

Changing Perspectives of Managing Human Resources in Nepal

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Abstract Sustainable competitive advantage depends on formulation and implementation of appropriate human resource management (HRM) strategies and deployment of their competencies effectively in dynamic and complex environment. Competencies deployment is an approach to make decisions on the intentions and plans of organization concerning employment relationship and its recruitment, training, development, performance appraisal, reward and employee relations policies and practice. The improvement of organizational effectiveness is an overall objective of people management in organizations. In light of these, this study explores the present practices of HRM like: HR departments, HR policies and strategies, HR planning, recruitment selection and placement, training and development, performance appraisal, compensation and benefit, employee relations and communications. Based on the survey in 204 Nepalese organizations as a unit of analysis, the study concludes that HR practices in few organizations have action program for minorities, ethnic group, older employees and people with disabilities. Due to centralized organizational structure, most of HR decisions are taken into central office and line managers being involved highly in planning and implementing HR policies. In a nutshell, though HRM practices are not developed like developed countries, Nepalese organizations are realizing the significance of people management at work and changing their practices in the present dynamic environment.

Keywords HRM • Nepal • Human Resource Planning • HRM Policies and Strategies

Background

The interest of managing human resource is based around the notion that people at work are key sources of sustained competitive advantages of all types of organizations. This belief is based on four main aspects: firstly, people can make the difference because of their capabilities and commitment which are rare, non-substitutable, add the values, and inimitable (Barney 1991). Secondly, managing human resource is the matter of truly strategic importance which distinguishes successful organizations from the others (Huselid 1995). Thirdly, managing human resource is too importance because it is recognizing an activity which is owned by all managers (Cunningham & Hyman 1999). Fourthly, the key levers must be internally integrated with each other and externally integrated with the business strategy (Brewster & Soderstrom 1994; Mabey et al. 1998).

The knowledge and skills required to perform jobs at a high level of performance vary within and across the companies. It is well understood that employees are not perfectly substitutes. Individuals are likely to differ with respect to the knowledge, skills and other job related attitudes possessed within any given labour market. Several human resource practices like selection, development, motivation, compensation, benefits and their systems, sold by consulting firms can be purchased and simply installed. But it is the requirement that these systems work as an integrated unit that makes them difficult to copy. There is a strong influence of social, cultural, economic and political factors on HRM policies and practices in organizations (Budhwar & Khatri 2001). This view-point is further supported by other researchers (e.g. Budhwar & Sparrow 1997; Krishna & Monappa 1994; Sparrow & Budhwar 1997; Venkataratnam 1995).

Various scholars have indicated that the diversity of culture and subculture make HR practices unique (Sinha 1995). Studies clearly indicate that the basic functions of HR man-

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agement are given different weights in different countries and they are carried differently (Gaugler 1988). Pieper (1990) concluded that single universal HRM concept does not exist. Therefore, literature has underlined that among other management related issues, practices of HRM need a greater and in-depth survey and analysis due to its context specificity (Gooderham et al. 2004). Thus, this study is a small attempt to explore the HRM practices in Nepalese organizations so that practitioners and decision makers can formulate appropriate policies and strategies in people management rather than copy solutions from quite divergent cultural practices.

Human Resource Management

Managing human resource is the science and practice that deals with the nature, decisions, actions, and issues relating to the employment relationship. In practice, it involves an organization's acquisition, development and utilization of employees as well as employee's relation to organization and its performance (Ferris et al. 1999), and concerns with the broad range of important company function including the recruitment, selection, training and development, compensation, retention, evaluation, and promotion of personnel within the organization (Bernardin & Russell 1998). HR practices of an organization are intended to recruit, develop, deploy and retain suitable employees to achieve organizational objectives. Organizations invest in HR practices to increase role effectiveness of employees which in turn, increases organizational efficacy (Guthrie 2001). Studies indicate that the objective of HR practices is to select and employ people who can contribute towards the broader objective of positive organizational performance (Paul & Anantharaman 2003).

Human Resource Management practices involve all management decisions and actions that affect the nature of the relationship between the organization and its human resources (Beer et al. 1984). It affects many constituencies and is intended to influence the effectiveness of employees and employers (Milkovich & Boudreau 1997). Price (1997) classified HRM under two heads: the hard approach which includes scientific management and strategic management. Scientific management laid emphasis on practices and strategic management focuses on long term thinking, mission and objectives. The soft approach includes human relations where people matter and consultative management, working conditions, motivation and other than pay, team working, informal organization, peer pressure are discussed.

Management of people in organizations has witnessed a great deal of change in the last two decades. These changes can be discussed in terms of two major develop-

ments: first, the shift from old personnel administration to HRM. This change is based on the belief that people are the important asset in organizations that can be managed systematically by coordinating the shape and substance of the several traditional personnel policies and practices (Storey 2001). Second, the reorientation of the generic strategic model of HRM to the more modern concept of strategic HRM, based on the philosophy that in addition to coordinating HR policies and practices with each other, they needed to be coordinated, or linked with the needs of the organization (Schuler & Jackson 1989).

Review of HRM Practice in Nepal

Before 1990, Human resource management in the majority of the enterprises of Nepal was not satisfactory because there was no training and transfer policies and strategies in public enterprises (Upadhyaya 1981), poor state of employee participation (Koirala 1989), failed proper communication system between employees and managers (Agrawal 1983), lacked systematic HR planning (Tiwari 1984), low prioritized to planning, recruitment, development, compensation and maintenance of workforce (Shrestha 1991), new employees selected through friends, relatives and influential persons (Shrestha 1991), centralized in decisions (Paudel 1992), and practiced of unchallenged responsibility and traditional reward system (Adhikari 1992). It was found that Nepalese manpower had not been able to take full advantages of the raw jobs created by development activities because they had not sufficient opportunities to learn the requisite skills (Panta 1993).

After the 1990, when multiparty democracy restored, the practices of human resource management in Nepal needed gradual changed. Salary of employees of joint venture banks became highly competitive; employee's performance is valued in the organization, recognized training and development as means to achieve competitive advantages (Adhikari 2000). In order to fulfil the need of skilled human capital in corporations, higher education with business course has been expanded (Adhikari 2004). Though, there is low integration of human resource policies and practices with business strategies (Adhikari & Gautam 2006; Gautam Davis 2007) and not recruited the HR specialist in HR department (Cranet 2006; Gautam 2008), organizations are realizing the significance of integration, assignment and congruence of HR practices with organizational policies and practices (Gautam 2008; Adhikari & Gautam 2008; 2009). To be competitive, organizations initiated to execute low cost strategy (Gautam 2008), begun to share HR responsibility between line management and HR department (Gautam & Davis 2007), initiated to re-

sponse to the society (Gautam 2012), and became conscious to maintain quality of work life (Adhikari & Gautam 2010), and placed bigger priority for fighting against favouritism (Gautam 2008). Therefore, it can be argued that since 1990, Nepalese organizations moved from traditional human resource management practices to modern practices realizing to adopt in changing perspective.

Objectives of The Study

The main objective of this study is to present a picture of human resource management practices in Nepalese organizations and to examine the positions of human resource managers in organizational decision making levels. The study assesses the different strategies and policies of the organization with primary responsibilities for their execution. Further, it also establishes hard data on organizational HRM practice across all economic sectors in Nepal to examine the Nepalese HRM scenario. The collected and analyzed data will be helpful to compare Nepalese HRM system with other countries and will provide a basis for future HRM studies in Nepal.

Methodology

Sample

This survey has been undertaken for the first time in 204 Nepalese organizations considering organizations as a unit of analysis. Responses have been collected from 96 private, 90 public, 5 mixed and 13 other types of organizations. It has covered a wide variety of sectors including manufacturing, services and others. Twenty percent of organizations represent the manufacturing sector, fourteen percent from banking, finance, insurance and business services. Educational institutes are also surveyed. Forty six percent of organizations are having more than 201 employees. Thirty one per-cents of the respondent have more than 50 but less than 100 staffs. This is the second largest group. Similarly, 13 per-cents respond organizations have less than 150 employees but more than 100 followed by 7 percent organizations which have more than 150 but less than 200 staffs. Sixteen percent of organizations had indicated that they are well in excess of costs. However, 65 percent of organizations had rated their performance as profit of 10 percent category.

Respondents

In 50 percent of the respondent organizations the most senior personnel/HR manager completed the questionnaires.

Of the people who filled in the questionnaire 97 percent were male. The organizations were established from 1892 to 2002. In 34 percent of organizations personnel specialists had been working in an HR specialist role for 1-10 years, in 12 percent they had been working for 11-20 years and in 4 percent of organizations they had been working for the last 21 years or more.

Survey Method

Since postal and email data collection proved ineffective in Nepal (Adhikari & Gautam 2006), trained researchers were appointed to visit and interview organizations to collect data face to face. Interviews were held with the owners, chief executives and HR managers (depending on availability) within each organization.

Finding

Human Resource Department

Human resources are organised in different ways depending on the need of specific organisations to compete in the market or to deliver services properly. The size of organisation is one of the determining factors to have or not to have a HR department in Nepalese organisations. In Nepal, sixty nine percent of the organisations have HR departments which are also quite similar in publicly listed companies (Adhikari & Gautam 2009; Gautam 2008). Of the organisations with HR departments, twenty eight percent have a HR director who has a place in the Board of Directors or equivalent. A large percentage of organisations have appointed a HR director from within the organization. Turning to the personnel detail of an HR department, ninety percent organisations have a male employee to look HR responsibility. The average number of years in experience as a personnel specialist is 13.6 years. Eighty four percent of those who responded to the survey had a university degree. Among them 45 per-cent personnel manager had first degree of Business Studies, followed by 12 per-cents Economics, 10 per-cents Humanities. At least 50 percent of organizations had a HR manager, most of them being male. The average number of years experience as a personnel specialist is 13.6 years.

HRM Policies and Strategies

Every organization runs with a special mission, business strategy, personnel strategy and corporate value statement. Moving to Nepalese enterprises, seventy percent of them reported a written mission statement and thirteen percent

had an unwritten mission statement. Fifty six percent organizations indicated that they had a written business strategy and thirty percent indicated that they had a personnel strategy. Some organizations had corporate value statements. From these statistical analyses, it appears that still many organizations are not having an explicit people management strategy.

Decentralisation of decision-making and responsibility is one of the core characteristics of new organisational forms. In HRM too, this is regarded as one of the essentials of a “modern” version of managing human resources. The result shows clearly that, in case of a part of a larger group of company or institution, such decisions are taken largely in the national head office (headquarters).

Table 1 Decentralization in Decisions on Different Issues of HRM (% of organizations)

Different issues of HRM	National Head office	Department/division	Site/Establishment
Pay and benefits	32	2	5
Recruitment and selection	31	2	5
Training and development	27	4	6
Industrial relations	24	3	7
Workforce expansion/reduction	29	2	7
Management development	30	4	7

Table 1 shows the overall picture of centralization of HR policies and strategies in Nepalese larger group of companies and supports the findings of Adhikari and Muller (2001) that top management of Nepalese organization believes to hold more power than decentralize it. As far as the involvement of HR departments in the development of business strategy in Nepal is concerned, only fifteen percent of organizations are involving the HR department from the outset. In twenty four percent of the organizations, the HR department is involved only in the implementation of business strategy. From the above analysis it seems that although some organisations are having business and corporate strategies, the involvement of the HR department in the formulation of such strategies is very low.

Human Resource Planning

Different organisations follow their own way to predict manpower needs for years to come. Whereas in public sector organisations such prediction is made on an annual basis; in private organisations the manpower requirement

is based on the expansion of their business activities. In large organisations manpower planning is a centralised activity. It appears that head office is involved in major HR policy decisions including workforce expansion / reduction. Although in a limited number of organisations, the new form of manpower planning is emerging like support of external service providers. They have begun to hire these external service providers in order to manage payroll, pension, benefits, training and development, workforce out-placement/reduction, HR information systems and other. The reason might be that some of these organisations are facing intense domestic competition. In order to compete, they are trying to bring down personnel overhead as low as possible by outsourcing some of the HR activities.

There has been an increasing use of computerised human resource information system in many countries to record HR-related information. The use of computerised human resource information system (HRIS) has not only changed the prevailing role of HR departments but is also becoming very cost effective. Instead of spending valuable time in clerical works, HR departments are contributing by developing HR strategy to compete in the market. As far as HRIS in Nepalese organisations is concerned, 62 percent organisations do not have such a system. The data reveals that only 34 percent of organisations have a computerised HRIS. With this computerised information system, 32 percent organisations meet their current needs.

Table 2 Computerized Information System Used (% of organizations)

HRM areas	Yes	No	HRM areas	Yes	No
Individual personnel records	28	4	Payroll	30	1
Benefits	26	4	Time registration & attendance	14	13
Recruitment and selection	14	14	Training and development	19	11
Performance management	13	13	Career plan /success planning	10	14
Work scheduling	20	7	Health and safety	4	16

In sum, the prevailing system of manpower planning is changing. Nepalese organizations are looking for more cost- and time-effective approaches to manpower planning. The new trend of using external service providers and computerised HRIS supports this view.

Recruitment, Selection and Placement

Hiring new employee needs certain processes that have to

be completed by all types of organisations. The processes include attracting, collecting, short-listing, examining, and interviewing of candidates. Enterprises, both in the public and private sectors, are having certain recruitment rules or procedures developed by their head offices. As per the rules, of the total vacancies in the officer and non-officer level posts, 50 percent are filled by open competition and the remaining by an internal promotion system. But this ratio varies sector-wise and industry-wise. The selection decision of a fresh candidate is largely based on credentials, written examination and interview whereas for internal promotion job experience and the results of job evaluation play a dominant role. Once the selection process is completed and candidates are finally selected for particular assignments, they are appointed for a six-month probation period (for non-officers) to one year (for officers). The probation period for the new recruits will be 6 months to one year depending upon the organization's rule.

The recent trend in industrialised world is toward de-

centralization of recruitment and selection decisions. From the recent survey, it is revealed that major recruitment policy decisions are made differently in different organizations. For example, in 29 percent organizations, it is done by line management, in 17 percent organizations it is done by HR departments in consultation with line management, in 21 percent organizations it is done by line management in consultation with HR departments and in 10 percent of organizations it is done by HR departments alone. With this result, what is important to note is that the role of line management is increasing in making policy decisions regarding recruitment and selection.

A large number of positions in organizations within all staff categories are filled most frequently either internally or with advertisements. A few organizations reported using recruitment agencies/consultancies and word-of-mouth mode to recruit staff.

Table 3 Methods to Fill Positions under each Staff Category (% of organizations)

Methods applied to fill positions	Management	Technical	Clerical	Manual
Internally Selection	39	20	25	23
Recruitment agencies/ consultancies	5	7	3	3
Advertisement-External	28	37	33	19
Word of Mouth	3	4	7	14
Vacancy page on company website	-	1	-	0
Vacancies on commercial job websites	1	-	-	-
Direct from educational institution	-	1	0	-

The most widely used selection methods in Nepalese organizations are interview panel, one-to-one interview, application forms and references to recruit different staff categories. References remain a commonly used method for selecting manual workers in Nepalese organizations.

Table 4 Selection Methods for each Staff Category (% of organizations)

Selection methods	Professional/management	Technical	Clerical	Manual
Interview panel	35	30	26	15
One-to-one interviews	54	57	46	32
Application forms	50	56	55	31
References	25	24	22	34
Other, please specify	9	9	5	7

Nepal is a country with different ethnic groups and minorities. Similarly, for aged employees who are 50 plus,

for disabled employees and women, special care is required in the organisations. In other words, in the new form of employment practices it is important to have action programmes covering minorities, ethnic groups, older workers (aged 50 plus), people with disabilities and women. In this survey, respondents were asked about action programmes that they are offering to cover these types of groups.

Table 5 Action Programmes of the Given Groups (% of organizations)

Protection programs to :	Yes	No	Null
Minority / ethnic groups	0	55	34
Older workers (aged 50 plus)	9	56	35
People with disabilities	10	55	35
Women employees	21	47	33

In summary, there is no uniform staffing practice among organisations. Depending on their needs and requirements, manpower is recruited following certain processes of recruitment. The system of using company website and commercial job website is in increasing trend from the

zero levels. Moreover, few organisations are recruiting employees directly from educational institutes. Organisations still have to do a lot for the improvement of conditions of minorities, ethnic groups, older workers, disabled people and women. In fact, in Nepalese enterprises there has been changing in the staffing practices in the last 10 years.

Training and Development

There are few in-house training facilities in public sector organisations and few numbers of training institutes are established by private entrepreneurs to provide vocational skills. Organisations, both in public and private sectors, are sending their staff to train in India and some other overseas countries. The system of training needs identification hardly exists in general. In public sector organisations, training needs are identified from the suggestions of line managers. The system of dissemination of the knowledge acquired through attending the programmes is not made properly. The post-evaluation system of trainees does not exist; thus, it is difficult to assess how successfully training delivered knowledge and skills to work in certain jobs or assignments. In private sector organisations, short-term on-the-job training is provided to the new recruits to impart work skills.

Private sector organisations prefer to hire mid-career or experienced workforce on whom the organisation does not need to spend time and money to train further.

The proportion of the annual payroll currently spent on training is regarded as an indicator of the organisation's willingness to invest in its human capital. The money spent on training and development is very little. In Europe, such investment is 3.1 percent in an average (Brewster & Soderstrom 2004), in India the percentage is 2 in an average (Budhwar 2000) but in Nepal, such investment is 0.5 percent in an average. This ratio of annual payroll is invested to provide both internal (using in-house facility) and external (outside training) including other countries. As described earlier, decisions relating to training and development policy are centralised. Once decisions are made centrally, line managers play the most influential role in defining training needs and designing training activities. Moving towards managerial career development, managers involved to a small extent in special tasks/projects and in cross-organizational / disciplinary / functional tasks to stimulate learning. Internal and external movement of managers has been seen in above 40 percent of the organizations.

Table 6 Methods for Managerial Career Development Used (% of organizations)

Methods of managerial career development	Not at all	To a small extent	To a large extent	Entirely
Special tasks/projects to stimulate learning	30	39	9	0
Involvement in cross-organizational disciplinary/ functional tasks	33	42	7	0
Participation in project team work	23	30	20	0
Networking	42	18	9	1
Formal career plans	32	27	8	2
Succession plans	33	23	9	1
Planned job rotation	30	30	7	1
High flier schemes	49	9	3	0
Experience schemes (internal movement to another department)	44	43	14	1
Secondments to other organizations (external movement to another organization for a temporary period of time)	45	13	2	0

Performance Appraisal

A larger number of organisations are making formal as well as informal performance appraisal of their employees. Since a performance appraisal system is mandatory according to employees' rules, organisations in the public and private sector are, somehow, making evaluation of their employees. In the evaluation process, immediate supervisors are responsible for providing input. Moreover, organisations are also involving others in the evaluation process e.g., the supervisor's superior, the employee himself etc. A few organisations have also received inputs from subordinates, peers and customers for the purpose of performance appraisal.

However, it is also important to note that in 17 percent organisations, managers are not appraised with a formal appraisal system.

Table 7 Person for the Appraisal Process in Organizations (%)

Categories of personnel	Yes	No	Categories of personnel	Yes	No
Immediate supervisor	77	3	Subordinates	7	31
Supervisor's superior	59	14	Peers	5	33
The employee himself/herself	22	26	Customers	4	30

In the previous studies, it was mentioned that the result of performance appraisal neither used to inform career development, reward management and employee training and development, nor used to decide promotion of employees (Shrestha 1991), this study depicts that the appraisal system is used to inform the followings:

Table 8 Appraisal System Used to in the Followings (% of organizations)

Performance appraisal for:	Yes	No	Performance appraisal for:	Yes	No
HR planning	38	27	Career	64	11
Analysis of training and dev.	48	20	Pay determination	31	30
Organization of work	39	22			

Although there has been substantial progress in the use of the result of performance evaluation in different HR/personnel decisions, there are still a significant number of different categories of employees excluded from regular per-

formance appraisal. The reasons may be that either there is no system or it is completely managed or instigated at the employees' whim.

Compensation and Benefits

The Government of Nepal makes an announcement for any pay rise and other benefits for employees. All other firms have to comply with the minimum salary and wages as fixed by the government. However, individual firms can pay more than the government rate depending on workforce productivity and profits. Although it is understood that rewards have an important effect on factors like productivity and commitment, not much effort have been made to satisfy employees in the organisations. Past studies show that one of the most dissatisfying factors for Nepalese employees is the current level of salary and wages (Adhikari 2008 Adhikari & Gautam 2010). The current salary and wage level is the lowest in South Asia. This might be attributed to declining productivity at the industry level and meagre economic growth of the nation in the last few years.

Table 9 Level(s) at which basic pay is determined (%)

	Management/ technical	Professional/ Administrative	Clerical/ Administrative	Manual
National-wide collective bargaining	24	22	17	18
Regional collective bargaining	5	4	4	3
Company/division	33	29	31	25
Establishment/site	9	5	6	8
Individual	8	6	5	7
Other, please specify	39	0	0	0

In a competitive society, there has been an increasing use of performance-based and variable incentive system. In this study, respondents were asked about different incentive schemes offered by them. The survey noticed some new forms of incentive practices in Nepalese organisations.

Normally, these forms of incentive systems are used to motivate and increase the commitment of employees in the competitive society to increase productivity. Although on a limited scale, performance-based and variable incentive systems have been introduced by some of the organisations.

Table 10 Organisations offering different forms of incentive systems (% of organisations)

	Management	Professional/ technical	Clerical/ Administrative	Manual
Employee share schemes	11	10	6	3
Profit sharing	27	23	25	20
Stock options	3	3	–	–
Team/department performance	14	9	8	7
Individual performance	19	21	17	13
Company-wide performance	8	5	6	5

Employee Relations and Communication

Anecdotal evidences reveal that the situation of employee relations is not encouraging. The main barriers prevailing in the employee relations system are, for example, over-centralisation of power, lack of trustful relation of top management with line management, feeling of seniority and status, lack of budget for training and development, and lack of performance management (Adhikari 1992). There were cases of conflicts due to poor level of employee relations resulting from communication breakdown, personality clashes, status and role inconsistencies and unclear relations in various Nepalese organisations (Agrawal 2001). In some cases, management also tried to promote rival worker groups and then the policy of divide and rule was prevailed. Due to the absence of good communication system and democratic norms in the work place, there was a massive wave of shop floor tension (Pant 1993). Superiors trusted their own capacity neglecting the importance of delegation of power and responsibility to their subordinates (Koirala 1989). In a few private sector organisations, established un-

der joint venture agreement, employees directly ventilated their grievances to line managers or to General Managers or to Executive Directors. The situation of employee relations in these organisations was strengthened by regular staff meetings, management committee meetings and inter- and intra-departmental meetings. Information on business and HR related matters were freely communicated. Managers were less hierarchy-conscious. Most of the line managers agreed that employee conflict at work was minimised due to a free flow of communication and information.

What are the revealing changes in the way of communication of major issues to employees during the last three years? In the survey, this question was asked to know the situation of employee relations and communication. The result shows some positive developments. Organisations have indicated that in the last three years there has been an increasing use of representative staff bodies, verbal, electronic, written and team briefings to communicate issues to employees. However, still 21 percent organisations are not using representative staff bodies for the communication of different issues.

Table 11 Changes in the way of communication during the last three years

Way of Communication	Increased	Same	Decreased	Not used
Through representative staff bodies (e.g. Trade unions)	27	21	1	21
Verbally, directly to employees	41	31	7	1
Written, directly to employees	33	37	5	5
Electronic communication	24	30	1	19
Team briefings	40	26	0	3

The increase in the use of electronic communication tools such as telephone, e-mail and fax will certainly change the prevailing patterns of employee relations and facilitate the communication system in the organisations. Communication on different issues such as business strategy, financial per-

formance and organisation of work is important to increase employee participation at work and thus to strengthen employee relations in organisations. In Nepalese organisations, such issues are formally briefed from the following category of employees:

Table 12 Different category of employees in the communication of issues (% of organisations)

Employees Category	Business strategy	Financial performance	Organization of work
Management	51	52	67
Professional/technical	22	35	70
Clerical	5	10	74
Manual	1	2	55

It shows that there has been a wide use of management and professional category of employees to communicate issues and organisation of work. There has also been a change in the way of communicating views to management

by the employees in the last three years. What is interesting to note is that employees prefer to communicate directly to senior managers to using trade unions and work council channel.

Table 13 Changes in the way of communication in the last three years (% of organisations)

	Increased	Same	Decreased	Not used
Direct to senior managers	41	40	4	6
Through immediate superior	47	41	1	3
Through trade union representatives	29	20	4	28
Through works council	2	15	1	54
Through regular workforce meetings	32	35	1	9
Team briefings	39	34	1	8
Suggestion schemes	18	40	1	23
Attitude surveys	8	22	0	47
Electronic communication	22	31	0	27

It is the fact that the way employees communicated in the past has also been changing. Employees prefer to make communication through their supervisors and senior managers. This result, however, shows a positive improvement in building cooperation and trust between employers and employees. Evidences are emerging on new patterns of employee relations and communication. With an increasing need for competition in the market or to deliver services to the people, the prevailing organisational structures, that normally used to be hierarchical and difficult for the communication, are changing. The new developments in communication and employee relations, to some extent, challenge the anecdotal evidences described above. Instead of using union representatives to communicate on different issues by both management and workers, they rather prefer to communicate directly or through immediate supervisors. Team briefing and electronic communication systems are also in use.

Conclusion

The concept of HRM has still not developed and been practiced in Nepalese organizations in the way it has developed and been practiced in some developed countries. However, things are changing recently. Organizations are having separate HR departments, deploying managers to manage HR activities, involved in making business and HR strategies. Due to centralized organizational structures, HR decisions are taken in the central offices. But HR departments and line managers are now being involved in implementing these policies.

Still estimation of manpower needs is done in a very traditional way. But some developments have been seen in the management of HR information and the use of such information for managing HR activities. In fact, employers are looking for cost-effective measures to plan their human resources. There are no substantial changes in the way em-

ployees are recruited and selected. Very few organizations are offering action programmes for minorities, ethnic groups, older employees and people with disabilities. Investment in HR development is very dismal and there is a need to understand why employers are hesitating to invest in training and development although they are indicating that training is immediately required in the areas, such as, communication and interpersonal skills, professional and vocational development and leadership competencies.

Some sort of performance appraisal system is widely practiced. The result of performance evaluation is mostly used in deciding about career planning and determination of training needs. A few organizations are also using appraisal results for pay determination. However, the study of job design shows that one of the most dissatisfying factors in Nepalese shop floor is the pay level. There has been improvement in the situation of employee relations and communication in the past few years. The emerging employee relation patterns clearly show that the understanding between employers and employees is positively improving.

The most fundamental belief and assumption of the human resource practice is the idea that among all factors of production, human resource makes the difference. It is human capability and commitment which in the final analysis distinguishes successful organizations from the rest. People management practices can enhance motivation and encourage employees to work both harder and smarter which support to influence firm performance. It follows logically from this idea that the human resource ought to be treated with great care. It is a special resource which requires and deserves managerial time and attention. Therefore, the human resource ought to be nurtured as a valued asset, and not be regarded as an incidental cost.

Limitations

Data were collected from 204 public, private, not for profit organizations as unit of analysis. This study focused on areas of HR practices rather than strategic aspect of human resource management. Therefore, conclusions of this study are not specific for only one sector of organization. Additional research is necessary to measure HRM practices on specific areas of business organizations and to develop this link further which until now has been largely black-boxed.

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