PEs as an instrument of state participation in economic activities have been accepted in Nepal with the dawn of planning era (1956). Since then there has been continuous increase in their number, investment and employment. In the manufacturing sector alone there were 16 enterprises with a financial investment of N 269.4 million and 9164 people were employed therein. The rationale for creating PEs has been multi-dimensional. Several agencies exercise control over these enterprises on policy issues and on operational aspects of functional areas of management. The organization structure of these enterprises also varies. Some are public corporations, some departmental organizations and some government companies. However, at micro level they have an almost uniform organizational pattern.

Different types of bilateral and multilateral aid have been the driving force behind the Government's direct involvement in manufacturing activity. Besides, other factors such as need to provide entrepreneurial and managerial substitution and support, to have a dominant control and ownership over certain industries like jute, textile, cement, tea and to exploit the commercial value of research output have also influenced the establishment of PEs in the manufacturing sector. Government's involvement in manufacturing activity has, however, not been well received by the private sector.
High hopes had been pinned when the public sector was inaugurated in the country. But its performance has not been good. The rate of return on financial investment is poor and it is also blamed for failure on other fronts. Several factors including personnel have contributed to such a state of affairs. This is amply corroborated by the present study.

The pages that follow summarise the main findings of the study and the suggestions. These relate to:

1. Organization of personnel function.
2. Employment of personnel.
3. Development of employees.
4. Wage and salary administration.
5. Fringe benefits.
7. Employees' morale.

10.1 MAIN FINDINGS

10.1.1 ORGANIZATION OF PERSONNEL FUNCTION

(i) Major patterns of organizing that emerge in personnel functions are: (a) in small enterprises personnel is a function of the chief executive himself, (b) in all medium and large enterprises personnel is a function of an administrative department performing diverse functions excepting one medium enterprise where personnel function is being performed by a separate department. In four of these medium and large enterprises labour welfare departments have been created but these have been independent of administrative/personnel departments. The status of labour welfare departments is lower than other departments. The lowest status of labour welfare department is found in that enterprise which employs highest number of workforce.
(ii) The average size of personnel department is 4.4. The increase in number of employees has led to expansion of the size of personnel departments but these still continue to be manned and managed by relatively junior employees. Personnel ratio has been 0.26 indicating one personnel officer for every 385 employees. In large enterprises the ratio has been found to be smaller than medium enterprises. The personnel ratio in these enterprises is much lower than reported in some studies conducted abroad.

(iii) The functions carried on by the personnel departments include employment, development, fringe benefits and maintaining employee records. But in practice most of the time those concerned with personnel function in these enterprises have rivetted their attention on maintaining employee records and time-keeping only.

(iv) The average personnel officer in these enterprises is a married male college graduate, without any formal education or training in personnel field, is of 35.3 years of age, has 10.5 years work experience with the status of junior officer having limited role and say in deciding personnel matters of the enterprise.

(v) Different designations have been used for personnel officers which is linked with the policy and traditions of the enterprises. Wherever these officers are designated as personnel or labour welfare officer their status is low. Wherever personnel chiefs enjoy higher status it is not on account of personnel function, rather the inclusion of diverse functions has influenced the upliftment of their status. The Chi-square test
shows the status of officers concerned with personnel function as independent of the size of workforce (Chi-square = 1.21, 2df).

(vi) The officers of these enterprises consider that the present status of personnel officers is exactly what they should have but they are not satisfied with their (personnel officers) role. They consider that the status of personnel officers should be suitably raised by redefining their tasks and contribution in the accomplishment of personnel objectives.

(vii) There is no declared statement of personnel policy in the enterprises. The current practices have shown that their personnel policy is to adhere to the guideline/s and instruction/s received from various government agencies. On top of these 'The Civil Service Rules', a landmark in the institutionalization of personnel administration in Nepal, are taken as guidelines in grappling with personnel matters for which no guideline is specified anywhere else.

The governmental agencies work independently and they have standardized the personnel policy irrespective of the size, nature and objective of the enterprise. The policies formulated by various agencies represent their respective interests which lack congruity in their approach. There has been no integrated effort to formulate personnel policy for these enterprises. The managements of these enterprises too are indifferent to develop and formulate their own policy, they have been simply adhering to the instruction of various agencies in the respective areas of personnel management.
10.1.2 EMPLOYMENT OF PERSONNEL

i. Manpower planning is not practiced in any of the enterprises under study in its true sense. No doubt they forecast their manpower requirements for one year, but these are not used for purposes of job creation. A separate procedure is followed for job creation; in the process there is duplication of work. The whole process is rudimentary and the simplest method of executive judgement is used. The authority for creating a job, originally vested in the Board of Directors, has been, through a recent notification of the Government, taken away and these enterprises have to take prior consent of their respective administrative ministries for creating any new job in the enterprise.

ii. Employees consider that manpower in the enterprises is adequate. They do not subscribe to the popular belief that there is overstaffing in PEs.

iii. The analysis of procedure relating to estimation of manpower requirement has revealed that the method of estimating manpower requirement is not sound. However, majority of officers consider the method as 'good'. There are as large as 42 percent officers who consider the method of estimating manpower requirement as 'poor'. In the face of large unemployment and growing population in the country the question of harnessing manpower to the best advantage of national economy as well as of any enterprise in general and PE in particular would continue to be of vital importance in Nepalese conditions. The officers of the enterprises appear to be mentally prepared for instituting manpower planning in their organizations.
iv. Recruitment and selection in the enterprises are done according to the principles provided by PSC. The PSC has issued standardized principles without considering the typical nature of the enterprises. This has created problems in recruiting employees in several cases, and has also hindered innovativeness in these enterprises. Majority of the officers (56 per cent) stated that the control of PSC in recruitment and selection has been "more than appropriate".

v. PPS, a committee of 4 members, constituted in each enterprise and mostly headed by the chief executive, performs all activities for filling the vacancies. The personnel department acts as its secretariat. The composition of PPS does not provide for any voice of supervisors and departmental heads who have to take work from the recruits. Junior officers mostly represent administrative ministries in PPS. The PPS is expected to make selection for all types of jobs and level of positions. In view of the variety of knowledge and skill requirements for various positions, members are not competent enough to make selection of various types and at different levels.

vi. The PSC has prescribed certain minimum requirements such as citizenship, age, qualification etc. for getting employment in PES. Nepali citizenship is essential for regular employment in PES. The enterprises see that these requirements are met in their entirety.

vii. All enterprises advertise their job openings in the newspapers. While advertising these do not follow a real business like approach which consists of adopting an attractive
style of advertisement. The style seems highly thrifty. One reason for emphasis on economy rather than content and quality of advertisement is the management belief that adequate responses will be forthcoming, any way. However, their belief is misconceived and misfounded.

viii. All PEs make use of an application blank to recruit employees. It contains several items to be disclosed by candidates but the information is rarely used for selection purposes. Again there is no item for knowing the candidates' expectations of salary and other benefits.

ix. For selecting employees beyond second level a written test is conducted. Generally it is applicable to administrative positions. However, at times written test is also conducted for selecting technical employees. The syllabi for various jobs of the same level are uniform. The differences in the nature and skill requirement for different jobs in the given level are not considered at all. This is so inspite of the fact that the PSC recognises the importance of tests in judging the candidates' knowledge of the subject and mental faculties. Majority of employees (55 per cent) consider that written tests conducted in the enterprises are just a formality to comply with the PSC principles.

x. All appointees have to face interview. The practice of interviewing candidate is non directive and unstructured in nature. The actual interview method is not able to rate the candidates' judiciously and religiously. Employees consider that it is the contact with the influential person which matters most in interview.
xi. The final selection is based on numerical points earned on three items - academic qualifications, experience, and interview. The weightage assigned to interview is highest (48 percent for officers and 61 percent for other than officers) followed by academic qualification (28 percent for officer and 21 percent for other than officers). On what basis these weightages have been arrived at is, however, not spelt out, but the employees consider that the weightages given are 'appropriate'.

xii. PEs follow a short cut procedure while employing on daily wage or making temporary seasonal appointments. It is generally believed that 'favoured children' get employment on such basis. In one of the enterprises Badali system is in operation. Temporary day-to-day vacancies are filled in from among Badali pool.

xiii. At the final stage of employment process the employees are placed in various departments. Placement is decided by management alone without consulting employees and concerned supervisor. All appointments are made on probation of 6 months to one year. There is no formal induction programme.

xiv. The average time taken in between approval of a vacancy and its filling up is estimated to be 244 days. The estimated average time between vacancy approved and advertisement alone is 165 days.

xv. The recruitment ratio comes to 0.27, that is about 4 applications for one vacancy. There are lesser number of applications per job for technical positions than for administrative positions. Similarly there are lesser number of applications
per job for other than officers category than for officers category. Some candidates applying for the job do not report for selection test, consequently selection ratio is found higher than recruitment ratio i.e. there is less choice in the final selection. In most cases (98.5 percent) job offered are accepted.

xvi. Employees responses indicate that they are not happy with the selection policy and practices of their enterprise. Majority of them (53 percent) have rated the selection practices of their enterprises as 'below average' (26 percent) and 'poor' (27 percent). Employees (65 percent) would not recommend their relatives/friends for applying a job in the enterprise they serve.

10.1.3 DEVELOPMENT OF EMPLOYEES

1. Training has not found a niche in the personnel functions of these enterprises. There is no training strategy, no policy or budget or a training centre. The practice is to provide some sort of informal on-the-job training and to nominate employees for training programmes offered by other institutions. The nomination of a candidate for training programme is finalised by the chief executive. For foreign training, administrative ministries have issued a guideline for nomination which is based on point system i.e. points are given for seniority, experience, academic qualifications etc. The candidate getting highest point is nominated without looking at the content of the training programme and the requirement of the job of the employee. Therefore, it generally results in an employee attending a training course that bears no relationship with the job he does or is expected to do.
ii. As large as 60 percent of the employee force has not received any training. Those who have received some training, do not find it useful in several cases (35 percent). Adequate number of external agencies for training employees do not exist. Majority of the enterprises are small and medium size, a separate infrastructure for training employees in each enterprise is not feasible. Thus the training challenges before the enterprises are: (a) to provide continuous training for a large number of employees within the resources available, and (b) to make training useful to the needs of the employees and their jobs. Keeping in view the vastness of the task and limited resources at the disposal of individual enterprises, the suggested model for training employees in future (Chapter 5, page 176), points towards a concerted effort by establishing a common training centre for all manufacturing PEs and also at individual enterprise level where feasible.

iii. Promotion practices in PEs are governed by the PEC principles. The PPS conducts promotion. Majority of the officers belonging to 8th level or beyond consider the control of the PSC in promotion activities as 'more than appropriate'.

iv. All vacancies in officers' position beyond 6th level and 50 percent vacancies of other positions are filled in through promotion. The minimum requirement of work experience such as 2 to 5 years prescribed for promotion is considered 'appropriate' by majority of the employees (59 percent).

v. Promotion is based on a four-fold criteria. Weightages given to each criteria are: seniority (29%), academic qualification
(28\%), performance (25\%) and other experience (18\%). On what basis these weightages have been fixed has not been spelt out but the majority of the employees consider it 'appropriate'.

vi. Candidates dissatisfied with promotion decision can appeal to the Administrative Ministry or Board of Directors. If in the process of reviewing the candidates claim is unfounded he is penalised.

vii. Employees responses have shown that promotion prospects in the enterprises are 'slow' or 'very slow'. Promotion is based on favouritism and procedure is unfair, there is disparity in the rate of promotion among different departments of the enterprise and also among PES. The rampant favouritism is attributed to the socio-cultural system which seems to have exerted heavy pressure on the managers in the performance of their role.

viii. Performance appraisal is done by supervisors using 'soft criteria'. Two basic problems of performance appraisal are found. Firstly, it is not practiced regularly; it is more or less a ritual that these enterprises follow at the time of considering an employee for promotion. It is not realised that performance appraisal is a 'control and service' function of management. Its use has been limited to promotion decisions. Secondly, performance appraisal even for promotion purposes is not done properly, and so it is not dependable. The system is afflicted by contamination and deficiency, irrelevancy, improper weighing, lack of objectivity, lack of standardization and lack of reliability.
ix. There is no transfer policy in the enterprises. Transfers are based on the will and volition of the executive. Employees responses have revealed that transfers are not done for inter-departmental mobility; while taking transfer decision requirement of the job and skill of the transferee are not matched; it is not used as reward but its use has been made mere to punish employees or to find out temporary solution to problem-prone employee.

10.1.4 WAGE AND SALARY ADMINISTRATION

i. Wage and salary are fixed by the Board of Directors. The Board's decision is influenced by the directives of the government, Pay Committee or Wage Committee reports. At times labour unrest also influence Board's decision but collective bargaining is not practised. The enterprises have not spelt out the consideration given for fixing wage and salary but from the practice it is seen that salary is fixed on the basis of 'going salaries' in the civil service and fixation of wages is influenced by the national minimum wage.

ii. The system of fixing minimum wages in Nepal was initiated in 1965. Minimum wages were prescribed for 4 categories of workers. The first rate has undergone two revisions. There have been substantial increases in minimum wages from 1965 to 1979. The relative position of upper level of worker has been declining (from .407 to .352) and the position of lower level worker has been improving (from .145 to .180). The computed values of standard deviation (76.78 in 1965 and 72.59 in 1979), coefficient variation (40 in 1965 and 26 in 1979) and entropy
(*563 in 1965 and .588 in 1979) show that the skill differential in minimum wages is narrowing. The differentials between the unskilled and semi-skilled or even the semi-skilled and skilled worker are small and hardly worth the expense and trouble involved in acquiring the respective level of skills. The minimum real wage (wages adjusted to 1972-73 prices) for unskilled workers in 1979 as compared to 1965 has increased by 2.4 percent in case of others it has been reduced, reduction ranging from 5.8 to 29 percent.

iii. Out of 16 enterprises, 2 have not implemented minimum wages; in 11 enterprises minimum wages are exactly the national rate. Only 3 enterprises are paying more than the national minimum rate. In 15 enterprises wages are fixed on monthly basis but in one enterprise only daily rates are fixed as all workers in this enterprise are on daily wage basis. In 7 enterprises yearly increments are given to workers, however in as many as 9 enterprises such provisions do not exist.

iv. The average wage rate in the enterprises has always been higher than national minimum wage. However, the real wage index for all categories of workers has gone down by 10 to 22 percent.

v. Five types of wage differentials are found. Relatively skill differentials have narrowed overtime, it may have only a weak positive effect on the growth of necessary skills. Inter-enterprise wage differentials have widened overtime. Larger the size of the enterprise higher is the wage rate. Among different industry group miscellaneous industries have been the wage leader since 1973 in respect of minimum as well as maximum monthly wage rates. Chemicals has been the lowest paid industry.
Regional wage structure shows that as compared to Kathmandu Valley wage rates in Terai are higher. In one enterprise wage differentials are based on age and sex.

vi. None of the enterprises have developed any system of job evaluation for determining wage differential among various categories of workers.

vii. Salary structure of these enterprises have witnessed several developments. Initially the enterprises were free to have their salary structures, but these were influenced by the 'going salaries' in the civil service. In 1973 the enterprises' authority to fix salary was suspended and the Government constituted a Pay Committee to rationalise it. The Pay Committee felt that the salary structure in the enterprises should be higher than the 'going salaries' in the civil service and accordingly recommended a higher salary structure for PEs. The Government accepted the report of the Committee and directed all PEs to implement the same. But with the passage of time the idea of providing higher salary in PES than in civil service is eroding. Now the Government is trying to bring the salary structure of PES at par with civil service. In aggregate the salary structure of PES are closely tied with the civil service. Consequently there is almost uniformity among the enterprises under study in their salary structure.

viii. The changed policy of the Government has affected different levels of employees differently. There have been two revisions in the civil service salary after the Pay Committee report was out. As a result the salary of 6 levels of employees
in PES has been revised. However, the employees of 4 positions have not received any revision during the period. Salary revision in PES is allowed only to bring the salary of a particular level at par with its counterpart in the civil service. Therefore, such positions in PEs as have no similar counterpart in the civil service have been a sufferer in one case and beneficiary in another case.

ix. The salary of chief executives varies widely among the enterprises. While the small enterprises have not paid even the pay prescribed by the Pay Committee for the chief executive of lowest category of PE, the medium and large enterprises have exceeded the maximum amount prescribed in Pay Committee report. Some of the medium enterprises are providing their chief executives more than what large enterprises are providing.

x. Out of 16 enterprises, only in 6 enterprises wage incentive schemes are operated for a fraction of workers. Five enterprises operate only individual incentive scheme, but one enterprise is operating both individual and group incentives. Three types of incentives are found in these enterprises - (a) the straight piece work system; (b) increments in earning in each unit of output above the minimum level of production; and (c) increments in earning for bearing additional industrial hazards. Only the first two are linked with the volume of production.

xi. In aggregate the employees consider that their wage/salary have been at par with other PEs but less than private enterprises. The Chi-square test shows their responses as
dependent on size of the enterprise (Chi-square = 17.519, 6 df) and group of respondents (Chi-square = 26.241, 6 df). Only 46 percent respondents consider that the differentials among various categories of employees in the same enterprise have been 'appropriate'. Further investigation has revealed that the employees are in favour of linking wage/salary to their productivity and capacity of the enterprise to pay. A positive correlation is found between the responses of different group of employees: Officers and non officers (r = .9), officers and workers (r = .6), non-officers and workers (r = .7). In aggregate for enhancing productivity they favour monetary incentive followed by good chances of promotion. While the responses of officers and non-officers are perfectly correlated (r = 1), a positive correlation is also found between the responses of other groups of respondents: officers and workers (r = .8), non-officers and workers (r = .8).

10.1.5 FRINGE BENEFITS

i. The enterprises under study provide 25 varieties of statutory (8) and non-statutory (17) fringe benefits to their employees. Fringe benefits constitute about 73.7 percent of the salary. There has been wide variation in the benefits provided. Even in the common benefits available, the quanta for the same are not uniform.

ii. Employees, mostly of small and medium enterprises, consider that the fringes available in their organization are lower than other PEs. However their responses have revealed that the fringes available in their organizations are favourably comparable with private enterprises. Employees have also stated
that there has been no disparity in their organization among various levels of employees for providing fringes.

iii. Many enterprises provide a plethora of fringe benefits to ensure employee welfare, health and safety, much beyond the statutory minimum. Prominent among these enterprises in the provision of such benefits are the large and some medium size enterprises. On the other hand small enterprises and some other medium enterprises are not providing many fringes to their employees mainly because they do not have the necessary financial strength to provide all the benefits that other enterprises are giving. Though some medium enterprises have provided some benefits not because they are financially sound but because these enterprises had been under the pressure of workers to do so. However, small enterprises have not provided some of these benefits as there the workers, being not so well organized, have not been able to mount pressure. On an average enterprises with high profits have high fringes, larger and older enterprises provide somewhat more benefits than smaller and newer ones and enterprises having well organized labour force provide more benefits than enterprises where such pressures are not mounted.

10.1.6 LABOUR-MANAGEMENT RELATIONS

i. In Nepal the Government plays a direct role in structuring labour-management relations by passing different Acts and framing rules. Among the important statutes mention may be made of: Nepal Factory and Factory Workers Act and the Bonus Act. These Acts have made elaborate provisions for regulating
labour-management relations. The Factory Act has provided for the creation of a tribunal for settling industrial disputes. However, there is no permanent machinery yet devised for avoiding or settling disputes.

ii. The beginning of trade union movement in the country dates back to the 1940s. However, even today, there is no national trade union organization in the country. Whatever and wherever labour organizations are found in the enterprises they are not recognised by the management. No enterprise has formulated any policy regarding trade union formation or recognition. The present form of labour organization at the enterprise level is the primary committee of the Nepal Mazdoor Sangathan Kendriya Sabha. Employees of the enterprises are not satisfied with the present form of labour organization. In fact more than three-fourth of them want free union.

iii. The enterprises under study have not shown their enthusiasm towards labour participation in management. In no enterprise a formal suggestion system exists. The informal suggestion system is, of course, in operation. However majority of employees (53 percent) have stated that they do not provide any suggestion to their superiors. Those who state that they give suggestions to their superiors have also stated that the superiors do not give serious consideration to their suggestions. The Chi-square test shows the employees responses as independent of the group of respondents (Chi-square = 9.461, 4 df) and size of the enterprise (Chi-Square = 9.137, 4 df). In order to have labour participation in management the formation of joint labour-
management committee is encouraged by the Acts. Only 5 enterprises have Works Committee where as the provision of the Act envelopes 12 enterprises. The functioning of these committees is not satisfactory. Besides Works Committee other joint committees instituted in the enterprises include Welfare Committee (7 enterprises), Canteen Management Committee (6 enterprises), Production Committee (4 enterprises), House Allotment Committee (2 enterprises), Safety Committee (2 enterprises) and Provident Fund Trust (1 enterprise). None of these committees has been perceived as 'useful' by the majority of respondents.

iv. In no enterprise a formal grievance redressal procedure has been instituted. An informal procedure is in operation. Grievances in these enterprises relate to promotion (31 percent), salary/wage (30 percent), working conditions (19 percent) and supervisory behaviour (14 percent). 24 percent grievances are not presented anywhere. For rest of the cases departmental heads and immediate supervisors are generally approached for redressal. The lowest number of grievances (7 percent) are presented to personnel/welfare officers. Grievances relating to salary/wage, promotion and working conditions are presented to immediate supervisor whereas grievances relating to supervisory behaviour are not presented anywhere. Regarding attitude of the persons approached for redressing grievances, 33 percent respondents considered their attitude as 'quite sympathetic' 48 percent considered 'somewhat sympathetic' and 19 percent considered 'not at all sympathetic'. The respondents also stated
that none of the persons is effective in redressing grievances.

v. On the basis of recorded information the problem of industrial dispute is not much serious in the enterprises under study. During the last 15 years there were only 33 disputes in 16 enterprises. Larger the enterprise higher is the dispute. Among the various groups of industries Jute, textile and leather had together more disputes than other group of industries. Disputes in these enterprises have been mainly for higher wages and salaries. Besides, payment of bonus, working conditions and personnel policies have also been the major causes of disputes.

vi. The promotion and maintenance of employee discipline in the enterprises have been regulated by the principles provided by the PSC. The principles have covered some of the familiar situation which calls for disciplinary action. The procedure of disciplinary action is also spelt out. A provision for appeal is also made. Employees consider that disciplinary procedure followed in the enterprises has been 'moderately satisfactory'. They have also stated that the opportunity provided to defend the case against disciplinary action is 'moderately sufficient'. Employee responses regarding disciplinary procedure are found dependent on their responses regarding opportunity provided to defend cases against disciplinary action (Chi-Square = 132.711, 4 df).

10.1.7 EMPLOYEES' MORALE

i. Employees' morale in the enterprises is 'not high' i.e. they have 'moderate' (54 percent), 'low' (33 percent) morale. Employees of small enterprises have comparatively 'low' morale.
(CA = 0.460) than those of large enterprises. Officers have
'high' morale (CA = 0.412) whereas workers have 'low' (CA = 0.435).
The chi-square test shows the employees' morale as independent
of nature of industry (Chi-square = 9.955, 6 df) but the same
is dependent on group of respondents (Chi-Square = 20.840, 4 df)
and size of the enterprise (Chi-Square = 14.718, 4 df).

ii. The study reveals that morale is independent of several
personal particulars of respondents such as years of work
experience, sex, marital status, caste, nationality, academic
qualification, but it is dependent on age, native place and
nature of job. The results of Chi-square test are: Years of
work experience (Chi-square = 15.213, 8 df), sex (Chi-square =
.640, 2 df), marital status (Chi-square = 1.047, 2 df), Caste
(Chi-square = 14.873, 8 df), nationality (Chi-square = 5.522,
2 df), academic qualification (Chi-square = 15.518, 12 df),
age (Chi-square = 19.591, 8 df), native place (Chi-square =
7.555, 2 df) and nature of job (Chi-square = 24.333, 2 df).

iii. The Chi-square test has further revealed that several
personnel practices have caused varying degrees of morale among
respondents. Personnel practices such as fair interview and
tests at the time of selection, better promotion prospects,
reliable performance appraisal, adequate remuneration etc. have
contributed in raising employees' morale. On the other
hand the study reveals that unfair selection practices,
favouritism in promotion, unreliable performance appraisal,
low remuneration etc. have caused 'low' morale among the
respondents.
iv. The Chi-square test has also revealed that 'high' and 'low' morale is related respectively to the favourable and unfavourable attitude of the employees towards factors such as job content, supervisors, social environment in the organization, image of the enterprise, selection policy and procedure, promotion policy and procedure, remuneration, working conditions and welfare facilities in the enterprise.

v. Morale is positively related to 'productivity', 'capacity utilization of plant', 'profitability', 'employees' contribution to value added', and to a certain extent to 'employees' compensation ratio to value added'. It is found that the 'productivity index' of the enterprise where the employees have 'high' morale (1.89) has increased (113.79) whereas in the enterprise where employees have 'low' morale it has declined (65.6). In the enterprise having 'high' morale more 'capacity' is utilized (42.9%) than in the enterprise (23.5%) having 'low' morale. The average rate of return is higher (6.2%) in the enterprise where employees have 'high' morale as compared to the enterprise where employees have 'low' morale (2.9%). Similarly 'per employee value added' is greater (₹ 9000) in the enterprise having 'high' morale than in the enterprise where employees have 'low' morale (₹ 6000).

10.2 SUGGESTIONS

Although the present study was confined to the manufacturing PEs, it may be appropriate to summarise briefly in the light of the findings of this study, the suggested
measures for improving personnel management in PEs in general and manufacturing sector in particular. The areas requiring appropriate action at national level and also at each enterprise level are enumerated below.

10.2.1 ACTION REQUIRED AT NATIONAL LEVEL

Some of the important issues which have their bearing on personnel management in PEs and require suitable action are:

i. Change in Governmental Control system

ii. Changing PSC's role

iii. Suitable amendment in labour legislation

iv. Personnel education and Professionalisation of Personnel Management

i. CHANGE IN GOVERNMENTAL CONTROL SYSTEM: Peace-meal approach of various Governmental agencies regarding personnel policy of PEs pursued so far has to be immediately replaced by a general guideline from one single agency incorporating the thinking of the Government regarding personnel programme of PEs. Enterprises should then be allowed to formulate their own personnel policy and there should not be any interference from the Government.

ii. CHANGING PSC'S ROLE: There is need for giving a second thought to the role of the PSC. While the policy of standard principles may be beneficial to some extent these should not discourage innovativeness at enterprise level. This requires redefinition of PSC's role as 'advisory' rather than 'controlling'.

iii. SUITABLE AMENDMENT IN LABOUR LEGISLATION: The changing socio-political environment of the country requires suitable amendments in labour legislation. Workers continuous demand for creation of
a trade union free from Nepal Mazdoor Sangathan cannot be delayed any more. In the wake of liberalisation of political system of the country the workers long due demand regarding trade union has to be considered de novo. This requires suitable amendments in the existing labour legislation.

iv. PERSONNEL EDUCATION AND PROFESSIONALISATION OF PERSONNEL MANAGEMENT: The overall status of Personnel management in Nepal is low and the profession is still in its infancy. One of the factors responsible for such a state of affairs is lack of academic and professional support to the profession. Excepting a 5 credit hours general course offered by the Institute of Management to its post-graduate students no other programme on personnel management exists in the country. There is no professional institute either. In order to provide necessary fillip to the profession it is high time now to start some specialised programmes/courses on personnel management preferably one year post-graduate diploma, under the Institute of Management. Further, for improving the standard of personnel management training and also with a view to providing refresher courses and retraining facilities within the country to the people performing personnel function, it is suggested that a professional body - 'Nepalese Institute of Personnel Management' - be formed to conduct research in personnel management, hold conferences and seminars, publish a journal on Personnel Management and also to promote personnel management education and training in collaboration with the Institute of Management and other allied agencies. Presently neither the managements are prepared to sponsor their officers for costly personnel management courses outside the
country, nor do the employees/executives find it convenient to attend such courses at their own expenses. Under such circumstances, part-time and if possible, full time residential courses in personnel management started by the proposed 'NIPM' would be a landmark in the history of personnel management development in the country.

10.2.2 **ACTION REQUIRED AT EACH ENTERPRISE LEVEL**

Personnel management is the responsibility of the officers at the enterprise level. The prevailing notion among the officers that they do not have adequate authority in dealing with their manpower needs is to be dispelled. Governmental (Table 3.13, page 89) and other control over personnel policies will lead the officers to say "well, what personnel management techniques can be applied when almost all areas of personnel management are outside the managerial control?"

It is a fair question for which top manager has no answer. There are several areas which have remained nebulously out of the domain of their rational thought and understanding. The important areas requiring enterprise level action are: development and implementation of the following:

i. Sound personnel organization
ii. Scientific employment practices
iii. Adequate opportunities for employee development
iv. Sound wage and Salary programme
v. Fair and balanced fringe benefits
vi. Constructive labour-management relations
vii. Raising employees' morale.
1. SOUND PERSONNEL ORGANISATION:

The enterprise should frame and formulate its own personnel policy so that an integrated approach to the personnel programme at the enterprise level materialises. This should be followed by the creation of a personnel department to look after all aspects of personnel function properly. The personnel tasks would remain pious wishes without competent, sound and professional handling. Priority should be given to the procurement of able personnel specialists and they should be given proper status in the organizational hierarchy of the enterprise.

ii. SCIENTIFIC EMPLOYMENT PRACTICES

In the area of employment, the concept of scientific manpower planning and selection procedures need to evolved. At each enterprise level an imaginative recruitment and selection programme to attract high talent persons is called for. It is also necessary that the enterprises engage themselves in job analysis, job descriptions and job specifications before initiating any recruitment programme. Attractive style of job advertisement specifying facilities available, work environment and job prospects in the organization should be issued. The application blank should be related to job description and man specification and should contain only those items that are considered for selection. A column in the application blank for ascertaining the expectation of the candidate will help to reconcile career opportunities in the organization and candidates' expectation at the time of taking final decision on selection. This will, inter alia, avoid frustration in future. In order that written test judges the knowledge of the subject and mental
faculties of the candidates it is necessary that differences
in nature and skill requirement for different jobs at a given
level are considered while designing and conducting written
test. Enterprises should adopt structured method of inter-
viewing which has better reliability than unstructured one
currently practiced. Methods are to be devised to see whether
the right man is placed on the right job. This is possible if
decision on placement is taken after considering the employee's
preferences as well as supervisor's opinion under whom he has
to work. To start a new employee in his job with the right mood
and spirit, a formal induction programme could be introduced
with advantage.

iii. ADEQUATE OPPORTUNITIES FOR EMPLOYEE DEVELOPMENT

It is not enough to procure the right and high talent
timber but it is also essential to nurture, develop and groom
this talent adequately. It is true that the enterprises are
confronted with a host of challenges in instituting training
programmes for their employees. These challenges should be
seen as blessing in disguise to establish a common training
centre and institute ways and means within the resources
available to the enterprises so that employees could be trained
properly. Systematic determination of individual's training
needs, maximum utilization of trained manpower and proper
evaluation of training in future are essential. The external
training facilities have to be availed of to the maximum extent
through appropriate policies and procedures keeping in view the
individual's training needs as well as organizational needs.
Career development plans and promotional routes should be clearly chartered so that everybody's claim to promotion is given a fair chance. While the policy of promotion from within is admirable, the effectiveness of this policy largely hinges upon proper training, development and grooming of employees to occupy higher positions. Since this is not happening at present the enterprises should make lateral appointments on higher positions if better candidates are not available within the enterprise. Performance appraisal should play an important role in promotion and career development plans. Current practices relating to performance appraisal need to be revamped and overhauled. Appraisal practice should be considered as a 'control and service' function of management; it should be done regularly and impartially and its result should be used for all personnel decisions including promotion. In order to improve its reliability people who assess the performance of others should also be trained in administering appraisals. Transfer policies and procedures need to be spelt out. While taking transfer decision requirement of job and skill of the candidate should be kept in view.

iv. SOUND WAGE AND SALARY PROGRAMME

Wage and salary policies and programmes based on job evaluation, collective bargaining and factors that influence pay policies such as productivity of employees, capacity of the enterprise and cost of living etc. need to be evolved. It is necessary to fix rationalised workloads through work measurement and method study techniques. Incentive schemes need to be instituted in the enterprises where these have not
yet been introduced. At the same time these should be spread over a large number of employees. It is also necessary to gear incentive earnings to production earnings so that the more an employee produces the more he earns and the less he produces the less he earns. In addition incentive schemes of the type which reward work completion in time and be also tried. It is also necessary to be watchful in the implementation of any incentive scheme so that it does not affect negatively by depreciating human assets at a faster rate. Since the job and positions in PEs are not exactly comparable with the civil service, the current practice of tying their salary structure with the civil service need to be given rethinking. It is necessary to devise a pay structure that is attractive enough to the high talent person to come and stay with these enterprises and increase productivity. 'Poor-pay-brings-in-poor-talent' is as true in Nepal as it is anywhere else. The old adage 'low wages are dear wages' sharply reconfirms this view.

v. FAIR AND BALANCED FRINGE BENEFITS

Fringe benefits must be tailored to employee needs and likes. It is not enough to provide these benefits, they must be good and effective based on sound principles. All fringes above a minimum level have to be linked with the productivity of employees and capacity of the enterprise to pay. Proper planning, organizing and controlling are essential. Fringes cost to the enterprises and their cost aspect has to be borne in mind because there are instances where costs are totally
ignored and even losing concerns have been extending such benefits putting themselves under heavy financial burden. A proper balance is always desirable. These benefits should be based on definite policies which at the moment do not seem to prevail. Experience shows that many enterprises have not been able to introduce several benefits largely because of financial constraints. Management should devise ways and means through which employees could be involved financially and administratively. This, while on the one hand, would reduce financial burden on the enterprise, on the other hand ensure active participation of employees.

VI. CONSTRUCTIVE LABOUR-MANAGEMENT RELATIONS

Constructive labour-management relations need to be nurtured through the creation of viable and formal systems and policies, because there is no guarantee that 'current working arrangement' will continue to prevail. While the 'going' is good sound labour-management relation policy needs to be evolved so that the perpetuation and perenniality of cordial atmosphere is ensured. Voluntary negotiations and settlements, recognition of a representative union and collective bargaining should become the guiding principles of labour-management relations system. It is necessary to create a sense of understanding among employees regarding many problems facing the enterprise and then invite their suggestions to solve these problems. The suggestion system with some incentive based on a well devised policy needs to be implemented and the employees given an opportunity to suggest ways and means to improve
operational efficiency. Joint committees should be created and activised for more employee involvement and association. A formal and systematic grievance redressal machinery needs universalised among all PEs. A code of conduct should also be evolved to build and maintain employee discipline.

vii. RAISING EMPLOYEES' MORALE

Manpower performance cannot be increased unless employees have 'moderate' to 'high' morale. It is, therefore, necessary to conduct periodic morale and attitude surveys to find out employees' state of mind. After the employee morale is measured corrective steps should follow to maintain high morale among the employees.

In short, contemporary personnel management is yet to make its impact felt in the PEs in Nepal. It is time now to utilise available concepts, tools and techniques of personnel management with a view to converting the human resources into productive principal assets of the Manufacturing Public Enterprises in Nepal.