally agreed land-labor-ratio was one worker per bigha, but the management did not employ as many workers as was agreed upon. The role of Labor Office was found to be ineffective to administer the agreement and make the tea estates to maintain attendance and other books of records. The issue relating to employment frequently created dispute between labor and management.

8. Dispute relating to Bonus:

No tea estates under study provided the bonus to the employees as per legal provision. The tea estates provided 'Dashain-expenses' in the name of bonus and the amount of which was jointly decided by the management and plant-level union leaders every year. So the amount of this 'Dashain-bonus' differed from one tea estate to another. The union leader blamed that the tea-management did not disclose the profit in the balance-sheet so that they were not compelled to pay bonus to the employees. The issue relating to bonus always created dispute every year at the time of fixing the rate of bonus, i.e., Dashain festival expenses.

9. Trade union rights related dispute:

According to Trade Union Act, the registered trade union members should get leave with pay when attending or participating seminars and workshops outside the organization. But in practice the management did not allow the union leaders to enjoy this facility, which sometimes led to dispute between labor and management.

Methods of Dispute Settlement:

Proper handling of the labor-management relations helps to prevent disputes. The primary strategy of the management should be to prevent the disputes through building a preventive mechanism. The experience of the developed countries shows the following methods:

- Enactment of appropriate labor legislation
- Strong trade unions for collective bargaining
- Clear and transparent company rules and regulations
- Constitution of joint council for consultation
- Effective grievance handling procedures
- Code of conduct for the employers and the workers
- Bipartite and tripartite mechanism of dispute settlement
- Effective institutional arrangement for the execution of the laws

The methods available for settlement of Labor disputes are:

- **Collective bargaining:** It is a democratic process of negotiation, settlement and administration of time-bound agreement between labor and management to settle disputes. Collective bargaining is not only a method of settling dispute but also an instrument to prevent it. It fosters responsibility of both the workers and the employers. It can dispel conflicts and ensure lasting industrial peace. The importance of collective bargaining has increased a good deal in recent times because it helps gain a better social status.

The Labor Act, 1992 consists of the process and practice of collective bargaining in Sec. 74 and Sec. 79.

- **Grievance procedure:** When a complaint about dispute is filed, it becomes grievance. Grievances are workers perception of unfair treatment on the job. Grievance procedure is a formal organizational mechanism for dealing with employee grievances. It consists of successive steps as under:

- | | | |
|------------|---|-----------------------|
| ▪ Grievant | — | Supervisor |
| ▪ Grievant | — | Department Head |
| ▪ Grievant | — | Grievance Committee |
| ▪ Grievant | — | Chief Executive |
| ▪ Grievant | — | Voluntary arbitration |

- **Conciliation:** It is a process whereby a third party provides assistance in settling disputes. The third party brings together the disputing parties, but does not impose its decisions.
- **Mediation:** It is a process whereby a third party is more active and presents proposals for dispute settlement. The mediator facilitates for the settlement of disputes but the disputing parties are free to accept or reject such proposals.
- **Adjudication:** It is a process of mandatory settlement of a dispute by courts, labor courts or a tribunal. It deals with rights disputes and the verdict of adjudication is binding on both the disputing parties.

The procedure for settlement of industrial dispute was contained in the now defunct Factories and Factory Workers Act 1959. It did not envisage any role of trade unions in collective bargaining; rather it made vague provision regarding settlement of disputes. Government had the power to intervene in the disputes by referring them to a conciliation board or a tripartite tribunal after initial information efforts by the labor office. Most of the disputes were settled by the Labor office and the conciliation board or tribunals were seldom set up.

Under the democratic multiparty system, labor administration and industrial relations have received top priority. Trade union law was enacted which made provision for registration and recognition of the trade unions. The Labor Act, 1992 contains provisions for an orderly settlement of industrial disputes. The Act has classified the disputes into two types, individual disputes and collective disputes as laid down in clauses 73 and 74 with mention about submission and settlement procedures of these disputes. The procedures for settlement of labor disputes could be as varied as the types of disputes. Negotiation was one of the common and widely acceptable means of settling labor disputes. However, if the parties involved – the workers and employers, failed to reach an agreement during negotiation, they would need the assistance of the third neutral party, in the form of conciliation or mediation, adjudication and arbitration.

In labor administration, Department of Labor organized under Ministry of Labor is a central body responsible for implementing labor policies and executing the labor legislation. Under the Department of Labor there are Zonal Level Labor Offices, which play crucial and vital role in the settlement of labor disputes.

In the labor administration, the Labor Office has to play a crucial role which deals with various activities of labor administration such as industrial relations, arbitration, settlement of disputes, inspection of industrial establishments, enforcing safety and health measures for the improvements of working conditions. The main function of Labor Office is to enforce the Labor Act, the Bonus Act, and the Trade Union Act (and their rules). The duties and responsibilities of labor officers and inspectors have been defined by the labor legislation.

Legal Procedure for the Settlement of Disputes:

For the settlement of individual dispute, the grievant should submit the grievance to the management in writing, and the management is required to settle it within 15 days of receipt through discussion. If the grievance is not settled, the employee should bring it to the notice of the Zonal Labor Office. The Labor Office shall, under the law, make efforts to settle it within seven days by holding negotiation with the disputing parties. But if the problem again remains unsettled at this stage too, then the chief of the Labor Office shall give his decision on the grievance within another seven day. Any party which is aggrieved by the decision of the Labor Office may file an appeal in the Labor Court within 35 days of receipt of such a decision.

For resolving collective disputes through the process of negotiation, the Labor Act 1992 has provisions in a clause 74(2). According to the Act, the collective demands or claims should be submitted to the management in writing duly signed by the authorized union or 51 percent of the total strength of workers. Upon receipt of the claims relating to the collective disputes, the management should invite the representatives of workers for negotiation and should try to settle the dispute within 21 days of receipt of demands. In case the bipartite negotiations fail, it should be settled through conciliation by the Labor Office within another 15 days according to the clause 75(3) of Labor Act. Conciliation is a process whereby a third party provides assistance to the disputing parties, encourages them to discuss on their differences and make them to come to their own solution. In mediation the mediator is more active and submits his own proposals for settlement of the disputes to both parties. However, both the parties are free to accept or refuse those proposals. In Nepal the provision of conciliation has been incorporated in clause 74(3) of Labor Act, 1992.

In case of failure of conciliation, either one of the parties or both can seek arbitration, - a process whereby a third party takes a final decision on the dispute. In Nepal, the clause 74(4) of Labor Act, 1992 has a provision of voluntary arbitration which mentions that after the failure of conciliation attempts of collective disputes may be submitted to an arbitrator acceptable to both the parties. If such an arbitrator could not be appointed, the dispute may be referred to a tripartite committee constituted with the consent of both parties by the Government having equal representation from employers, workers and the government. The mediator of the committee so appointed shall decide on the dispute within 15 days.

Clause 72 of Labor Act, 1992 has a provision for establishment of Labor Court to resolve the dispute through adjudication process and practices in Nepal.

Clause 76 of Labor Act has a provision for strike by serving a 30-days advance notice to the management mentioning the demands or claims, in case of not reaching a consensus through arbitration. A copy of such a notice for strike should be forwarded to the Department of Labor, concerned Labor Office and local administration. However, such a proposal for strike should be passed by 60 percent of the total workers through a secret ballot before serving the notice for resorting to strike.

Clause 77 of Labor Act 1992 also has a provision for declaring lock-out when a strike is started without proper notice or when a collective dispute is not settled through direct negotiation or conciliation, the management may declare a lock-out with prior approval of the Government. In case of rioting or destructive activities from the side of workers in course of

strike, the management can straightway declare a lock-out under intimation to the Labor Office and Government. A lock-out is deemed to have ended if the workers return to work or the management declares end of the lock-out or the Government declares the lock-outs as illegal or prohibits the strike. In case of declaring the lock-out as illegal by the government, the management has to pay wages to the workers for the period of such a lock-out. The legal procedure for settlement of disputes has been depicted in **Figure 7.2**.

arisen or there is possibility of arising a dispute, the Government can constitute a committee of one or more persons on tripartite basis consisting of representatives of the proprietor, the workers and the Government in order to resolve the dispute. Such a committee may regulate its own procedures. The decision of the Government made on the report of the committee shall be final and binding to both the disputing parties.

During interviews with the workers / union leaders and staff of tea estates studied, it was found that different kinds of methods were practiced to resolve the disputes, such as jointly by management and workers' representatives / union leaders, Tripartite Committee involving labor office or third party, and through labor court in case the dispute could not be settled. **Table 7.8** below shows the opinions of workers / union leaders and staff of tea estates regarding their choices regarding methods of settling disputes.

**Table: 7.8 Workers' / Union Leaders' and Employees' opinions about
Methods of settlement of disputes**

Attribute	Responses Categories	Workers' / Union Leaders N = 130	Supervisors / Assistants N = 80
Best method for settling disputes	Joint (Bipartite)	95 73.08%	35 43.75%
	Tripartite	25 19.23%	40 50.00%
	Labor Court	10 7.69%	5 6.25%
	TOTAL:	130 100%	80 100%

Table 7.8 shows that a great majority of workers union leader (73.08%) responded that joint method (involving management and union leaders) were the best method for settling labor disputes. A small number of them (19.23%) chose the tripartite method as the best method, whereas only 7.69% of them expressed their views toward labor court.

As for the staff 50% of them responded the tripartite method as the best and second priority was given to joint-method of dispute settlement as the best by 43.75%. Only a very small number of staff (6.25%) responded that the disputes be settled through labor court.

To assess the effectiveness of the roles played by the Labor Office as conciliator, separate interviews were conducted with the workers / trade union leaders, employees and management personnel of the tea estates. **Table 7.9** presents the responses of all these respondents on the subject.

Table: 7.9 Conciliatory Role of Labor Office as viewed by

Workers', Trade Union Leaders and Managerial Personnel

Response Category	Workers and Trade Union Leaders N = 130		Managerial Personnel N = 80	
Very Active	-	-	-	-
Indifferent	21	16.15%	25	31.25%
Inactive	95	73.08%	55	68.75%
No Idea	14	10.07%	00	00%
TOTAL:	130	100%	80	100%

As indicated by the responses presented in **Table 7.9**, the Labor Office was inactive or indifferent in playing the role of the conciliator to resolve industrial disputes. A great majority of workers and union leaders (73.08%) and managerial personnel (68.75%) responded as 'inactive'. None of the workers, trade union leaders and managerial personnel responded as very active, which shows that the government should pay attention to make Labor Offices more active and strong by removing the existing lacking.

Trade Union Leaders also provided their opinions regarding the ways of minimizing the labor disputes as following:

- Management should meet the basic economic needs of workers and staff.
- Grievances should be redressed timely.
- Management should have positive attitude and cooperative towards workers and employees.
- There should be held regular interaction between management and the union.
- Existing legal provisions should be fully implemented by management.

Employees' Discipline:

Discipline refers to a condition in the organization when employees conduct themselves in accordance with the organization's rules and standards of acceptable behavior. Once they are made aware of what is expected of them, and assuming they find these standards or rules to be reasonable, they seek to meet those expectations. The members must reasonably conform to the code of behaviors established by the leadership of the organization so that the goals agreed upon can be accomplished. If the membership of any organization does not abide by the established codes and procedures, the organization faces imminent collapse (Dale S. Beach, 1980: 521). But some employers who can't elicit the accepted norms and become late for work, have excessive absences, refuse to obey the boss's orders, break safety rules, fight with their co-workers, consume drugs on the job etc., they will require some degree of extrinsic disciplinary action, i.e., punishment (Decenzo and Robbins, 1998 : 478).

Employee's Code of Conduct in Tea Industry:

The workers / employees of all tea estates under study were bound by some code of conducts as per the provisions of tea-estate-regulations. Any one not conforming to the rules and code of behaviors was taken disciplinary action. The code of conduct included the following:

1. The code of conducts should be followed by all the employees of the tea estates as following:
 - To obey the orders of senior officers.
 - Behave courteously with the visitors in course of some work.
 - No consumption of drugs on the job.
2. Maintaining Secrecy:

No workers or officers should leak / publicize any information directly or indirectly about their work-related secrecy without permission. In case of leaking the secrecy by any employee could be made liable for compensation of losses and disciplinary action can be taken.
3. Attendance:
 - Employees must attend regularly on time of work and they can't be absent on the job without prior approval.
 - After attendance, no employees are allowed to go outside without permission.
 - After completion of work-time, employees should not stay at the workplace without any reason.

4. Donation or Gift:
No employees and their family members are allowed to receive any kind of gifts, tribute, donation, bribe etc. related to the job of the enterprise without prior permission.
5. No employees should work in other places outside the enterprise.
6. The employees are required to inform immediately to the senior level officer about any kind of useful or harmful information from any anyone else.
7. Employees should not publicize or contact with the media about the proceedings and policy of the enterprise in written form without permission of the enterprise.
8. Employees shall not influence to any one politically, or through other unnecessary means for personal benefits or fulfillment of self-interest.
9. General Conduct: Employees and workers must follow these as given below:
 - Should be honest in the work of enterprise. The tools, equipment and other materials of the enterprise at one's disposal should be used and kept safely and should not be utilized in other purpose than the fixed work.
 - Everyone should behave in mannerful ways with the superiors, cooperate with the peers / coworkers and deal fairly with subordinates. They are not allowed to abuse, agitate and disobey the seniors.
 - Should keep the machines, tools and equipment and workplace neat and clean.
10. No one should go away from work or roam outside one's workplace and work at others workplace.
11. One should achieve the set target of production in terms of quantity and quality.
12. Accommodation:
Employees residing in the quarters of the enterprise are not allowed to shelter / accommodate others than their own family members. In case, any guests come suddenly after office-closer time, they should not be allowed to stay there in the quarter more than one day. If they are required to stay more than one day then the employee must take approval, with recording the guest's name, address in the Company's book of record.
13. Employees should not let free pet animals such as hen, swan or cattle in the company's premises. If any damage is caused by such animals, the concerned employee has to compensate for such loss.
14. No employees are allowed to practice any immoral acts like drudgery, gambling, sale of company's produces etc within company's premises.

15. No employees can open any shops within the enterprise without the permission of the manager.
16. Employees are not allowed to involve or participate in any kind of demands, movements / campaign or strikes organized by outsiders or by other organizations.
17. Employees who do not abide by / follow the above stated code of conducts, are taken as violating company's code of conducts and orders / directions, and such employees shall be punished as per the regulations.

Misconduct and Punishments:

According to the Labor Act, the following conditions are considered as misconducts:

- a. Bodily harm or injury on or detention of the Proprietor / Manager of the enterprise with or without the use of arms; or violence or assault within the enterprise in connection with labor dispute or on any similar matter.
- b. Stir within the enterprise affecting the production process or service works, obstruction to the supply of food and water, disruption of or connection of telephone and electricity supply within the enterprise.
- c. Theft of property of the enterprise, or dishonest in business transactions of the enterprise.
- d. Offer or acceptance of bribe.
- e. Conviction on a criminal offence involving moral turpitude.
- f. Participation in or coercion to unauthorized illegal strikes.
- g. Intentional go-slow against the interests of the enterprise.
- h. Damage to, or destruction, unauthorized use or misappropriation of the property of the enterprise.
- i. Violation of the orders or directives issued under the Act or its Rules, or the rules of the enterprise, maltreatment of the customers of the enterprise.
- j. Frequent absences from work or coming to work late.
- k. Consumption of alcoholic drinks during the work hour.
- l. Consumption of secrecy relating to specialized technology used in the enterprise.
- m. In case of abuses or damage to objects kept for health and safety of the workers or employees.

The act also states the punishments for the misconducts as following:

1. Any worker or employee who commits any misconducts as mentioned in clause (j), (k), (l) or (m) of Sec-51, may be reprimanded.

2. Anyone who commits misconduct as mentioned in clause (f), (g), (h) or (i) of Sec-51, may be punished and the annual grade of salary may be withheld.
3. Anyone having the misconduct mentioned in clause (b), (c) or (d) of Sec-51, may be suspended for up to three months.
4. Anyone who commits the misconduct mentioned in clause (a) or (e) of Sec-51, may be dismissed from service.
5. Anyone who has been punished twice for any offence of misconduct according to sub-sec (1), (2) or (3), if commits the same offence again may be dismissed from service.

During interviews with the workers, trade union leaders and management representatives, it was found that the most likely cases of indiscipline and misconduct in the tea estates under study were: (a) unauthorized absenteeism, (b) disobedience to instructions, (c) creating unnecessary disturbances, (d) alcoholism during working hours, (e) destruction of property, (f) intentional wastage of resources, (g) repeated lateness, (h) loitering, quarrelling, and immoral conduct, stealing etc.

As the tea estates did not have proper system of recording the cases of misconduct and indiscipline, the responses were entirely based on the personal experience and memory of the respondents. The reasons for occurring misconducts were mainly: (a) deep-rooted links with previous occupation, (b) customs and traditions, (c) politicization at the workplace, (d) behavioral flaws on the part of supervisors, (e) distrust between the working community, and (f) outside party instigation.

The tea-estate-regulations also consisted of more or less similar provisions of punishments for workers or employees, committing misconducts at work in the tea estates. The following punishments would be administered on workers or employees by the proprietor or managers depending on the nature of misconduct and offence:

- a. Reprimand
 - b. Stoppage of annual salary increment
 - c. Suspend
 - d. Dismissing from the job
- A. The manager can give punishment to the employees committing following misconducts:
- i. Disobedience of the orders, directions or violating repeatedly such orders issues by the tea estates as per Labor Act, Tea related Rules and Company's regulations.
 - ii. Misbehaving with the customers of the enterprise.

- iii. Repeated absences without consent of the authority.
 - iv. Signing attendance even after coming lately.
 - v. Intentionally misusing or damaging the things kept for the interest, health and safety of the employees.
- B. Manager can stop the annual salary increment of the employees committing following misconducts:
- i. Participating in illegal strike, or influence, compel or provoking other employees.
 - ii. Striking without fulfilling legal procedures or showing down work against the interest of the enterprise.
 - iii. Practicing corrupt actions.
 - iv. Damaging intentionally the company's property or unitizing the property outside without the permission of the authorized person.
 - In case of daily-wage-workers practicing misconduct they might be suspended for one month.
- C. Manager can suspend for three months to the worker or staff committing following bad conducts:
- i. Any act causing disruption or unrest thereby affecting adversely to the company's production or services.
 - ii. Blocking, foods, water, telephone and electricity within the enterprise.
 - iii. Road blocking the movement within the enterprise.
 - iv. Drunk on the job within office hour or certified by the medical doctor of being drunk.
 - v. Bribery in company's work.
- D. The manager can dismiss any employee committing following misconducts:
- i. Employees committing quarrelling, fighting, beating or causing any physical injury to the director, manager, and other employees or causing damages of the physical properties of the company.
 - ii. Having got the punishment of imprisonment due to immoral act.
 - iii. Stealing of company's property.
 - iv. Being absent for more than 30 days without any information.
 - v. Leaking the company's secrecy with the intention of causing loss or damage to the company.
 - vi. Committing misconduct time and again after having got punishment twice due to misconduct.

Disciplinary Action Procedure:

The Labor Act, 1992 in its Chapter-8 entitled "Conduct and Punishments" states that the proprietor / manager may punish any workers / employees performing misconducts with any of the following:

- a. Reprimand,
- b. Withheld annual grade increments,
- c. Suspension, or
- d. Dismissed from service.

The disciplinary action procedures followed by the tea-estates were as per the Labor Act and the tea-estates regulations. The managers mostly used oral and written warnings for misconducts and indiscipline performed by workers or employees. There were a few cases of suspension from work but dismissal of workers and employees depending on severity of misconduct was rare.

The Managing Director / Manger who is authorized to give punishment to the employees for any kind of misconducts shall adopt following procedures:

- a. The authorized person has to inform the employee who is going to be punished before seven days, stating the charges and the type of punishment (action) being taken on him or her. So that he/she may get an opportunity to give the clearance against the charges.
- b. If the accused employee does not give clearance within seven days or if the clearance is not satisfactory, then he/she may be punished or taken action against.
- c. If the accused employee does not accept/receive the charge sheet or become absent then the charge sheet will be sent through post in his/her address and a copy of the same shall be posted on notice board and a report is prepared with the witness of three persons, a copy of which is sent to the labor office.
- d. In case the employee commits corruption or misuse or damage the company's property such an employee can be suspended for one month for investigation. If the employee is found innocent, such a suspension will be lifted and, he/she may get the salary of suspension-period.

During interviews with the workers / union leaders and employees of the tea estates studied, it was found that different kinds of disciplinary actions were practiced against misconduct and indiscipline performed by workers / employees. As regards the feelings about disciplinary actions practiced, the workers / employees responded differently as shown in **Table 7.10**.

**Table: 7.10 Feelings of Workers and Employees About
Disciplinary Actions taken by Management**

Response Categories	Workers / Union Leaders N = 130		Supervisors/Assistants N = 80	
Fair	20	15.38%	30	37.50%
Moderately Fair	76	58.46%	40	50.00%
Unfair	34	26.16%	10	12.50%
TOTAL:	130	100%	80	100%

The analysis presented in **Table 7.10**, shows that a majority of workers / union leaders (58.46%) responded their feeling about disciplinary actions taken by management to be moderately fair, whereas 26.16% of them responded as unfair.

Only a small number of workers (15.38%) responded as fair. As regards the responses of staff-employees about disciplinary actions, a half of the total number interviewed expressed their feeling to be moderately fair: 37.50% of the employees felt the disciplinary actions taken by management as 'fair', whereas the least number of employees (12.50%) felt as unfair.

Labor Relations Committee:

Se. 63 of the Labor Act, 1992 has made provision to establish Labor Relations Committee (LRC) in the enterprises. The objective of LRC is to create a harmonious environment between workers and management for the wholesome development of industrial relations in the enterprise. The idea of creating LRC comes from the concept of 'Quantity Circles' in Japan or 'Work Councils' in Germany-as a nexus of labor management workplace cooperation. Despite of the legal provision for the establishment of LRC in the enterprises in Nepal, only a few were found to have constituted LRC. A survey carried out by GEFONT indicated that out of 750 firms nearly 24 percent were found to have established LRC. And even in case where LRC had been duly established, they did not function properly (Manandhar, 2001 : 81).

During interviews with the union leaders and management representative of tea estates, it was found that they were all aware of the legal provision to form LRC. But the management was not serious in forming the committee, as they stated that it was not necessary.

Labor Regulations relating to tea industry-1993 has a provision to establish Labor Relations Committee in the tea estates as following:

Formation of LRC: LRC shall be formed in each tea estate with equal representation from both management and workers with minimum of four and maximum twenty members, depending on the number of total workers. After the formation of LRC, as per the rules and procedures, the management should inform to the Labor Office about it.

Election of Management and Workers representatives: Management representatives shall be selected from among manager and senior employees who are involved in day-to-day operation of tea estate. While selecting the workers' representatives for LRC, the enterprise-level trade unions should select their representatives. In case of non-existent of such unions, the workers shall select their representatives involving all kinds of workers of the tea estate.

Officials and members of LRC: Any one of 18 years of age and having one year of working experience in the tea estate can be elected as the member of LRC. It contains President, Vice-President, Secretary, Joint-Secretary, and Treasurer and executive members for tenure of 2 years. The management side occupies the posts of President, Treasurer, and Joint Secretary whereas the workers shall represent as Vice-President and Secretary in LRC.

Meeting: The meeting of LRC shall be held as determined by the president and called by the secretary. Such a meeting shall be held at least once in every three months. The meeting of LRC shall be arranged by the manager of the tea estate. The decisions taken by the meeting should be recorded in the minute book by the secretary and approved by the president. The procedure of the meeting of LRC shall be as determined by the committee itself.

The functions and duties of LRC: The functions and duties of LRC include maintaining quality through increasing and improving the production and services of the enterprise and managing of welfare fund, and employees' accommodation.

Despite of legal provision for establishing LRC in the tea industry, no tea estates under study were found to have constituted LRC. In course of informal discussions with the trade union leaders and management personnel none of them was interested to establish LRC in the tea estates. Trade unions thought the LRC to be as a bottleneck in their relations with the management. They viewed the LRC to be as another wing of the authorized trade union with management representatives. The authorized trade unions opposed the provision of representation in the LRC from cross sectional workers. The concept of LRC as conceived by

trade union leaders defeated the purpose of workers' representation. They also stated that the provision of equal representation both by management and workers created problem while arriving at a decision through majority voting system. They further stated that the LRC would be driven by management interests because of its structure, as the important positions like chairperson and Treasurer were held by the management. The trade union leaders generally believed that the management always had an upper hand in committee decisions and that the unions had to accept the decisions under compulsion.

Another problem relating to the formation could be the non synchronization of the two-year tenure of the elected trade unions and the LRC in the enterprise. As the LRC's activities were confined to the administration of short term monetary issues like welfare and housing funds and determination of leaves, it would not be able to meet the industrial need of better workplace cooperation for productivity and quality. However, the union leaders believed that LRC would serve as a forum for matters like attending meetings with management representatives and raising workers' voices, making suggestions and advocating justice for working community.

Summary and Conclusion:

To sum up, the evolution of labor / industrial relations in Nepal was conditioned mainly by the political climate of the country at different time periods. The unionism and industrial relations activities were suppressed by the Rana regime till 1950. The period between 1950 and 1960 was characterized by political turbulence. With the restoration of democracy in 1951, new unions emerged as nurtured and guided by political parties. Those unions were found to be more active in politics than trade union activities. In 1961 the Nepalese politics reverted to party-less system resulting in centralized power structure, thereby nipping the roots of seedlings of unionism and labor relations. It was only after the restoration of multi-party democracy in 1990, the interim government gave due respect to the rights of workers to form and operate trade unions. As a result of this, a number of trade unions came into being.

The promulgation of Labor Act, 1992 and Trade Union Act, 1993 are the landmarks in the history of labor / industrial relations in Nepal. The unionization of workforce was found overwhelming, because of the workers' trust and belief that unions would be effective in achieving their aspirations and objectives. Union multiplicity and the affiliation of unions to political parties have been a common practice. However, poor financial base of unions and lack of education on the part of union-leaders and workers were seen causing hardship in the operation of unions.

As most of the Nepalese enterprises operate in traditional ways, the managements of the enterprises were still using the legacy of suppression and unilateral decisions. The perception of the workers about management was more 'profit-centered' than 'worker-centered'. The state of labor relations in tea industry of Nepal is not serious, yet there exist a psychological barrier between the owners / managers and workers. The participation of the union in management meetings was lacking to a great extent. However, the level of understanding between the union and the management was found encouraging.

Most of trade unions in the tea industry were found controlled by political parties thereby leading a situation of hostility and inter-group rivalry between them. It was also noted that the union leaders were not highly committed to their responsibilities because of their being affiliated to political parties. The study, based on the information collected from workers / employees and managerial personnel, found that the unions should not have direct relations with political parties. It was also observed that they opted more for a single authorized union.

As regards the competency of the existing labor legislation, the workers / union leaders and managerial personnel opined positively as stating these laws to be capable of addressing the major issues of trade unions and labor relations. However, a separate industrial relations act may be fruitful for developing industrial democracy and sound labor relations system.

The study found the economic demands as the prime reasons for industrial disputes in the tea estates. Disputes could be prevented through proper handling of labor-management relations. Cases of workers' indiscipline and misconduct were related with leave without prior notice, disobedience, alcoholism, theft, intentional wastage of resources etc. For the settlement of disputes, bi-partism was considered as best method by the unions in the tea estates.

The existing labor law has a few provisions for social security specified in accordance with the degree of disablement and injury in connection with the degree of disablement and injury in connection with workmen's compensation based on salary-factor, not based on age factor. The schemes of social security should be based on funds created by tripartite contributions of workers, employers and the government. There is need of a separate social security act. The existing trade unions have poor financial condition and weak institutional infrastructure. So, there is need for assistance from government and international agencies to build institutional capacity of the trade unions.

For comprehensive workers' education program, trade unions should be assisted and contributions made by employers' organization and the government. In view of the prevailing unfair labor practices, strong social movements have to be conducted against such practices and exploitation.

CHAPTER : VIII

SUMMARY OF FINDINGS AND SUGGESTIONS

The essence of the concept of HRM is that people working in the organization are viewed as a valuable resource. If the people working in the organization are managed properly, they can boost productivity through their commitment and capability .HRM lays emphasis on the importance of integrating personnel functions: recruitment, selection, development, reward, and appraisal, Labor relations, grievance and discipline, retirement and dismissal into the overall strategic management of the organization. HRM is a distinct approach to employee management that seeks to achieve a competitive advantage through the development of highly committed and capable work force.

Organizations today, amidst competitive global environment are struggling for survival and growth. To pursue this objective, the enterprise must have well trained efficient and adequately motivated work team. This is because the productivity is associated largely with the nature of the human resource – knowledge, skills ,creative abilities and aptitudes of employees and their total environment political ,legal ,social ,technological and economic factors . Thus, the human resource is assuming increasing significance in modern organizations.

A majority of problems that exists in today’s organizational setting are human and social rather than physical, technical and economic. There are numerous HR related problems in Nepalese organizations. Nepalese organizations are still in the age of personnel management where people are regarded as input in the production process. The focus is on managing personnel functions like maintaining records, employee welfare, discipline and labor relations .HRM practices are governed largely by social contacts based on cast, religion, economic status and political affiliation .The provision of Labor laws are not seriously enforced and moreover the uncooperative nature of unions reduce the efficiency of organizations.

Nepal has implemented a series of structural adjustment measures since 1984/1985 and privatization has been accelerated since 1988 with the help of donors. The liberalization and other economic, legal reforms pronounced by the government have thrown up many challenges and opportunities to the Nepalese industries. Nepalese organizations are facing several HR related problems such as low production and productivity, decreasing employee motivation and morale, adverse union-management relations etc. However, these deficiencies are slowly changing with growing impact of environmental influences on HRM practices, government regulations, labor unions, increasing globalization etc. The philosophy of ‘Human resource approach’ which holds that people working in an organization are valuable

resource whose talents have to be developed and utilized, is gaining ground in Nepalese enterprises. Issues like participation of employees in decision making, manpower planning, selection procedure, employee training and development, pay and benefit structure, retirement policies etc have been drawing the attention of management.

There have been, in fact, very few research studies done in the field of HRM in Nepal. There exists a knowledge gap in the HRM practices in different enterprises. A review of the existing literature indicates that no systematic attempt has been made to study comprehensively the HRM practices in tea industry of Nepal. In the realization for the need of research, the study of HRM in tea industry of Nepal assumes greater significance.

The present study was conducted with a view to examining a few basic questions such as What was being done, how was it being done, and how did the employees view some of the pertinent issues relating to HRM in tea industry of Nepal. The study was focused mainly on the major HRM functional areas: acquisition, training and development, utilization and maintenance of employees. The specific objectives of this study were as follows:

- To examine the employment procedure relating to human resource planning, recruitment; selection and placement;
- To evaluate the training and development practices;
- To assess the performance appraisal and promotion practices;
- To analyze the compensation management practices;
- To assess the impact of Trade Unions on HR related decisions; and
- To examine the enforcement and impact of labor laws at the enterprise level.

The present study on HRM in tea industry of Nepal has been based mainly on primary data. Data were collected from documents, interviews, observation and opinion survey. For collecting primary data, the selected tea estates/companies under study were visited and informal discussions were held with the manager, staff, workers and union leaders. On the basis of the experience of the initial phase of the investigation, research questions were formulated and later two different types of semi-structured questionnaires were designed. On the basis of pilot survey, necessary revisions were made and interviews were administered. Besides these, personal interviews and informal discussions were held with managers, staff and union leaders with a view to obtaining additional relevant information regarding HRM practices in tea estates.

The tea estates for the study were selected on the basis of judgment sampling representing both corporate and private sectors, comprising 3 tea estates from corporate sector and 7 tea estates from private sector. For the purpose of collecting

employees opinions the number of respondents of different levels were selected as 50% of managers/officers -12, 25% of staff and sub staff -85, and 5% of permanent workers and trade union leaders 142 respectively. Out of the number of employees selected for interview 5 staff and 12 workers could not be available during visits to the tea estates. All data being collected from both primary and secondary sources were tabulated and classified for analysis .The responses being collected from employees, managers, union leaders, owners and other officials of Labor office and NTCDB were used in the study. The pages that follow summarize the major findings of the study and suggestions resulting from them.

Major Findings:

The HRM practices in tea industry of Nepal under study that have been discussed in earlier sections are summarized below:

Acquisition of Employee:

Tea estates under study were owned and managed by families and their hand picked managers who were not amenable to modern management concepts and practices. They practiced centralized administration, did not delegate authority and responsibility, and did not support participative decision making. On the basis of the above study, the findings of the employee acquisition practices in tea industry of Nepal are summarized below:

- No tea estates under study had separate human resource department to administer the personnel functions .Personnel functions were integrated with the administrative department under a manager which performed diverse non-personnel functions relating to the field and factory activities of the tea estates.
- The managing director and the manager performed the personnel functions relating to procurement and development of employees, wage/salary and benefits, and Labor relations .Most of the time were spent on maintaining employees' personal files attendance records and handling grievances etc. Very low priority was attributed to planning, recruitment, selection, development, compensation and maintenance of the human resource.
- No tea estates under study adopted systematic manpower planning to work out the manpower requirement and creation of jobs (staffing). The tea estates did not follow the established concept of land –Labor ratio for employment that is one acre (of plantation) is to one man (worker). Most of the tea estates were under staffed because of not filling the vacancies created due to retirement, disability or death of permanent workers. The need for workers were substituted by casual or seasonal workers called 'Bigha' who were easily available. Most of the plantation workers were predominantly rural migrants who came from backward and indigenous community, were poor and illiterate and were thus unaware of their rights and responsibilities.
- The bases of employment condition were: permanent, temporary, contract and seasonal .All managers in the tea estates under study were Indian nationalities and hence employed on contract basis .Similarly other officials and assistant level employees were also

appointed on contract basis especially in the tea estates run by NTDC. However, in private tea estates, the assistant level employees and workers were employed on permanent basis (54.42%). So the remaining 45.58% of work force constituted casual or seasonal workers required especially during peak season (June- September).

- The major source of job - information was family and friends (93%) for workers. Assistant level staff was appointed from among educated and capable workers or acquaintances and relatives of owners and managers. Job vacancies were published through notification and a copy of each was pasted on the notice board of the office .For officer level jobs vacancies were advertised in newspapers as formality to maintain legal provision. The important qualification for employment was job experience. Academic qualification was not regarded as an important criterion for employment in tea estates.
- There were no specific forms of application to be used while applying for the job. The job seekers were required to apply in writing to get job in tea estates.
- The selection of employees was done on the basis of interview related to their job experience .Interviews were conducted both formally and informally. The managing director used to sort out the successful candidates. Recommendation of friends, relatives and influential persons influenced the selection process. Employees stated that they were asked questions relating to their academic qualification, previous job, experience and personal interest etc in the interviews. A great majority of employees (83%) were satisfied with the interviews conducted for selection.
- All employees were given appointment letters after they were selected for the job .A typical type of appointment letters containing terms and conditions were used for different kinds of employment such as permanent, contract and seasonal.
- Tea estates under study employed more female workers (62.32%) than male workers (37.68%) out of total permanent workers. After the enactment of Labor Act, no tea estates employed child workers. However, minor workers (aged 14 to below 18) were employed as seasonal workers during peak plucking season.
- All tea estates were found employing seasonal workers called 'Bigha' in large size during peak plucking season (June to September). The share of such seasonal workers constituted 45.47% of the total workforce. An overwhelming majority (73%) of these seasonal workers were women. The seasonal workers came from the workers' families residing in the tea gardens or from nearby villages. In one of the tea estates located at the southern boarder area of Jhapa with India, most of the workers came from adjoining villages of Bihar, India.
- A special feature of employment in tea estates was that of 'badli (replacement) System'. Under this system the family members of the workers were employed in the vacancies created due to retirement, disability or death of any worker. The reason for practicing this

system was that the workers who came from outside couldn't adjust in the work – group .Informal groups were very strong in tea estates consisting of ethnicity norms and values of their own. Another reason was that the management also did not intend to hire new workers from outside because they required new accommodation (quarter and a piece of land) for new workers, thereby increasing cost.

- Tea estates under study were found to have employed all managers from India nationality. Most of them were graduates who fell in the age group of 45 to 60 years and possessed over 15 years of working experience in tea estates of India .All of them were appointed on contract basis.
- In tea estates managed by NTDC, all higher and middle level employees were employed on contract basis mostly from Indian nationality and only junior level employees were employed from among Nepalese citizens mostly on permanent or temporary basis.
- A great majority of plantation workers (85%) were from indigenous community and scheduled casts such as Rajbanshi, Ganesh, Uraun, Munda, Birja, Bishwakarma etc. Most of them (about80%) were illiterate .Due to their illiteracy, habit of drinking alcohol and no saving practices, the plantation workers' condition looked very poor and miserable.
- The tea estates did not conduct any formal induction program to the newly hired employees. The manager and senior supervisors would give some orientation informally to the new employees. The orientation was focused on the nature of work, place of work, supervisors and peers .A great majority of workers (82%) and assistants (80%) responded that they were not given any orientation formally. However, the management opined that orientation was not necessary, as most of the workers came from the family members of existing employees, they were somewhat acquainted with the work environment and the life – style of tea gardens.

Training and Development of Employees:

- There was no training policy or any declared training and development programs for the employees in the tea estates under study. The management did not allocate any budget for the employee development programs.
- No tea estates under study provided any formal training to the workers and employees. The supervisors or senior ‘Sardars’ would informally give instructions to the workers in the field during their supervision and field-visit schedules. However, occasionally a few assistant level employees were availed short training related to tea garden field activities on casual basis. Very few employees (Supervisors 21% and workers 13%) responded positively that they got simple job related on the job training. They also stated that the Job-related training was very useful to do the job efficiently.
- A great majority of tea – employees (assistants 93% and workers 84.6%) responded that training was necessary for them to enhance their knowledge and skills related to the jobs they performed. Similarly they also responded that training opportunities in the tea estates under study were not existent.
- National Tea policy 2000 consists of a provision for establishing a ‘Tea Research and Training center’ in association with Nepal Agricultural Research council (NARC) and International Cooperation and private sector to arrange technical trainings for tea-employees on time to time basis. But this has not been implemented till date due to lack of fund and efficient agency.
- In course of informal interviews with the former General Manager of NTDC (Mr. Baburam Poudel), stated that NTDC (before privatization in 2000), used to organize a week long technical trainings regularly for the supervisor-level employees. Such training was conducted on yearly basis by Indian trainers and experts. But after privatization such a practice was stopped. However, the tea estates under study were found organizing one-day technical trainings occasionally for the employees, though they did not have any regular programs.
- The tea estates under study did not have any prescribed performance appraisal system. No prescribed forms were used for employees' performance appraisal. The managers and supervisors stated that employees' performance were appraised through general observation as against the fixed tasks assigned to the workers in terms of quantity of works done within stipulated time. A great majority of workers (76%) did not know whether or not their performances were appraised.
- No tea estates under study had any promotion policy and procedures for the employees. They did not have any fixed criteria and prescribed minimum period of the job experience for promotion. However, the management occasionally used to promote a few employees

as per need of the enterprise. The managers stated that the criteria for the promotion were a mix of seniority, hard work, discipline, honesty and loyalty of the employees.

- A great majority of workers (80%) and assistants (65%) responded that prospect of promotion in the tea estates were less wide. Similarly a great majority of workers (80%) and assistants (65%) responded that they were not satisfied with the existing promotion practices in the tea estates under study.

Compensation Management:

Compensation management in Nepal in terms of pay, benefits and services is mainly a legal compliance. Although the employers' prerogative for fixing wages has been eroded by legal provision and union pressures, in view of the wide spread unemployment problem in the labor market, they still influence wage rates. The major findings of compensation management in tea industry of Nepal are summarized below:

- The minimum wages of tea plantation workers were fixed by the wages committee formed by the government. In case of wage disputes, tribunal was formed to provide verdict of adjudication.
- In Nepal, the system of fixing minimum wages for factory workers was introduced in 1965, followed by several revisions with substantial increase in the minimum wages. Though the minimum basic need of the workers was to be the most important criteria suggested by the Wage Boards as well as the Pay Commission, for determination of minimum wages, the prevailing minimum wages of the workers were too inadequate to meet their basic needs.
- There was no categorization of laborers in tea industry as in public enterprises such as highly-skilled, skilled, semi-skilled and unskilled. The workers were rather categorized as male, female, minor etc. and they were paid accordingly at different rates. After the enactment of Labor Act, 1992, the discrimination between male and female workers in tea estates was ended and then wages were paid at a fixed rate on the basis of adult and minor workers.
- In the tea estates under study, the level of earnings, as perceived by the workers (60%), was comparatively lower than other outside enterprises, and 40% of them responded as no idea about their comparative earnings. A majority of workers (61.53%) responded that the present wages were not satisfactory, where as 30% of them responded as moderately satisfactory.
- The management (owners) however, argued that the prevailing wage rates of plantation workers were sufficient in comparison to other agricultural workers. They argued that plantation workers were paid extra money as incentives for their work above the fixed tasks, especially during peak plucking season the workers could earn more than their

fixed wages. Besides, workers were also provided a piece of land near their quarter which they could utilize as kitchen garden to grow vegetables and tame pet animals.

- There was no uniformity in the salary scale of employees in the tea estates under study. The salary scales of assistants and officer level employees varied significantly from one tea estate to another depending on the profitability of the tea estates and capability of the employees. As there were no specific rules regarding salary-scales, the management (Board of Directors) fixed the salaries of the employees based on their abilities and job-experience as per negotiation between them. The revision of salaries was done in every 2 to 3 years depending upon the reporting of the manager.
- The average salary scales of tea employees were found to be lower than that of other public enterprises. A majority of employees (62.5%) responded that they were not satisfied with the salaries they received, whereas 28% of them responded as moderately satisfactory. However, the manager and officer level employees responded as satisfactory.
- The payment of wages was done on weekly or fortnightly basis and salaries were paid on monthly basis in the tea estates under study. A great majority of workers (80.76%) and assistants (65%) stated that they received their wages/salaries on time.
- The employees were provided extra money as incentives for extra work performed above the fixed tasks. Plantation workers were paid incentive called 'Dabali', above the fixed plucking task in peak-season (26 kgs in Jhapa and 16 kgs in Ilam) at varying rates Rs. 1.15 in Jhapa and Rs. 1.50 per kg, at Kanyam, Ilam. Similarly overtime work was paid at the rate of 1.5 percent in excess of 8 hours of work.
- The board of directors of the tea estates fixed the nature and quantum of employees' benefits. Various factors such as statutory provisions, capacity of the enterprises to pay and bargaining power of the plant level trade unions influenced the board decisions regarding benefits.
- A great majority of workers (83%) were not satisfied with the tools and equipment provided to them to be used at work. They responded that the management did not provide adequate and good quality tools and equipment. Seasonal workers were not provided any tools and equipment. On the contrary, the management argued that workers misused such materials (apron, umbrella, gumboot, sacks etc) provided to them as per the tea –garden's regulations.
- In 9 out of 10 estates under study about 90% of the employees were residing in the tea gardens. The residential quarters of the workers, which are called Labor-lines, looked like slums. They were ordinary types of thatched huts and a few of them were made of bricks, tiles and tins. These quarters did not have separate kitchen, toilets and other facilities like clean drinking water, electricity. For supervisors and officer level employees, however, the quarters were a little better with some facilities. A great majority of workers (68.42%)

were not satisfied and only 26.15% of them were moderately satisfied with the existing accommodation facility provided to them. But in case of assistants and officers, 40% of them were satisfied, whereas 50% of them were moderately satisfied with the accommodation facilities.

- The employees were provided different kinds of paid leaves which included public holidays 13 days, home leave 12 days, sick leave 15 days with half pay, maternity leave 45 days, mourning leave up to 13 days (according to their religions and cultural rites). Other leaves such as casual leave, special leaves were not given to the tea employees. Majority of workers (52.30%) and assistants (55%) were moderately satisfied with the prevailing practices of leaves and holidays.
- There was no old-age pension system after retirement of the employees from their jobs in the tea estates under study. There was provision of gratuity for permanent employees who left the job due to resignation or retirement or other reasons. Gratuity was provided to those who completed at least four years of service. The gratuity money was paid at varying rates depending on the years of service completed as: (i) for first ten years of service, 1/3 of monthly wages/salary; (ii) for more than 10 years to 15 years of service; ½ of monthly wages/salary; and (iii) for more than 15 years of service: 2/3 of monthly wages/salary. This way the total amount of gratuity money could not exceed a ceiling Rs. 20,000. Employees leaving the jobs after completing their service period of ten, fifteen and more than fifteen years would get gratuity of Rs 7,000; Rs 15,000 and Rs 20,000 respectively. A great majority of employees (workers 90.76% and staff 62.50%) were not satisfied with the existing system of gratuity.
- The Retiring employees complained that they did not get the gratuity money within one month of quitting their jobs. The tea employees and workers stated that in practice, it took more than a year to get the gratuity money.
- The system of provident fund for permanent workers and employees was at the rate of 5% of their wages and salaries in the tea estates. The amount of money of PF was not found deposited in any bank. The plantation workers' unions were demanding time and again to make it (PF) at 10% of their salaries, equivalent to other public enterprises and to deposit the PF money in bank and provide the passbooks to the employees. A great majority of workers (78.46%) and assistants (93.75%) were not satisfied with the prevailing system of PF.
- The tea estates provided nominal health and medical facilities and services to the employees through their dispensaries, first-aid treatment for injured employees during work hours. The dispensaries run by the tea estates were not well equipped with qualified medical staff and adequate medicines. Employees stated that in case they fell ill, they

used to go to hospitals for treatment, and later when they produced the medical bills, the management did not accept.

One of the tea estates provided an amount of money equivalent to 15 days wage/salary, after submitting the medical bills for treatment. The tea estates under NTDC used to pay Rs.200.00 each to the employees every year as medical expenses. A great majority of workers (73%) and assistants (67%) were not satisfied with the existing health and medical facilities in the tea estates.

- The provisions for health and safety measures in tea estates under study were not satisfactory. Workers complained that they were not provided sufficient tools and safety equipment such as aprons, gumboots, raincoats, masks, and gloves, required for work in the garden and factory. A majority of workers (54.61%) responded that the health and safety measures provided were not satisfactory, only 33.85% of them responded as moderately satisfactory. However, 50% of the staffs responded the health and safety measures to be moderately satisfactory.
- The employees in the tea estates under study were provided with Dashain festival bonus at varying rates as per the decisions of the management. The amount of the bonus in different tea estates was different ranging from 20 days to one month's wage/salary equivalent. A great majority of workers (90.77%) were not satisfied with the Dashain bonus provided by the company, whereas majority of assistants (65%) were found moderately satisfied with it.
- The tea estates under study did not run schools for the children of workers in the tea gardens. The management was not serious about managing schools within tea estates because of availability and access to other community or institutional schools nearby the tea estates within a distance of 2 kilometers. Some of the tea estates under study had established pre-primarily schools but no teachers were appointed to teach the children rather they deputed a few from among the workers who were paid at the same rate (of Rs.72.00 per day) as that of a laborer.
- Nine tea estates out of ten did not have permanent type of crèches in the tea gardens for taking care of the children (below 5 years of age) of mother workers. Temporary shades were made with tents where two women workers were deputed as child caretaker. In one of the tea estates, the children were provided with milk and biscuits at the crèche. A great majority of workers (78.38%) and assistants (75%) responded that crèches were very poorly managed.
- Occasional recreational activities to enhance employees' enthusiasm such as games, cultural activities, picnic etc were lacking in tea estates under study. The employees of NTDC-managed tea estates stated that before privatization there used to be held different

recreational activities on different occasions and certificates and prizes were awarded to the winners. So, a great majority of workers (80.77%) and assistants (81.25%) respectively were dissatisfied with the recreational facilities provided by the tea estates.

Labor Relations:

Trade unionism and labor relations in Nepal remained the field of attention over the last two decades. The situation in the eighties and nineties was marked by confusion, despair, political fragmentation and union rivalry. There were problems related to collective bargaining and settlement of disputes, consultative mechanism and conflicting attitudes of the industrial players. The political change of 1990 led to a host of changes in the field of economy, business and labor relations. Labor movements took place in different parts of the country which showed the highest records of 147 labor disputes and 48 strikes. However, with the enforcement of new Acts and Regulations and economic liberalization by the government, the old customary values and concepts started changing and thereby leading toward the emergence of new mutually cooperative labor relations.

The major findings relating to labor relations in tea industry of Nepal could be summarized as follows:-

- The labor Act 1992, the Trade Union Act 1993, Labor Regulation relating to tea estates 1993 were the major labor legislation to govern the issues of trade unions and labor relations in tea industry of Nepal. These Acts mainly ensured the welfare and safety of the laborers, promotion of industrial peace and settlement of disputes, formation of Labor Relations Committee, and compensation for physical injury or disablement, constitution of Minimum Remuneration Fixation Committee, Provision of Labor Office, and Welfare Officer, etc.
- Trade Unions in the tea estates under study were affiliated to GEFONT and NTUC and hence influenced by political parties. A majority of tea employees (workers – 56.92% and assistants – 63.75%) responded that unions of the tea estates were influenced by political parties. Similarly majority of employees (workers -56.15% and assistants – 63.75%) responded positively about the existence of labor unions. They stated that the unions represented true interest of the workers and employees.
- The trade union elections in the tea estates were held, after a long gap, during 1995/96. The elected body of union functioned effectively as authorized union in tea estates for the rights and interest of workers. However, with the emergence of insurgency and conflict in the country, the union elections could not be held in every two years as per legal provision in the tea states. Although union election was held in two tea estates under

study in 2003, trade unions could not be effective due to emergence of a new union related with rebellious Maoist party. Hence the role of trade unions in the tea estates was limited to submitting their demands in writing to the management in every two years and forwarding the copies to the concerned agencies such as the Labor Office, GEFONT and NTUC central offices etc.

- Most of the workers, union leaders and even managers were not well acquainted with the existing labor laws, trade union legislation and their corresponding rules and regulations that governed the labor relations in tea industry.

Labor relations were not generally given priority in most of the tea estates under study. Managers did not have clear idea about the role of good labor relations could play in improving productivity and competitiveness. Consequently the management did not favor the participative management in tea industries.

- In response to the question how often did the employees meet with the owner/MD of the tea estates under study, a great majority of workers (60.70%) answered as rarely, and 32.30% responded as sometimes. As regards the behavior of the owner toward employees, 66.15% of workers and 55% of assistants responded as moderately sympathetic. However, 23.07% of workers and 22.5% of assistants stated that the chief's behavior toward employees was rather dominating.
- As regards the behavior of the managers and the supervisors toward workers, a majority of them (53.85%) responded as not so good, whereas 29.23% of them responded as moderately good and fair.
- There was a general lack of trust and understanding between trade union leaders and employer/ managers. In the question whether the management sought any suggestion from the employees, a great majority of workers (90.77%) responded as never. But 43.75% of the assistants responded that they were asked sometimes to share ideas. Employees were also asked whether or not they gave any suggestions about their work to the management, in this regard 56.25% of the assistants and 24.62% of the workers responded as yes they did, but they also stated that their suggestion were neglected by the management.
- In the tea estates under study the major employee grievances were related to wage/ salary and benefits, work- condition, tools and equipment, accommodation problems, leaves and the supervisors' behavior. There were no formal and clearly specified grievance procedures in the tea estates. Individual grievances were directly reported to the managers. The MD or the manager redressed the grievances of the employees depending on the nature of the problem with the help of union leaders if needed. Regarding the

timely redressing of the grievances by the management, a majority of the employees (workers – 52.31% and assistants – 51%) responded as yes, whereas others denied.

- In the tea estates under study employees were expected to abide by the rules and regulations of the company and behave in a disciplined manner. Indiscipline of workers was mainly in the form of late coming, loitering and negligence of duty. Besides these, the tea estates also experienced misconducts of workers/ employees in the form of quarrelling, alcoholism, damage to the machines and equipment and other property. The supervisor generally used to take disciplinary actions in the form of oral warning in order to maintain discipline in the tea gardens and factories. Employees responded that absenteeism and late attendance were caused due to family problems and sickness. The managers responded that the late comers who came late more than 15 minutes were sent back their home and recorded as absence for that day.
- Employees committing misconduct or violating rules and regulation of the company were taken disciplinary actions against such misconduct as per the regulations of the tea estates concerned. The modalities of disciplinary actions practiced in the tea estates under study consisted of verbal warning, written warning, and suspension and ultimately dismissal. The office used to issue charge-sheets against the employees committing misconducts, seeking clear answer about such misconducts. Such employees could defend themselves in writing, but if their answer was not found satisfactory, they were suspended for 1 to 3 weeks from the job. And if the charge sheets were issued three times against any employee he/she was discharged from job.
- The disciplinary actions taken against any employees in the tea estates were perceived by the majority of workers (60.77%) to be as moderately fair, but 30% of them stated as unfair. As regards the feeling of assistants, 50% of them responded as moderately fair, and 37.5% responded to be as fair. However, the employees of NTDC run tea estates complained that the management used to take disciplinary actions as per the rules and regulations, but they did not provide benefits and facilities as per the rules and regulations and labor Act.
- Some critical labor disputes were found to have taken place during 2000/2001 (in one of the tea estates under study) in the form of work stoppage, Gherao, strike and lock out. With the privatization of NTDC, labor disputes emerged due to misunderstanding and distrust between laborers and new management as a result both strike and lockout were done by the labor union and the management respectively in one of the tea estates. The reasons for dispute as perceived by the opinion leaders and union leaders were: -
 - Slackness of management to provide facilities to the employees as per the Labor Act and Regulations.

- Lack of knowledge on the part of workers about Labor Act and Regulations and their negative attitude towards management.
- Weakness on the part of labor office in term of making regular visits and attempting to take measures for preventing any kind of disputes.
- A major wage dispute in the form of 14 days long strike was organized by 3 different trade unions related to tea industry from August 13-26, 2006. The dispute was settled by tribunal formed by the Government through negotiations.
- Labor disputes in the tea estates under study as perceived by union leaders, were not so serious. The disputes were related mostly to financial matter. For the settlement of such disputes both methods (joint and tripartite) were practiced. A great majority of workers (76.92%) stated that the joint-method (union and management) was the best method for the settlement of disputes. However, a majority of assistants (60%) viewed, that the tripartite method was the best method for settlement of disputes.
- In view of growth of tea industry and emerging labor problems, the existing legal framework concerning industrial dispute and machinery for labor administration seemed very inadequate in terms of both manpower and other resources. Consequently there was considerable slackness in the enforcement of existing labor laws. The union leaders of the tea estates under study stated that the role of labor office was not effective for settling disputes.
- Despite legal provision, the tea estates under study did not employ the Labor Welfare Officer to look after welfare activities of workers. A great majority of workers (73.85%) expressed their ignorance about LWO. However. In one of the tea estates, an assistant LWO was appointed, but he did not have any role in the administration of workers' welfare activities.
- Top management and trade unions did not support worker participation schemes: No tea estates under study formed Labor Relations Committee (LRC) as per the provision of Labor Act. Neither parties (Union and management) were interested to establish LRC because the union thought the LRC to be a bottleneck in their relations with management. There was also a problem on representation of cross sectional workers thereby creating rivalry between authorized trade unions. Another problem was related with the equal representation from management and workers which would create difficulty to arrive at a decision through majority voting system. Lack of communication, consultation and cooperation between workers and management caused social distance thereby leading to low level of commitment, indiscipline, frustration and social tensions among employees of tea industry.
- The workers and union leaders of the tea estates managed by NTDC stated that they were facing problems while communicating with the supervisor and managerial staff because

of language barrier. As most of the managerial assistants were appointed from South India, their attitude and socio cultural behaviors differed much with that of Nepalese workers working in the tea gardens since long.

- Various attitude problems existed on the part of employer who was not ready to accept workers and union leaders as equal social/ industrial partners. Regarding workers' participation in management in the tea estates under study the trade union leaders opined that it was nominal. The management sought their help only at the time of crisis. The unions used to submit their demands in writing, at the interval of every two years and the copies of the same were forwarded to the labor office and concerned federations of trade unions. Then, at the initiations of labor office, they held meetings to discuss on the demands and arrived at a decision. However, the union leaders stated that the management did not execute the demands which were agreed upon to be fulfilled within specified time period.
- The management of tea estates under study viewed the trade unions to be more political than professional. They argued that tea industry being labor intensive needed more technically skillful workforce to get their job done efficiently. However, the hostility between management and labor was on the decrease. The old customary values about Labor relations were found giving ways to new mutually cooperative labor relations.
- The interrelationship between unions in the tea estates under study was good. The overall impression about labor relations as stated by majority of workers (66.15%) was moderately satisfactory.
- In view of the degree of workers' commitment to work, career aspirations and their nexus to traditional community found in the tea estates studied, this can be noted that the way of life of the plantation workers was in a gradual transition from traditional community life to the modern way of industrial life.

In short, the foregoing summary of findings indicates that the human resource management in Nepal has not yet acquired professional competence. From the organizational point of view, human resource management in tea industry of Nepal which has been studied in this work is merely a function of administration. Due to the absence of personnel policy and a separate personnel department with declared personnel programs, the provisions of labor Act and Regulations relating to tea estates were used for tackling employee related issues in the tea estates.

HRM as compared to other management functions was given less importance and tended to be viewed as merely chores of routine administrative procedures such as record-

keeping, control of wages and fringes, administering leaves, resolving disputes and occasional recruitment of new entrants. The philosophy of managing human resource was guided by the capital versus labor approach and hence the labor was perceived as one of the cheapest and easily obtainable factors of production.

As regards recruitment, personal contacts and recommendations from family and friends are still dominant and for selection the family relationship and unstructured interviews are being used. Training and development of workers/employees are casual activities made under ad hoc arrangement. Wages of workers in the tea estates are determined in the light of minimum wages prescribed by the government. Salaries of tea employees vary from one tea estate to another which is lower than the public sector and govt. employee. Labor relations sceneries are not based on sound footing.

Suggestions:

The conclusion of the study has been drawn on the basis of both the primary and secondary information and the responses of the workers and employees, union leaders, managerial personnel and opinion leaders of tea industry. Hence the result of this study should be taken as a pilot study providing a research frame-work for further researchers. In the light of this study, some possible measures required for improving the HRM practices have been suggested.

- The tea estates should formulate their own personnel policies and revise and update the existing rules and regulations as per the need of the time. In view of very low priority attributed to HR planning, recruitment, selection, development and maintenance of employees, it is suggested that the tea estates of Nepal are required to establish separate HR department with qualified personnel and adequate resources to manage the valuable and complex human resource effectively for achieving better performance and greater productivity.
- The tea estates may introduce systematic human resource planning to identify the right number and type of employees and workers required to the organization. The management is required to classify the different types and levels of jobs performed in the tea-estates into administrative, technical and operative or manual categories. It is suggested that the organization should conduct detailed job studies based on workload, norms and task analysis.
- For recruitment and selection of competent employees and workers, the job-advertisement can be made attractive by specifying the facilities and prospects. The use of application blanks containing suitable details can assist the selection

process. Written as well as ability tests may be conducted for administrative and technical jobs, whereas on the job tests may be conducted for workers along with structured method of interviews. This may enhance the reliability of selection decision thereby leading to “the right man at right place”.

- In view of the shortage of trained manpower in the tea estates, there is a dire need to train and increase basic skills of the existing workforce so that to harness their talents and potentials adequately. So the tea estates should have their own policies and programs to train employees through both indoor and outdoor training practices. There should be top management’s commitment and support for the training and development of the plantation employees. The management should create through trainings an atmosphere that can help infuse commitment towards the jobs and reinforce honesty and hard work among workers and employees. For this, the government, private sector and trade unions should work in tandem to establish regional technical training institutions to augment the workers’ abilities through new technologies.
- The traditional view of the employees that Nepalese workers are less productive than migrant workers is erroneous, for Nepalese workers have proved their ability at home and abroad. Effective skill development and technical trainings are necessary for the workers and employees to displace the migrant Indian workers. There is also need for employment security for Nepalese plantation workers and they should be provided with identity cards along with the appointment letter.
- Lack of fair and competitive promotion system for employees, the tea estates should adopt policies regarding promotion system based on ability, performance and merit cum seniority that might minimize the frustration and dissatisfaction among employees. A clearly defined job can make employees more responsible. A clear-cut job description might be introduced for rating the performance of workers and employees. The promotion decisions should be based on the report of systematic performance appraisal. For appraisal of employees’ performance forms with specific criteria might be designed and used.
- In Nepal revision of minimum wages has been lagging behind the rate of inflation. It is not only necessary to compensate the workers for the rise in the cost of living but also equally necessary that wages be linked with economic value of work. So minimum wages should be properly reviewed, revised, enacted and implemented. It should be linked with the cost of living and incentives to the productivity. The incentives schemes could be made attractive based on the profit surplus of the enterprise. The profit-sharing schemes could be helpful to attract and retain talented and competent employees.

- The impact of minimum wages on tea industry should be studied with the periodic evaluation concurrent with the revision of wages which calls for a further research in future. It is recommend that the minimum wages be automatically adjusted periodically (annually) by linking them to the consumer price index.
- The management should avail equitable benefits to comply with the needs and aspirations of the workers and employees. Workers and employees of the tea estates should be provided with proper accommodation such as quarters with sufficient and spacious rooms along with separate kitchen and toilet. There should also be provision of electricity and drinking water facilities in the labor lines.
- For female workers having infant babies below six years of age, creches should be made in tea gardens with proper facilities such as provision of child-care taker, food materials (milk, bread etc.) for the babies and drinking water for workers.
- Tea workers should be provided with all necessary safety equipment and tools while working in the tea gardens. During plucking, workers need apron, sacks or baskets, raincoat, gumboot etc. While spraying pesticides in the tea bushes they may need gloves and masks. Similarly they may need sickles, spades etc.
- The existing medical facilities provided in the tea gardens being nominal, the management should establish clinic in each tea garden and run it by hiring trained medical staff such as assistant health workers and nurses for first-aid treatment in cases of injury at work. There should be provision of ambulance van in the tea estates so that to provide emergency services. The tea company should also provide medical expenses to the injured and sick workers for their treatment in the hospitals as recommended by the medical officer.
- The Labor Act makes provision for the appointment of a tripartite committee for fixation of minimum wages. But it is argued that the tripartite machinery is dilatory and usually works on the basis of compromise, which may not be to the advantage of the workers. It is, therefore, recommended that independent and qualified experts be included in the committee to provide professional advice. And the committee should conduct scientific analysis on the basic requirements of the plantation workers to fix the wages and salaries of workers and employees.
- The existing system of gratuity in the tea industry consisting of the ceiling of Rs. 20,000 seemed to be one of the major sources of workers dissatisfaction, which should be lifted and be made equivalent as of other factory workers. The amount of provident fund money deducted from the employees and workers' salary and wages along with the addition from the company should be deposited in the banks

and the pass-books be given to the employees concerned. An authorized body should be constituted to manage the PF money.

- As every establishment is required to establish a welfare fund for the benefits of its workers and employees, the management should set aside at least five percent of the gross profit of the enterprise. Such a fund could be utilized for the purpose of construction of quarters for employees/workers, for the education of their children and for promotion of employees' welfare activities.
- There is need for increasing social expenditure on health, education, drinking water and sanitation. With a view to maintain the employees and workers' health and social lives, the management should provide recreational facilities and organize games and sports, musical and cultural programs etc on different occasions.
- Morale of the workers cannot be built simply by increasing wages and dearness allowances. There must be proper recognition of human element in every aspect of labor management. Emphasis should be shifted from legalism and economism to the socio-psychological aspects of labor administration. So the management of tea industry also needs to make a beginning in this direction.

Changes brought about by new industrial and commercial policies affect industries, investors, employers and employees. So the labor relations must possess the flexibility to be able to take on the effects of changes. All the actors of the system should participate in the process of devising labor relations policies and share the responsibility for their effective implementation. Enactment of laws, rules and regulations provide only procedural guidelines for the restoration of normalcy.

In the liberalized context, the employers need to explore new ways to organize their business, because workers no longer remain content with their monetary gains. They want participation in activities affecting their lives. Therefore, development of participative structures at enterprise levels would help usher in the cooperative spirit in labor relations. Both the workers and management of the tea industry should recognize each other's roles and responsibilities and learn to cooperate and bargain in good faith. Based on the findings of the study, following points are recommended to follow by all the actors of labor relations, namely workers, management and government:

- To strengthen and enhance sound labor relations in the tea industry of Nepal, both the management and workers should follow the spirit of labor laws enacted by the

government. Similarly, the government should review and amend the anomalies existing in the legislation through Central Advisory Committee.

- The vital aspect being noticed during the interviews with the workers was that most of them did not know to answer the question because of their illiteracy. Most of them were ignorant about the existing labor laws and functions of trade unions. It is therefore very necessary to launch education and awareness building programs in the tea estates of Nepal mediated by labor related agencies.
- Managers and supervisors should play a bridging role between the owners and workers. They have to understand the problems of workers on the one hand and manage the tea estates on the other thereby meeting the aims of the investors. So the training and development programs for the managers are a must. As they have the pivotal role in the organization, their capability in terms of their knowledge, skills and attitudes have to be raised to meet the challenges in the dynamic environment.
- The trade union Act (section 3) stipulates that 25% of the workers of any establishment may form a union. As a result the tea estates have at least two or more unions affiliated with different political parties thereby leading to rivalry among them. The politicization of the union has marginalized their status and sovereignty to act as independent catalytic agent in promoting the welfare of workers and development of the industry. Because of this situation, all players of the labor relations system appreciated single authorized union rather than multi-union system. So it is recommended that “one-enterprise-one-union” would be a better model for tea estates of Nepal, and which should be kept apart from political parties.
- Due to lack of awareness of legal rights, duties and welfare system among workers and union leaders, they put up high-sounding demands to the management and in turn employers also do not treat the workers and employees as partners of the establishment. So both the trade unions and employers’ association should conduct awareness and education programs in the tea estates of Nepal. Involving employees in decision process should place emphasis on participatory management.
- Mere creation of institutions and structures does not ensure effective and meaningful workers’ participation in management. There is need for seminars and workshop training to be conducted for both workers and management representatives so as to develop better and positive attitude to pursue workers’ participation in management.

- In view of the poor financial conditions and weak institutional infrastructure of the existing trade unions, assistance through government and international agencies like ILO is needed to build up sound institutional capacity of the trade unions of tea industry of Nepal.
- The study revealed that the unions played both defensive and offensive roles. Though the unions in the tea industry were successful to some extent to strengthen the concept of unionism, build awareness, minimize misconduct and indiscipline, they should work in these areas as following:
 - Scientific employment practices and job security.
 - Equitable material benefits.
 - Protection against discrimination.
 - Employees' family welfare.
 - Dignity of labor.
 - Personal growth and advancement.
 - Building sound industrial relations.
- The study found that plantation workers had difficulty to ventilate their grievances to the management, thereby leaving room for disputes between the trade unions and management. In view of this situation following measures would help minimize the disputes:
 - Timely redressal of employee-grievances.
 - Meeting basic economic needs of workers.
 - Implementation of existing legal provisions.
 - Regular interaction between management and union leaders, and
 - Encouraging collective bargaining.
- The existing labor laws do not have provisions for social security system. The provisions included are specified in accordance with the degree of disablement and injury in connection with workmen's compensation based on wages/salaries not on age factor. Similarly, the present legal provisions treat gratuity and retrenchment compensation as alternatives to one another, which is a wrong understanding and which needs to be corrected. Therefore, a separate social security Act is a need of the day.
- Followings are some policy recommendations that would be useful to improve the system of conciliations in the tea industry of Nepal.
 - Enactment of a separate law on industrial dispute settlement.
 - Strengthening capacity of labor offices with adequate financial, human and technological resources.
 - Setting up of appropriate number of labor courts on regional basis.

- Legal provisions for educational programs on labor relations for govt. officials, employers and trade union leaders.
- Provision of establishing welfare fund in each establishment, and Proper management of national Labor Welfare fund.
- Establishment of effective communication system between labor and management for creating favourable industrial climate.
- Introduction of suggestion system and consultative machinery for attaining changes and work improvements.
- Undertake surveys regarding the condition of work, provision of legal protection, welfare measures for workers.
- For ensuring development of trade unions and better labor relations in the enterprises factors like the roles of law-executing agencies, depoliticization of unions, professionalization of management, and collective bargaining are very crucial, and hence it is recommended that these must be enhanced and practiced in tea industry of Nepal.
- Though the policy makers have recognized the importance of tripartite social partnership and the concept has already been introduced in the Labor Act 1992, the implementation part has been neglected by the government because of the trade unions being divided along political grounds. So it is necessary to strengthen the organization of tripartite partners in order to promote social dialogue and sustain industrial harmony. However, in context to tea industry of Nepal, the tripartite arrangement has been less functional and thus it is better to settle industrial disputes through bipartite arrangements and understanding.
- Research studies are recommended to investigate major factors such as working conditions, job satisfaction, types of supervision, employees' welfare, job analysis, wage surveys, effectiveness of various recruitment sources, and effectiveness of training efforts.



APPENDIX : I

Interview Schedule for Workers and Employees

I. Personal Profile:

1. Name:
2. Age:
3. Sex: Male Female
4. Nationality: Citizen, Non-Citizen. Religion
5. Martial Status: Married Unmarried
..... No. of children
6. Native Place: Urban, Sub-Urban Rural
7. Academic Background: Illiterate Literate
Primary Secondary Higher secondary
8. Family Status: Individual Nuclear Joint
9. Designation and Level: Administrative Technical Laborer
10. Occupation prior to joining this enterprise:
 - a. Agriculture
 - b. Small Shop
 - c. Schooling
 - d. Work at other enterprise
 - e. Unemployed
 - f. Any others
11. Employment status and years of services:
 - a. Permanent _____ years.
 - b. Temporary _____ years.
 - c. Contract _____ years.
 - d. Others _____ years.
12. Housing: Owned house _____ , Tenant _____ , Free Quarters _____ .
13. Source of Income:
 - a. Wage / Salary _____
 - b. Agriculture _____
 - c. Business _____
 - d. Others _____

II. Procurement of Workers / Employees:

14. How did you come to know about job vacancy in this company?
 - a. Through newspaper _____
 - b. Through notice on the notice board _____

- c. Through family, friends or relatives _____
 - d. Through any other sources (specify) _____
15. Who inspired you to join the present job in this company?
- a. Oneself _____
 - b. Family and friends _____
 - c. Others (specify) _____
16. How were you selected for the present job?
- a. Application _____
 - b. Interview _____
 - c. On the job test _____
 - d. Medical test _____
 - e. Others if any (Specify) _____
17. Who invents you for the job?
- a. Interview Board _____
 - b. Manager _____
 - c. Managing Director _____
 - d. Others, if any (Specify) _____
18. What was your impression regarding interview/ test?
- e. Satisfactory _____
 - f. Moderately satisfactory _____
 - g. Not satisfactory _____
19. Does your company issue appointment letter?
- a. Yes _____
 - b. No _____
20. Did you get any orientation- training before placement in the job?
- a. Yes _____
 - b. No _____
- If yes who gave the orientation?
21. How do you feel about your present job?
- a. Satisfactory _____
 - b. Moderately satisfactory _____
 - c. Not satisfactory _____

III. Training and Development of Employees:

22. Have you received any training after the joining of this job?
- a. Yes _____
 - b. No _____
- If yes mention the type of training and duration

23. What is your feeling regarding the training you received?
 a. Highly useful _____ b. Useful _____ c. Not useful _____
24. Have you received any training before joining this company?
 a. Yes _____ b. No _____
 If yes, please specify: -
- | <u>Type of training</u> | <u>Duration</u> | <u>Place</u> |
|-------------------------|-----------------|--------------|
| a. | | |
| b. | | |
| c. | | |
25. Does your company have any declared training policy and programs?
 a. Yes _____ b. No _____
 If yes, please mention:
26. Do you agree, training are necessary to entrance the knowledge and skills?
 a. Yes _____ b. No _____ c. No idea _____
27. In what ways do you think the training can be beneficial to the organization?
 a. Increases workers' efficiency
- b. Increases productivity
- c. Increases co operation among employees
- d. Minimizes workers' misconduct and grievances
- e. Decreases spoilage and rate of accident
- f. Others
28. What is your feeling about sufficiency of training opportunities in your company?
 a. Sufficient
- b. In sufficient
- c. Quite insufficient
29. Does your organization conduct performance appraisal of the employees?
 a. Yes No No Idea
- b. If yes, how do you feel about performance appraisal practices?
 i. Satisfactory
- ii. Moderately Satisfactory
- iii. Not Satisfactory
30. Does your company have written promotion policy?
 a. Yes b. No
31. How do u\you feel about the promotion prospect in your company?
 a. Wider
- b. Moderately wider
- c. Less wider

32. What is your opinion about the existing promotion of your company?
- Highly impartial
 - Impartial
 - Fair
 - Partial / unfair
 - Highly unfair
33. Have you ever been promoted since you joined this company?
- Yes No
- If yes, how many times and whom do you give the credit to?
- Yourself
 - M.D.
 - Manager
 - Supervisor
 - Union leader
 - Outside person
34. Rate the following factors causing promotion on the basis of importance as 1,2,3,4....
- Senior/ experience
 - Merit and efficiency
 - Academic qualification
 - Loyalty to owner/ manager
 - Hardwork and discipline
 - Influence of Trade unions
35. Are the promotion given to the employees based on performance evaluation?
- Yes No No idea
36. What do you feel about promotion practices in your community?
- Satisfactory
 - Moderately satisfactory
 - Not satisfactory

IV. Wages / Salaries and Benefits:

37. Do you have any idea about the pay (earning) of your colleagues in the similar post in another enterprise?
- Yes No
- If yes, how do you compare your earning with your colleague's earning?
- Higher

- b. Equal
 - c. Lower
38. How timely are you drawing your wages/ salaries?
- a. Timely
 - b. Lately
 - c. No certain time
39. Are you getting any other amenities and facilities over and above the basic wages/ salaries?
- Yes No
- If yes, to what extent are you satisfied with the benefits and facilities?
- a. Satisfied
 - b. Moderately satisfied
 - c. Not satisfied
40. How do you observe the following benefits and facilities in your company?
- | | Satisfactory | Moderately Satisfactory | Not Satisfactory |
|--------------------------------|--------------|-------------------------|------------------|
| a. Housing facilities: | | | |
| | | | |
| b. Health and safety measures: | | | |
| c. Tools and equipment: | | | |
| d. Medical facilities: | | | |
| | | | |
| e. Paid Holidays and leaves: | | | |
| f. Loans and advances: | | | |
| g. Bonus: | | | |
| | | | |
| h. Schooling for children: | | | |
| i. Sports and recreation: | | | |
41. Does your company comply with Government Laws and Regulation's regarding compensation (minimum wages, overtime rates, hours of work and benefits)?
- Yes , No , Can't say

V. Labor Relations:

42. What is your impression regarding unionization of workers?
- a. Positive
 - b. Negative
 - c. Undecided

43. Do you think a formal plant level union is necessary?
 Yes , No , Can't say
44. Are you a member any such union?
 Yes , No
 If yes, what type of member you are? Executive , Ordinary
45. Is there any plant level union in your tea estate?
 Yes No
46. Do you think, the unions represent workers' interest?
 Yes No , Don't know
47. Does your organization have Labor Welfare officers?
 Yes , No
 If yes, what are his major functions?

48. Have you ever seen the Labor Inspector visit your company?
 a. Yes b. No
 If yes, how often does he visit?
 i. Frequently iii. Sometimes
 ii. Often iv. Seldom
49. For what purpose does he usually visit your tea estate?
 a. To inspect the overall operations
 b. To inspect the work- conditions
 c. To settle the disputes between workers and management.
 d. Others
50. To what extent do you think, the labor office safeguards the workers' interest?
 a. To a great extent
 b. To some extent
 c. Not at all
51. How frequently do you contact with your superior?

	Frequently	Sometimes	Seldom
a. Supervisor:
		
b. Managers:	
		
c. M.D.:
		
52. What is your impression regarding your meeting with the superiors?

Good , Average , Not Good

53. Have you ever given suggestions to the management?

Yes , No

If yes, how does the M.D. or Manager respond to?

- a. Positively
- b. Indifferently
- c. Dominantly

54. How often does the management seek suggestions?

Often , Sometimes , Never

55. How often does the management welcomes your suggestions?

Often , Sometimes , Never

56. Does your tea estate have Labor Relations Committee (LRC)?

Yes , No

If yes, to what extent has the LRC been an effective forum in solving workers' / employees' problems?

- a. To a great extent
- b. To some extent
- c. Not at all

57. To what extent dose the management favor workers' active participation in the management of tea estate?

- a. To a great extent
- b. To some extent
- c. Not at all

58. Have you ever reported grievances?

Yes , No

If yes, who do you report to?

- a. Managing Director
- b. Manager
- c. Supervisor

59. What are the grievances mainly related to? Please rank in order as 1, 2, 3

- Work Conditions
- Wage / Salary Payments
- Leaves, holidays
- Machines, tools and equipments
- Housing facilities
- Medial facilities

- Treatment by Supervisors
- Health and Safety Measures
- Disciplinary Actions
- Sports / Recreation
- Schooling of Children

60. How often do you think, your superiors seriously undertake your grievances and redress them in time?

- a. Quite Often
- b. Often
- c. Sometimes
- d. Hardly Ever

61. What kind of disciplinary actions are usually practised on workers and employees?

Please rank in order as 1, 2, 3

- a. Verbal warning
- b. Written warning
- c. Explanation called
- d. Pay Cuts
- e. Stoppage of grades
- f. Suspension
- g. Dismissal

62. Were you ever charges for any type of misconduct?

- Yes, No

If yes, what actions were taken?

.....

63. What, in your opinion, are the major causes of indiscipline in your tea estate?

.....

64. What do you feel about the disciplinary actions taken by the management against any worker and employees?

.....

65. Have you ever experienced any industrial tension or disputes in your organization?

- Yes, No

If yes, what kind of disputes did you experience?

.....

66. How are the disputes settled in your organization?

- a. Unilaterally by Management
- b. Jointly by Union and Management

- c. Tripartite Committee
 - d. Others
67. Have you ever taken by part in any joint meeting of workers (union) and management?
- Yes, No
- If yes, how much interest did the management take on your views?
- a. Very much
 - b. Little
 - c. Not at all
68. Have you ever participated in any tripartite meeting?
- Yes, No
- If yes, what is your experience about the dealings of government representative?
- a. Quite impartial
 - b. In favor of workers
 - c. In favor of management
69. How often and promptly does the management communicate the workers and employees about the relevant decisions of the company?
- a. Often
 - b. Sometimes
 - c. Never
70. Which method do you think will be suitable to be used for the settlement of disputes?
- a. By Management alone
 - b. Jointly by Union and Management
 - c. Tripartite Committee
71. What is your opinion about 'Labor Relations' in your organization?
- a. Highly Satisfactory
 - b. Satisfactory
 - c. Moderately Satisfactory
 - d. Not Satisfactory

APPENDIX : II

Interview Schedule for Managerial Personnel

General Information:

- Name of the Organization:
- Year of Establishment:
- Location:
- Ownership Pattern:
 - a. Proprietorship
 - b. Private Ltd.
 - c. Joint venture
 - d. Partnership.....
 - e. Public Ltd.
- Capital:
 - Authorized : Rs. Issued: Rs. Paid-up: Rs.
- Area of land occupied :
 - a. Total land area hectare
 - b. Tea plantation area hectare

- Production position:

Year	Green-leaf	Made tea
1998-1999		
1999-2000		
2000-2001		
2001-2002		

- Number of employees and workers:

Group of Employees	Number and status			
	Permanent	Temporary	Contract	Seasonal
Managers/ Officers				
Staff				
Sub-staff				
Laborers				

- Does your organization have organizational chart?
Yes No
- What is the designation of the Chief Executive Officer?
a. Managing Director b. General Manager c. Executive Chairman

- Is there separate personnel / Human Resource department in your company?
Yes No
- If no, who is authorized to carry out personnel / HRM functions?
a. Managing Director c. General Manager
b. Manger d. Others
- Are there any written and published personnel rules in your organization?
Yes No

Procurement of Employees:

- Does your organization do manpower/ human resource planning?
Yes No
- If yes, what procedures are adopted?
.....
- How are the jobs created in your organization?
.....
- Does your organization have written job description?
Yes No
- Who is the final authority to create the job?
.....
- What are the sources of recruitment?
a. Internal b. External c. Both
- What is the position of availability of required manpower?
a. Officer: i. Very easy ii. Easy iii. Difficult
b. Assistant: i. Very easy ii. Easy iii. Difficult
c. Laborers: i. Very easy ii. Easy iii. Difficult
- What methods of recruitment are based in your company?
a. Advertising (want Ads):
b. Notice publishing:
c. Private employment agencies:
d. Employee referrals:
e. Walk-ins:
- What are the methods of selecting employees in your organization?

Employees	Methods				
	Application	Interviews	On the job test	Medical Test	Others
For Officers					
For Assistance					
For Laborers					

- Does your company have a selection committee?
 Yes No
 If yes, who are involved in the committee?
 a. Officers:
 b. Assistant:
 c. Laborers:
- What are the practices of taking employees in your organization?
 a. Contract
 b. Temporary
 c. Daily wage
- Does your company provide orientation- training for fresh employees before placement (in the job)?
 Yes No
 If yes, who gives the orientation?

- Does your company issue appointment letter?
 Yes No

Training and Development:

- Does your company have any declared training and development policy and programs for employees?
 Yes No
- Does your company provide regular training facilities?
 Yes No
 If yes, please mention the types and nature of trainings
- Which department or who is responsible for the training and development of employees in your community?

- What are the procedures of identifying training needs and areas?

- How does your organization conduct training?
 a. Through supervisors:
 b. Through Training experts:
 c. Other:

- How far do you feel that the existing training opportunities and facilities (in your company) are sufficient?
 - a. Sufficient
 - b. Insufficient
 - c. Quite insufficient
- How often do you provide training to the staff, sub staff and workers in your company?
 - a. Most often
 - b. Often
 - c. Sometimes
 - d. Seldom
 - e. Never
- Do you agree, training is a must for enhancing the employees' knowledge and skills?

Yes No
- In what ways do you think, the training can be beneficial for the organization?
 - a. Increases workers' efficiency
 - b. Increases productivity
 - c. Increases co-operation among employees
 - d. Minimizes workers misconduct
 - e. Decrease spoilage accident rates
 - f. Others
- Have you received any training after joining this job?

Yes No

If yes, (please specify)
- Have you received any training before joining this company?

Yes No

If yes, please mention:

<u>Types of Training</u>	<u>Duration</u>	<u>Place</u>	<u>Trainer</u>
.....
.....
.....
.....
- On what criteria does your organization select the employees for training?
 - a. On the basis of seniority
 - b. On the basis of performance
 - c. On the recommendations of suppliers
 - d. Others

- What may be the purpose for giving training?
 - a. To increase employees capability
 - b. To increase productivity
 - c. Career development of employees.
 - d. To prepare manpower for future
 - e. Others
- Does your organization conduct performance appraisal?

Yes No

If yes, please mention:

 - a. Who conduct it?
 - b. At what intervals?
 - c. How is it conducted?
- Does your company have written promotion prospect in your organization?
 - a. Wider
 - b. Moderately wider
 - c. Less wider
- Rank the following criteria of promotion on the bases of importance as 1, 2, 3,
 - a. Seniority/ Experience
 - b. Academic qualification
 - c. Merit and efficiency
 - d. Loyalty to owners/ Managers
 - e. Influence of Trade unions
 - f. Influence of outside source
- How do you feel about the promotion practices in your company?
 - a. Impartial
 - b. Fair
 - c. Partial
- Is the performance appraisal related to the promotion of employees?

Yes No

Wage / Salary and Benefits:

- Who fixes the wage/ salary and benefits in your organization?

.....
- On what basis are wage/ salary and benefits fixed?

.....

.....

- Does your company comply with Government Laws and Regulations regarding minimum, overtime rates and benefits?
Yes No
- How timely are the wages/ salaries distributed in your company?
 - a. Timely
 - b. Lately
 - c. No certain time
- What do you feel about the financial benefits and facilities provided by your company in comparison to other companies?
 - a. High
 - b. Equal / at par
 - c. Low
 - d. Can't say
- How does your company compensate for accidents during work hours>
 - a. For minor injury
 - b. For physical disability
 - c. For death
- Does your organization run provident fund?
Yes No
If yes, please specify
- What is your idea about the following existing and services in your company?

Benefits and Services	Good	Average	Poor
Quarter facility or house rent			
Health and safety measures			
Medical facilities			
Clean drinking water			
Paid holidays and leaves			
Dearness allowances			
T.A. and D.A.			
Dashain Bonus			
Crèche Facility			
Over-time payment			
Gratuity			
Canteen facility			
Loans			
Children's Education			
Recreational activities			
Others			

Labor Relations:

- What is your impression regarding unionization of workers?
 - a. Positive
 - b. Negative
 - c. Undecided
- Do you think a formal plant level trade union is necessary?
Yes No
- Do you feel the necessity of workers' participation in the management of the company?
Yes No
If yes, to what extent?
 - a. To a great extent
 - b. To some extent
- How often does the management seek suggestions from the staff and employees or union leaders?
 - a. Often
 - b. Sometimes
 - c. Never
- Does the union help to promote healthy labor- management relations and minimize industrial conflicts?
Yes No Contrary
- To what extent do you think that the unions represent workers' interest?
 - a. To a great extent
 - b. To some extent
 - c. Not at all
- Does your organization have a Labor Welfare Officer?
Yes No
If yes, what are his major functions?
.....
- Have you seen Labor Inspector Visit your company?
Yes No
 - a. If yes, how often does he visit?
 - i. Frequently
 - ii. Often
 - iii. Sometimes
 - iv. Seldom

- b. For what purpose does he visit?
 - i. To inspect the operations
 - ii. To inspect the work conditions
 - iii. To settle the labor disputes
 - iv. Others
- How often does the chief of the organization seek suggestions from you?
 - a. Most often
 - b. Often
 - c. Sometimes
 - d. Rarely
- How often do the subordinates (staff and workers) report grievances to you?
 - a. Often
 - b. Sometimes
 - c. Seldom
 - d. Never
- What are the grievances mainly related to? Please, rank in order as 1, 2, 3
 - Work conditions
 - Housing facilities
 - Medical facilities
 - Tools and equipment
 - Treatment of supervisor
 - Wages/ salary
 - Safety measures
 - Leaves
 - Discipline actions
 - Recreational facilities
- How timely are the grievances redressed in your company?
 - a. Timely
 - b. Lately
 - c. Seldom
- Does your organization have Labor Relations Committee (LRC)?
 - Yes No
 - a. If yes, how effectively does it function?
 - b. If not, why not? Please specify
- How are the employment grievances handled in your company?
 - a. By management alone b. By management and the union jointly

- What kinds of misconducts are usually committed by the workers/ employees in your organization? Please rank in order of frequency as 1, 2, 3, 4,
- Repeated absenteeism
- Willful disobedience
- No conformity to rules and regulations
- Unsatisfactory job performance
- Work stoppages
- Misbehavior with others
- Fighting with co-workers
- Misuse or damage of materials and equipment
- Drinking on the job

- Have you ever taken any difficulty actions on workers employees?

Yes No

a. If yes, how often?

- i. Most often
- ii. Often
- iii. Sometimes
- iv. Hardly ever

b. What kind of disciplinary actions are being usually practiced?

Actions	Usually	Sometimes	Seldom
1. Verbal warning			
2. Written warning			
3. Explanation called			
4. Suspension			
5. Grade stoppage			
6. Dismissal			

- In your opinion, what may be the major causes of misconducts and indiscipline?
.....

- What measures do you practice to minimize absenteeism and misconduct of workers/ employees?
.....

- Have you ever experienced industrial tension in your organization?

Yes No

If yes, what are the forms of industrial tension / dispute?

.....
.....

- How are the disputes settled in your organization?
 - a. Unilaterally by the Management
 - b. Union and management jointly
 - c. Tripartite committee
- Have you ever participated in the tripartite meeting?

Yes No

If yes, what is your experience about the dealings of government representative?

 - i. Quite impartial
 - ii. In favor of workers
 - iii. In favor of management
- How do you communicate the decision taken by the meeting to the employees / workers?

.....
- What is your opinion about overall situation of labor relations in your organization?
 - a. Highly Satisfactory
 - b. Moderately Satisfactory
 - c. Not Satisfactory

APPENDIX : III

List of Managers / Officer Level Employees Interviewed

SN	Name	Designation	Tea Estate / Company
1	Mr. Pranav Mukhiya	General Manager	Himalaya Goodricke Pvt. Ltd., Damak
2	Mr. Kamal Kumar Bharati	Manager	Giri Bandhu Tea Estate Pvt. Ltd., Anarmani
3	Mr. J.R. Waiba	Manager	Kanyam Tea Estates, NTDC, Kanyam
4	Mr. Raju Sinha	Manager	Barne Tea Estates, NTDC, Barne
5	Mr. Rajiv Kumar Das	Manager	Satighatta Tea Estates Pvt. Ltd., Jyamirgadhi
6	Mr. Ajit Niyogi	Manager	Budhkaran and Sons Tea Estates Pvt. Ltd., Pathariya
7	Mr. Karuna Kanti Biswas	Manager	New Giri Bandhu Tea Estates Pvt. Ltd., Buttabari
8	Mr. Jai Shankar Singh	Manager	Mittal Tea Estates Pvt. Ltd., Pathariya
9	Mr. Khagendra Shrestha	Senior Assistant Manager	Himalaya Goodricke Pvt. Ltd., Damak
10	Mr. Arun Chakraborty	Senior Assistant Manager	Barne Tea Estaets, NTDC, Barne
11	Mr. Niwaran Rajbanshi	Accounts Officer	Budhkaran and Sons Tea Estates Pvt. Ltd. , Maheshpur
12	Mr. Navin Kumar Dahal	Accounts Officer	Himalaya Goodricke Pvt. Ltd., Damak

APPENDIX : IV

List of Owners / Directors and Opinion Leaders Interviewed

SN	Name	Designation	Tea Estate / Company
1	Mr. Amod Acharya	Director	Satighatta Tea Estate Pvt. Ltd., Jyamirgadhi
2	Mr. Suresh Mittal	Managing Director	Mittal Tea Estate Pvt. Ltd., Pathariya
3	Mr. Baburam Parajuli	Executive Member	Nepal Tea Producers Association, Jhapa
4	Mr. Ishu Krishna Shrestha	Chief	Nepal Tea & Coffee Development Board, Regional Office, Birtamode
5	Mr. Baburam Poudel	General Manager	Nepal Tea Development Corporation, Dhulabari
6	Mr. Sant Kumar Rai	President	Independent Tea Plantation Workers Union of Nepal Central Committee, Birtamode
7	Mr. Arjun Timsina	President	Nepal Tea Garden Labor Union, Central Committee
8	Mr. Dilli Ram Phuyal	Secretary	Nepal Tea Garden Labor Union, District Committee
9	Mrs. Meena Basnet	Executive Member	Independent Tea Plantation Workers Union, Central Committee
10	Miss Khag Maya Gajurel	Executive Member	GEFONT, Zonal Committee
11	Miss Anupa Katuwal	Office Secretary	Independent Tea Plantation Workers Union of Nepal, Central Committee
12	Mr. Kedar Dangal	Administrative Officer	NTDC, Birtamode

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