

seen a period of labour unrest during the past 12 months, the situation has now improved. The few (three) Trade Union Leaders. Leaders interviewed displayed a responsible attitude and expressed a strong desire for a stable industrial relations situation, fully appreciating that increases in productivity are the only practical way to create economic growth in the present situation. However, it is obvious that the TUs will need considerable assistance in persuading their members that such a policy is in their best interest. The TUs will also need assistance in learning the principles and techniques of labour relations and productivity improvement.

3.5 Faculty of Management (FOM)

3.5.1 Background, Organization and Resources

Higher productivity and improved managerial capability in both the public and private sectors are widely recognized as critical factors in Nepalese development. FOM, as the nation's premier management education institution, should be the leader in helping prepare future managers to meet this need. FOM was organized in 1973 at the Kirtipur Campus of Tribhuvan University, Nepal's only public University. It was originally called the Institute of Management. At the outset, courses in business and management were offered at the Intermediate Certificate level, Bachelors diploma level and subsequently, offered at campuses of Tribhuvan University located in other parts of the country. Today, the FOM at Kirtipur offers only post-graduate courses in business administration at the master's degree level. However, master's programs in business are also offered at eight other campuses of the University. The administrative structure of FOM is set out in Chart 2. The FOM is administered by a Dean, who also serves as Head of the Central Department of Management (CDM), comprising 25 faculty members. The FOM is housed in a self-contained building on the Kirtipur post-graduate campus on the southern edge of Kathmandu. FOM has two departments, the CDM, which offers a master's degree in business administration (MBA) and the Department of Public Administration (DPA), which is physically located in a separate building and offers a masters degree in public administration (MPA). The two-year MBA programme at FOM enrolls just under 400 students and graduates between 10 and 35 students each year. The course offerings in the MBA program are patterned after those offered in Western Business Schools in Europe and North America. The CDM also offers a doctoral program in Business Administration. Currently, about 30 students are enrolled in the doctoral program, but there have been no graduates from this programme since its inception in 1980.

3.5.2 Programme

The basic objective of the CDM is to educate students for professional pursuits in business, industry and government at the post-graduate MBA level. It is further dedicated to an increase in the knowledge and understanding of business administration, and to the training of doctoral level researchers capable of contributing to the basic knowledge in the areas of their expertise. The FOM has an open admissions programme which allows students who have successfully

completed bachelor's level programmes in any discipline to apply for admission in the post-graduate programmes offered. The curriculum for the two-year MBA program is designed to provide (1) a broad background in the general management area; (2) mastery of the basic tools and in understanding of the fundamentals of business organization procedures; and (3) specialization (finance, personnel, marketing and accounting). The first year of the programme is devoted to the core areas, and the second year is devoted to the specialization.

3.5.3 Strengths and Weaknesses

The strengths of the FOM are: (1) it is considered to be the "premier business school in Nepal", providing Nepal's future business leaders with management education, and (2) it has some dedicated faculty trying to do their job under difficult conditions. It's graduates have a bad image with employers, the faculty and students have little contact with the business community, the completion rates of MBA students is less than 10 percent of those admitted, the course offerings are limited in number and dated in content, text books are scarce and outdated, library facilities are inadequate, the physical facilities are and not conducive to good teaching or learning, the faculty members are primarily trained in Indian universities and have had little interaction with their professional colleagues in other countries. The FOM faculty are also poorly housed, poorly remunerated, meagrely supported and generally demoralized. Consequently, they spend very little time in the campus. There are very few indigenous teaching materials and case studies on Nepalese business enterprises. Three faculty members share each office, students are taught in overcrowded class rooms, and there is almost a complete lack of supporting audio-visual teaching aids or equipment. The library resources supporting the academic programmes of the FOM are poor. There are only 5 journals and a small outdated collection of books on business and management in the University's central library, and only a handful of outdated books and journals in the small, CDM library. Two examples of FOM's condition will suffice: "... the relevance of the management courses taught at FOM to practical application in the Nepali context is virtually absent. Under these conditions, therefore, the FOM is not at present a viable training institution for the private sector". (Training for the Private Sector: The Demand and the Supply, 1987) "... a very substantial upgrading of IOM staff and programmes will be required before the Institute is able to make a significant contribution to a practically oriented productivity enhancement effort". (Employment, training and Labour in Nepal : A Sectoral Review Report, Geneva: ILO, August 1990).

3.5.4 Summary and Conclusions

Although the FOM at Tribhuvan University was not included in the terms of reference, it was felt that as their charter requires them to produce highly qualified managers they have a significant role to play in raising productivity in the whole economy. The FOM, due to

various financial constraints and academic bias, is unable to meet the National objectives as stated in the 7 FYDP. The faculty is well aware of their deficiencies, and they have taken steps to prepare a long term strategy to improve their image and effectiveness. However, there are serious doubts that this new initiative, in its present form, is in the best interests of Nepal or, indeed, of the FOM itself. It is felt that the academic ambitions will not meet the desperate needs of the country for managers skilled in the techniques necessary to improve the efficiency of the present low level of the economy, but would be more attuned to the highly industrialized economies of the Western World. Because of the importance that the FOM faculty can and should play in raising the productivity of the economy it is suggested that a separate indepth analysis of FOM needs versus demands is made at an early date. ANNEX 2 contains a more extensive analysis of FOM and recommendations about what needs to be done to strengthen this organization.

3.6 National Administrative Staff Collage (NASC)

3.6.1 Background and Organization

The Nepal Administrative Staff College is the country's leading Training institute addressing the needs of the civil service, including Government development projects and public enterprises. NASC is blessed with abundant physical plant, modern training facilities and well qualified staff. NASC was established in 1982 with the help of the British Government. It was identified in the Seventh Plan as the institution charged with : 1) providing necessary training for employees of the Government in and public enterprises; 2) identifying ways and means of enhancing the managerial capability of the Government in the administration and the management of the public enterprises; and 3) undertaking problem-oriented research studies and providing consultancy and information services and to prepare training materials for making training more relevant and effective. Subsequently, NASC was given several new objectives as part of a long term strategy : (1) to be designated as a Center of Excellence "that will generate pride and commitment among its participants and provide a role model for others institutions"; 2) to be an agent of change and innovation in bringing about "the much needed administrative reform in Government; and 3) to assist government agencies and public enterprises in improving efficiency and effectiveness". As a Centre of Excellence, NASC has a stated mission of "...being a change agent responsible for improving the performance of government agencies and public enterprises through high level discussions and training in policy formulation and implementation along the line of modern management principles".

3.6.2 Programmes

NASC has focussed most of its resources on the delivery of training programmes for the civil service and public enterprises. These courses have

ranged from workshops and seminars for secretaries to training in planning, programme budgeting financial management, personnel management, etc, for civil servants at all levels plus training specifically for public enterprise managers. In 1988-89 NASC provided 168 training programmes.

3.6.3 Resources

NASC is "rich" in resources by comparison with other Nepalese education and training institutions. Its physical facilities are extensive and continuing to expand. Foreign donors have been generous in supporting developmental projects at NASC, including the recent UNDP/ILO project to strengthen NASC by establishing a consultancy service to public enterprises, government agencies and development projects. The logic of this effort is to provide NASC professional staff with exposure to real life problems, serve as a source of case studies and other information essential for the development of appropriate training materials, and to provide supplementary income to NASC and its staff--considered essential to attracting and retaining highly qualified and motivated staff.

3.6.4 Strengths and Weakness

The strengths of NASC are many; they are embodied in its close relationship to government, ample resources and facilities, and its staff. Taken together, they provide a well-balanced framework for carrying out the mission NASC has been assigned. The weaknesses of NASC are few: first, the need to adhere to the civil service pay scales for its employees make it difficult to attract and retain highly qualified and motivated professional staff, and second, because of its links to the Government and the Civil Service and its focus on public administration, it staff is ill equipped to provide the type of business orientated management training or consultancy services needed by the industrial sector in general and public enterprises in particular.

3.6.5 Summary and Conclusion

The strategy for the development of NASC, with the objectives of strengthening the Civil Service in Administrative reform, has been well directed. In the traditional environment that has existed in Nepal NASC services have also been extended to public sector industrial corporations. However, in the new era of privatization and trade liberalization this may not be the case in the future, as the administrative skills taught by NASC are not appropriate to the needs of commercially orientated companies operating in a competitive environment.

3.7 Professional Management Consultants (PMC)

The management consultant profession in Nepal is not well developed. there are many professionals who call themselves PMCs but who only practice in a spare time capacity to supplement their income from regular employment. MAN has some two hundred-sixty members who have registered themselves as consultants, but there is no data on their areas of expertise or experience. Recently, the UNDP have undertaken a survey of management consultancy resources with a view of compiling a register of expertise available by subject area. The UNDP list consists of 62 consulting companies and 231 individual PMCs. An analysis of the prospectuses of the consulting companies reveals that only eight are concerned with Human resource development, and of the 231 individual PMCs registered only thirteen are concerned with the wider aspects of productivity improvement. All of these are part-time consultants and none have any experience at the shop floor level. One relatively new organization has been identified that set out deliberately to improve shop floor productivity. Although their resources are weak and their skills are dated, their philosophy and objectives are relevant to the need to increase shop floor productivity. This organization employs five PMCs, but does not appear on the register of consultants. It can be seen, therefore, that professional skills in-country for raising productivity in a practical manner are more or less non existent. Furthermore, there are no international management consulting companies with resident offices in Nepal.

4. Related Projects

UNDP/UNIDO Assistance in Industrial planning and Implementation.
NEP/90/020

The project's primary function is to build institutional capabilities within the planning division of the Ministry for Industrial planning, formulation of environmental policies and plans and monitoring plan implementation at sectoral, sub-sectoral and project level and to directly assist the ministry in the implementation of a long term industrial plan.

UNDP/UNIDO An assessment of the Cottage and Small Industry Sector and Evaluation of the Cottage Industry Development Board.
NEP/86/007

The project's mission is three fold : to analyze and assess the existing nationwide system of programs and organizations assisting in the development of Nepal's Cottage and Small Industry (CSI) sector; to make recommendations for nationalising, improving, and perhaps reorganizing that overall effort; and to evaluate the capabilities and performance of the Cottage Industry Development Board (CIDB) and to analyze its role in developing the CSI sector.

UNDP/ILO Assistance to FNCCI NEP/88/019

The main objective of this project is to facilitate the restructuring of FNCCI to carry out its mandate including policy dialogue with the public sector by establishing new and efficient work methods and making it capable of assisting the private sector by providing services in order to expand exports and to facilitate the transfer of technology through joint ventures.

UNDP/ILO Management Development of Consultancy and Training Services at NASC
NEP/89/005

This project will assist NASC to be the catalyst for administrative reform in the public sector ministries and consultancy training functions. Following a Management development Needs Assessment for the Public Sector, the project will focus on internal systems development, structural adaptation and the integration and expansion of new and continuing activities.

GTZ Small Business Promotion Project.

This project, started in 1983 with funding from the German Agency for Technical Assistance, offers entrepreneurship training and consulting services to small-scale entrepreneurs. It was established as

a model for other training institutions in the country. Specifically, SBPP offers New Business Creation courses, Project Identification courses, Management Training, Small Business Consultancy courses, and Training of Trainers courses, as well as other short courses as requested by NGO's and Integrated Rural Development Projects. With a workable, efficient management structure and well trained staff, the project is one of the few institutions effectively conducting training in the private sector.

GTZStrengthening the Institute of Science and Technology (IST) Tribhuvan University.

This project, signed on 05.03.91, calls for technical assistance from GTZ to help the IST formulate a joint master plan in the next 18 months to make the Institute "efficient to provide teaching, research and extended services in accordance with the future requirement of the country."

UNDP/ILOStrengthening Planning in the Ministry of Labour and Social Welfare (MOLSW) NEP/89/004

This project will assist the MOLSW to formulate, review and update detailed strategic plans designed to facilitate achievement of its national plan objectives. The project will also assist the MOLSW to develop its capacity to plan on a long term basis to perform its administrative functions and responsibilities.

UNDP/ILO Industrial Relations NEP/90/024

Following the major political changes that took place in the first half of 1990 the government requested assistance from the ILO in the Labour Sector. After a series of ILO missions, it was decided the ILO set up a long term perspective plan for the Improvement of Industrial Relations and Labour Market Mechanisms for Nepal. The plan is to serve as the basis for the government's requests for assistance in this field.

An Expert on labour legislation undertook two missions to Nepal in 1990. During these two missions he assessed the country's need in labour legislation and provided advice on the overall approach to be adopted. The completed two draft acts are on "Trade Unions" and on "Presentation and Settlement of Labour Disputes". Additional Acts are to be drafted by an ILO expert as a preparatory assistance phase to NEP/90/024.

CIDA, SDC Second Engineering Project CR - 44.
Through World Bank.

The project will assist the IOE to further develop its capacity in accordance with the following objectives: (1) expand the capacity of the IOE to train technicians and engineers through the construction and rehabilitation of facilities at three IOE campuses; (2) raise the quality of engineering education through training, staff, improving curricula, providing educational materials and raising admissions and examination standards; and (3) improve management of the Institute through strengthening the office of the Dean, training managerial and administrative staff, developing a management information system and establishing a Manpower Development Unit.

UNDP/ILO Social Security Development Plan NEP/90/023

This project will provide training for a special tripartite social security planning committee and other senior personnel of concerned Government Departments, trade unions and employer's organisations so as to enable them to formulate a Social Security Development Plan for Nepal.

Confederation
of Norwegian Assistance to Employer's Council of Federation of
Business Nepalese Chamber of Commerce and Industry.
Industry

This project will set up a research information unit for the FNCCI's Employer's Council and draw up a training programme for council staff and members in the areas of labour law and statistics. It includes consultancy services, material, staff, fellowships, and computer hardware and software.

UNDP/ILO Improvement of Social Security Administration and Implementation.
NEP/85/026

This project will prepare the reform of the systems of employment injury protection and provident funds in Nepal, and extend the legislation to smaller commercial firms. It will also improve the capability and increase the capability of the EPF

and the DOL to administer the present and the future reformed systems of employment injury protection and provident funds, by setting up a computer system in the EPF, and by providing training to EPF and DOL staff.

5. STRATEGY FRAME WORK

5.1 Concept

5.1.1 The concept of promoting productivity improvement should be spearheaded by a National Productivity Council (NPC). Such a council should comprise representatives from the social partners, government, employers and trade unions, together with representatives from academia and suitable professional associations. The council would be supported by a full time secretariat, which would establish working links with all existing organizations within the country who have the capability of enhancing productivity in all its various aspects.

5.1.2 The Government has already made a commitment to the effect that such a National Productivity Council should be formed, and it is understood that financial provision will be made in the budget for the fiscal year 1991/92.

5.1.3 The philosophy which should be adopted is the concept of the total productivity of the enterprise, and not just the productivity of labour in isolation. In this respect productivity is defined as the ratio of outputs to inputs viz.:

<u>Inputs</u>		<u>Outputs</u>
Men/Women	}	
Materials	- }	Goods and Services
Machines	- }	Sold
Money (incl. capital)	}	

It is the responsibility of management to ensure that inputs are converted to outputs in the most efficient way, so that maximum financial benefit can be obtained by employers, labour and consumers.

5.1.4 The Productivity Centre (PC), the secretariat of the NPC, would be staffed by full time professionals, and would have three prime functions: Firstly, it would be responsible for a National, co-ordinated, and consistent campaign for productivity promotion. This campaign would consist of designing programmes for use by the mass media, designing and distributing publications and other literature, and holding of seminars and workshops at National, Regional, and District levels to stimulate a general awareness of the need to raise productivity in all sectors of the economy. Part of the

productivity campaign would be the establishment of demonstration projects in the main industrial areas.

5.1.5 The demonstration projects will entail the selection of an industrial firm in each of the five regions established as part of the Regional PC structure. The managers in the selected enterprises will commit their organizations to participate in the productivity campaign by having a productivity assessment conducted in their firms by PC consultants. Using the results of the assessment, follow-up assistance will be provided by PC trainers and consultants to help the employers implement the needed changes in their organization's production and human resource systems. In return for participating in the campaign and receiving the in-depth consulting services, the employers will agree to invite other employers in the region to come and observe and learn about productivity improvement from the demonstration projects. As part of the demonstration projects, arrangements will also be made by the PC to obtain the services of volunteer advisors from the International Executive Service Corps (IESC) to assist each of the demonstration firms to implement the recommendations of the productivity assessment.

5.1.6 The Centre's second function would be the identification of research projects at micro, sectoral and inter-sectoral levels aimed at the identification and solution to inter-sectoral barriers to improved efficiency. The Centres would contract projects to suitable research centres and coordinate and publish the results. The PC would also have a statistics section that would compile and maintain statistical information on productivity.

5.1.7 Finally, the Centre would have diagnostic, follow-up and implementation capabilities. Its professional consultancy/training staff could undertake surveys of individual enterprises and prepare a report for the management on the intra-enterprise constraints to increased efficiency, and quantify the possible financial savings which could be achieved by acting on the recommendation. PC consultants and trainers would also be prepared to assist in the follow-up and implementation of the recommendations.

5.1.8 The financing of the National Productivity Council and the cost of the productivity campaign should initially be fully funded from Government sources. However, the costs of research, consulting and training services should be partially funded by the clients. This could be by a direct (subsidized) charge to individual clients, with the charges determined by a sliding scale depending on size, financial condition, type of services provided, ability to pay or some other criteria.

5.1.9 In the short term, up to three years, the priority target group for the Productivity Centre would be the Industrial Sector, as described in para 1.1.7, and particularly medium and large scale industries (see

para 1.1.8). As a consequence, it is suggested that the PC should, in the initial three year period, come under the guidance of the MOI. However, at the end of this initial period this institutional mechanism should be reviewed in the light of the priorities of other economic sectors.

5.2The National Productivity Council (NPC)

5.2.1The membership of the NPC should comprise of five employer members of the FNCCI and five Trade Union officers. These 10 members should be nominated from the major industrial zones, namely: Biratnagar, Kathmandu valley, Birgunj, Pokhara/Butwal and Nepalgunj/Dhangadhi.

The government representatives should be from the Ministries of Labour and Social Welfare, Industry, Agriculture, Finance and the National Planning Commission. Other members should include: The Faculty of Management at the Tribhuvan University (FOM) the Centre for Development Administration (CEDA), National Administrative Staff College (NASC), Economic Services Centre (ESEC) and the Management Association of Nepal (MAN). The chairmanship of the Council should rotate between government, employers and trade unions on an annual basis.

5.2.2The NPC should appoint sub-committees for each economic sector or sub-sector as it deems necessary, but there should be one standing sub-committee to act as the Governing Body of the Productivity Centre.

This should comprise seven members to include representatives of two government ministries, MOI and MOLSW, two employers, two trade unions and the Executive Director of the Productivity Centre who is an Ex-officio non-voting member. Again the chairmanship should rotate annually.

5.2.3The NPC should also be replicated by establishing Regional Productivity Committees (RPC) in each of the five Development Regions of the country. However, the membership of the RPCs should vary to reflect the major economic activity, but should not comprise of more than eight members, two from each of social partners, one representative from academia and one professional association representative, if required. The RPCs would serve as an advisory committee to the Regional Offices of the National PC, and help carry out promotion and other functions as part of the productivity campaign.

5.3The Productivity Centre.

5.3.1Initially, the Productivity Centre will be organized into four divisions viz :

- Public relations and productivity promotion,
- Productivity, research and statistics
- Productivity consultancy and training, and

-Administration and finance

The Centre will be headed by an Executive Director and each division by a Director. The Director for Administration and Finance will be the Centre's Secretary.

5.3.2As mentioned earlier, an indepth study of all existing organizations concerned with management development and research revealed that the skills necessary for improving productivity at the shop floor level were very weak and it was only at ESEC that some of the staff had been exposed to such techniques during the time when ESEC was attached to MOI as the ISC. It is, therefore, proposed that those identified staff of ESEC be invited to form the nucleus of the new Productivity Centre.

5.3.3Due to the fact that ESEC is a public limited company with its own shareholders, which include the staff of ESEC, the organization is unable to receive financial support from Government. Consequently, it is proposed that ESEC as an organization is divided into two parts. The APO Productivity and Training Section and the small number of senior consultants with productivity related experience will be invited to form the nucleus of the National PC and its Regional offices. The National PC will be registered as a non-profit making organization under the Societies Act, thus enabling it to receive government financial support. The additional staff for the National PC and Regional PC offices will be recruited from Nepalese graduates of the FOM or foreign universities, or recruited as experienced professionals from other external sources.

5.3.4.The remaining staff of ESEC will stay as now, a public limited company providing consultancy, training and economic research on a commercial basis. However, ESEC's focus will be widened and strengthened so that it is capable of producing productivity improvement consultancy and training at shop floor level, thus filling the gap which currently exists in the country for the provision of these services.

5.3.5The new Public Relations and Productivity Promotion Division of the National PC will be staffed with approximately four professionals. They will be concerned with the design, implementation and the carrying forward of the productivity campaign. Two of the professional staff will be specialists in public relations and will have responsibility for the design of promotional activities through the mass media, newspapers, radio and television. A further one professional staff will concentrate on the design and publication of suitable literature, the holding of productivity competitions and the issuing of productivity awards, certificates and medals etc. The fourth staff member will, in conjunction with other divisions of the PC and appropriate external agencies,

organize and administer a seminar and conference programme designed to stimulate productivity awareness.

5.3.6 The Research and Statistics Division of the National PC will be organized on a sectoral/functional basis. It will be staffed by five professional applied economists and statisticians. One professional will be responsible for identifying research in the Industrial Sector, including mining and construction, one for the agro-industry sub-sector, and one for transportation. The fourth professional will concentrate on personnel management and industrial relations aspects, in particular identifying research in the areas of the design of wages structures, development of incentive payment systems and gain sharing plans, and the use of job evaluation techniques for the development of systems of career development to stimulate motivation, etc. The statistical section will be headed by a qualified statistician. S/he will, in conjunction with FNCCI, develop and maintain a comprehensive set of productivity indicators and related statistics, by which to measure progress.

5.3.7 The Consultancy and Training Services Division will become the "field" arm of the PC. Initially it will be comprised of 12 consultants (Two consultants to be located in each of the industrial districts described earlier and two operating out of the National PC office in Kathmandu and functioning as national Consultants/Trainers). They will, on request, carry out diagnostic studies within companies to identify the constraints to improved efficiency, quantify the potential improvement in financial terms and identify the savings which are possible. On the submission of their report it will be up to the individual companies' management to either rectify the situation themselves, use PC consultants or trainers to do follow up and implementation work or to employ external consultants. If a commercial consultancy firm is employed Centre staff would monitor the work. It will be necessary for the consultants operating in the regions to be based in their respective districts. Therefore, consideration must be given to the provision of appropriate facilities in each Region to house the Regional Productivity Centre staff.

5.3.8 The Administration and Finance division will perform all the necessary administrative functions for the efficient running of the Productivity Centre. It will deal with all financial aspects of the Centre's work, be responsible for the library, registry, reproduction facilities, and the personnel management of the Centre's staff. In addition, this Division will assume ESECs present role as the focal point for the APO within the country.

5.4 Operating Strategy for implementation of productivity services

- 5.4.1 The operating strategy for the National PC aims to ensure that the best utilization is made of existing resources, and the strengths for each participating organization are utilized and co-ordinated to achieve maximum benefit.
- 5.4.2 The FOM would be responsible for producing post-graduate managers; providing tuition to produce high quality junior managers equipped with the knowledge and skills to initiate and manage productivity improvement programmes. (The accomplishment of this objective will require a major strengthening project for the FOM which is outside the terms of reference for this mission. However, the concept and outline for a strengthening project for FOM has been outlined in ANNEX 2 of this report).
- 5.4.3 MAN has the long term objective to develop a management training academy to offer post-graduate management training, particularly for engineers. Whilst it would not be appropriate, under this proposed project to offer infrastructure facilities, it is agreed that there is an urgent need to offer in-service training to practicing managers. MAN should produce in-service management training through their regular short-term training programmes, seminars and talk programmes. The MAN would also be responsible for the development and production of case studies from experiences gained through practical workshops. This work should be done in co-operation with other organisations such as, FOM. The resulting case studies would be used by the productivity promotion campaign. Finally, the MAN would establish from their membership a Management Consultants Association. MAN would produce a code of conduct for undertaking management consulting and set standards of practice for management consultants to ensure a high level of professionalism.
- 5.4.4 ESEC would provide the industrial engineering skills required to assess productivity problems both in the private and public sectors. ESEC would specialize in the identification of constraints and the improvement of productivity at plant level, initially in the industrial sector.
- 5.4.5 NASC would continue as at present, providing high quality administrative training and limited consultancy to the Civil Service and public sector.
- 5.4.6 MOI, FNCCI and the Trade Unions and their regional/ district organizations, would provide the means by which information and direct publicity on productivity issues are delivered to their members. FNCCI would provide the mechanisms through which relevant confidential information is made available to the interfirm comparison unit set up in the Employers Council. FNCCI and the TUs would work with the Centre's Training staff in the development and delivery of training on productivity industrial relations issues to their members. All organizations would have responsibility for

making comments and suggestions to improve the delivery of the Centre's services.

5.4.7 Trade Unions - The development of the Trade Union Movement in the country is, at present, somewhat confused and a clear picture is not likely to emerge, until after the elections. However, there is an obvious need, that in the areas of productivity improvement, the Trade Unions will require significant assistance. Whilst it is too early to identify the extent and detail of such assistance, it is proposed that provision be made for at least four overseas fellowships to be made available for training in productivity improvement techniques to ensure there is a nucleus of understanding within the Trade Union Movement. As soon as the situation has clarified it is proposed that suitable technical assistance is provided from the project to identify and quantify the real needs.

5.4.8 The initial strategy outlined above is intended to launch the productivity improvement campaign in the short term, i.e. 3 years, concentrating in the Industrial Sector. As a result of these activities other areas of concern will become apparent and may assume a higher priority, and other economic sectors may require more assistance. Consequently, towards the end of the initial project period i.e., after 3 years, it will be necessary to reformulate the project for a second phase and to map out a medium to long term development strategy for the Productivity Centre and associated institutions, up to the end of the 9 FYDP period.

5.5 Institutional Framework.

The institutional framework for the improvement of productivity can be seen in Fig 4.

figure to insert.

5. PROJECT FRAMEWORK

6.1 The current situation

6.1.1 The impetus for improving productivity in all sectors of the economy is being strongly given by the Government and both the employers and Trade Unions are agreed this is the only way to improve the state of the economy and raise the standard of living of the people.

6.1.2 In order for the Nepalese economy to grow and become competitive the nation must create a "productivity culture" and a "culture of competence". The essential attitudinal changes that are necessary for this to become a realistic goal have just started taking place since the pro-democratic movement began in 1990. The pre-requisite enabling legislation dealing with industrial relations and several other important areas has begun to be drafted and there is a desire among the social partners to see its early enactment.

6.1.3 A long term strategy for the improvement of industrial relations has been prepared which provides for the necessary pre-requisite tripartite framework to be in place, which realistically allows practical productivity improvement activities to take place at the "grass roots" level in a climate of labour-management co-operation.

6.1.4 In view of the above developments the time is opportune to develop a strategy for the delivery of action oriented productivity improvement services and to develop and strengthen those existing organizations capable of delivering such services.

6.2 Proposed assistance and implementation strategy

6.2.1 It is proposed that UNDP/ILO design for implementation, a three year (phase I) project to ensure that all organizations involved in contributing to increased productivity are suitably strengthened and therefore effective in delivering such services.

6.2.2 The project would be an umbrella project concerned with establishing the National Productivity Council, and Regionally Productivity Committees and the Productivity Centre nationally and with Regional offices, strengthening ESEC, MAN, and the FNCCI; and providing training to both the Employers Council and Trade Unions in productivity related matters. In the initial stage, the short-term strategy (3 years), the project would concentrate in the public and private Industrial Sectors-- targeting medium-and large-size enterprises. The project will, by necessity, be the initial part of a long term institutional development activity.

6.2.3 It is also suggested that in the near future Government considers donor assistance with the objective of restructuring and strengthening of the FOM at Tribhuvan University to ensure that a high quality of management graduates are produced in the future, with the skills necessary to maintain a high level of productivity. Without the basic infrastructure to ensure a future supply of well trained and qualified supervisors and managers, it will be difficult for Nepal to independently sustain economic development and growth. ANNEX 2 contains recommendations on this related project.

6.3 Strengthening the delivery of productivity related services

6.3.1 The principle components of the project would be as follows, the TA and other inputs are shown in Chart 4.

- a. provision of technical assistance to establish the National Productivity Council, Regional Productivity Committees and Productivity Centre,
- b. provision of technical assistance to re-focus and strengthen the ESEC,
- c. short term technical assistance to FNCCI to build on the proposed UNDP information system project NEP/88/019, and provide appreciation training to FNCCI's Employers Committee,
- d. technical assistance to strengthen the MAN training programme and establish the Management Consultants Association,
- e. overseas fellowship training in productivity improvement techniques for the Productivity Centre, ESEC, employers and trade union officers.
- f. a tripartite study tour to examine indepth the success of the American Government's programme of labour and management joint action studies and productivity improvement programme at shop floor level, and
- g. provision of necessary technical equipment to establish the Productivity Centre and its Regional offices.

6.3.2 Project Implementation - It is recommended that the project should be for a 3 year duration. Improvement services by the Productivity Centre and other organizations up to the end of the 9 FYDP will be prepared in year 3 and the project reformulated and possibly extended. It would be desirable if the project was implemented in parallel with the implementation of the long term Industrial Relations Strategy, although this is not essential. As it will take time for the Government to enact statutes to form the National Productivity Council and to register the new Productivity Centre

under the Societies Act, it is not proposed to wait until these legal requirements are fulfilled before project commencement. It is proposed that the project is initially executed through the existing structure of ESEC under the supervision of a tripartite steering committee chaired by the Minister for Industry. This approach has several advantages:

- a. It allows the due process of the legislative system to continue, without hindering progress.
- b. It assists in the efficient selection, recruitment, and training of the staff of the Productivity Centre. This approach will enable the Productivity Centre to be fully operational on start up, supported by a comprehensive productivity improvement campaign which is already under way.
- c. It provides a much needed learning period for the constituent members of the Project Steering Committee.

The Project Steering Committee would comprise of one representative each from MOI and MOLSW, two representatives from FNCCI and two from the Trade Union Movement; together with one representative from MAN, NASC and FOM. The chairman of ESEC would be the committee secretary. It is envisaged that when legal formalities are complete the steering committee would become the core of the National Productivity Council. During this initial period administrative support will be provided by ESEC. Following on indepth study of the Productivity Centre's Administrative Needs by the CTA, the necessary staff will be transferred to the Centre on its establishment.

6.3.2 The Productivity Centre - To establish the Productivity Centre it is envisaged that assistance will be required in the following areas:

a. Technical assistance;

i.a productivity adviser who would also be the Chief Technical Adviser (CTA)
36 person/months (pm). years 1-3.

the Productivity adviser would be expected to be responsible for the execution of the project's externally funded components and provide "on the job" guidance and training to the Research and Consultancy Training divisions of the Productivity Centre in National, Regional and in plant activities, including shop floor training. In conjunction with the consultancy staff of the Centre, S/he would establish five demonstration sites, one in each industrial district. As part of this process, s/he would provide "on the job" training and guidance in industrial engineering techniques (including the development of incentive schemes and gains sharing plans) to the Centre's consulting staff and appreciation training to the Employers and Trade Unions.

ii. an advisor in Personnel Management and Labour Relations 24 p/m (year 2-3).

The Personnel Management and Labour Relations adviser would be responsible for identifying the most appropriate techniques of job evaluation applicable in industry; providing "on the job" guidance and support to the Consultancy Training and Research staff of the Productivity Centre; and preparing and delivering appreciation training for Employers and Trade Unions. In conjunction with the Centre's Research staff, s/he would develop suitable grade and wage structures and, consequently, design career paths and criteria for improved motivation.

iii. A Training Advisor - 9 pm (year 1/2)

The Training advisor would be responsible for developing and providing Train-the-Trainer programmes for supervisory and Workers' representatives Training. S/he will also provide "on the job" guidance and training to the Centre's consultancy/training staff and deliver such assistance for one month at the National PC and for one month at each of the Regional Centres.

iv. A public relations adviser - 6 pm (year 1/2)

To design an effective public relations campaign to increase awareness for the need to improve productivity throughout industry. S/he will also provide "on the

job" guidance and training to the staff of the Centre's Public Relations Division, the FNCCI's Deputy Secretary in charge of publication and the Trade Unions in implementing the productivity campaign. The advisor would have three missions of two months each to supervise local consultants who would provide TA for 12 months.

v. Computer adviser - 3 months (year 1)

The computer adviser, who would be a local consultant, would advise the Centre on its computer requirements to meet its word processing, publication, and statistical needs, and ensure compatibility with MOI, FNCCI and ESEC computer systems. The consultant would develop (if necessary) and supply, all necessary software and provide appropriate staff training.

b. Training/study tours (year 1)

i. Training fellowships would be provided to the Productivity Centre: 5 fellowships in productivity improvement techniques; and 6 in Personnel Management to study job evaluation, salary structuring and worker participation systems. The recipients would, after training, form the Consultancy/ Training Division and the Industrial Relations component of the Research Section of the Centre.

ii. A study tour would be arranged for the staff of the Public Relations Sections of the Centre. The tour would visit other Regional Productivity Organizations (such as Singapore, Hong Kong, Malaysia, etc.) which have conducted similar campaigns successfully.

C. Equipment.

i. Suitable computer equipment, hardware and software, reprographic equipment, vehicles and motor cycles would be made available to the project.

6.3.4 ESEC - To restructure and strengthen ESEC it is envisaged that assistance will be required in the following areas.

a. Technical Assistance; 12 pm (years 1-2).

The Productivity advisor would be expected to provide "on the job" guidance and training to help refocus and strengthen ESEC. This would include training in industrial engineering techniques.

b. Fellowships Training.

Two fellowships in Industrial Engineering techniques for improving productivity and 2 Fellowships in personnel Management to study job evaluation, salary structuring and worker participation systems.

6.3.5FNCCI - The Federation is already planned to receive UNDP assistance in the area of information services. It is suggested that this activity is expanded to include the establishment of an inter-firm comparison and productivity statistical service. Consequently, short term technical assistance provided by the Centre's Productivity Advisor is proposed to strengthen the Employers Council's Research and Information section in this respect. It is felt that due to the sensitivities industrial organizations may have about releasing information, the FNCCI was the best placed organization to undertake this function on the basis of anonymity. In additions, 4 regional fellowships should be provided to Employers Council members for training in productivity and interfirm comparison techniques.

6.3.6MAN - The association has requested assistance from the UNDP to strengthen its training programmes and facilities (NEP/90/025). MAN is considering hiring a training officer on a permanent basis. It is therefore proposed that short term technical assistance is provided for 12 pm (on three split missions) to assist MAN: (1) in the development of suitable course curricula for in-service training, and the development of a short term strategy for the delivery of such training using alternative facilities (until MAN is able to secure suitable premises); and (2) provide consultancy training to its membership. It is proposed that MAN establish from within its membership a "Management Consultants Association" to direct, regulate, and hence provide status to its management consultant members, of which there are approximately 260. In this respect MAN should prepare a separate register of these resources listing their individual strengths, qualifications and experiences. This register would be available for publication. The newly formed Management Consultancy Association (under MAN) should prepare as a matter of urgency a "Code of Professional Standards and Ethical Conduct" for the undertaking of management consultancy activities. The association would use these to monitor on a regular basis, the activities of its consultant members. The association, with the assistance of the short Term TA, would provide regular training programmes to ensure that these standards are adhered to and hence ensure a high level of professionalism exists within the management consulting sector. The information gained throughout this study suggests that only in a minority of cases were clients completely satisfied with the services they had received from management consultants. The main complaints were: unethical conduct (indiscretion), untimely presentation of reports, lack of commitment to the assignment and poor quality of work. The few

clients who were satisfied felt they had received good value for money spent. Consequently, it is proposed that further short-term technical assistance, for 6 pm, is provided to assist MAN in developing these functions and facilities. It is proposed that the 12 pm be separated into three missions. The first mission would concentrate on establishing the Management Consultants Association, compiling the register of certified consultants and drafting the "Code of Professional Standards and Ethical Conduct". The second mission would develop a suitable monitoring mechanism and training curricula. The second mission would be fielded approximately 6 month following the first--as and when a suitable Code of Professional Standards and Ethical Conduct" had been adopted and implemented. It is felt that such a set of standards would help to restore faith in the management consulting profession, and hence, help to improve efficiency. The third mission would be concerned with the Refocusing of the MAN training programme of curricula. One overseas fellowships would be provided to MAN in productivity improvement techniques.

6.3.7The Social Partners - It is strongly recommended that, at an early date, a one month tripartite study tour for nine persons (three from each social partner) be undertaken to the USA. The tour would study indepth the experiences gained from the United States Department of Labor Programme for undertaking joint (Labour and Management) action oriented studies at the shop floor level. The objectives of this programme are to reduce conflict in the relations between labour and management in the work place and to foster new and innovative ways in which the parties can work together more effectively on the shop floor to increase productivity, make their organizations more competitive, and improve the stability of employment and quality of work life for the workers. As part of the programmes, training materials have been developed, workshops and conferences held to promote the concepts, and structured courses and technical assistance have been provided by Department of Labor's staff to firms and unions willing to adopt these techniques. Gain sharing plans, joint labour-management productivity improvement committees and new bargaining techniques have been developed as part of this programme. The programme has been most successful in achieving positive results in industrial relations stability and in bringing about significant productivity improvements.

6.3.5Trade Unions - The development of the Trade Union Movement in the country is, at present, somewhat confused and a clear picture is not likely to emerge, until after the elections. However, there is an obvious need, that in the areas of productivity improvement, the Trade Unions will require significant assistance. Whilst it is too early to identify the extent and detail of such assistance, it is proposed that provision be made for at least four overseas fellowships to be made available for training in productivity

improvement techniques to ensure there is a nucleus of understanding within the Trade Union Movement. As soon as the situation has clarified it is proposed that suitable technical assistance is provided from the project to identify and quantify the real needs. A period of 3 pm should be allocated by the CTA for this purpose.

6. Conclusions

- 7.1 The development and implementation of strategies for improving the productivity of the whole economy is a long term developmental programme. It reaches beyond the time horizon of a single planning period, even beyond two or three 5 year programmes. The 7 FYDP laid the basis and framework for the development of such a strategy, and the 8 FYDP perspective envisages translating those objectives into concrete activities.
- 7.2 Because of the long time period required to "prepare the ground" and create a conducive atmosphere to initiate change and develop the attitudinal awareness that is a necessary pre-cursor to accepting change, objectives and priorities can vary. Consequently, in designing the strategy for developing productivity improvement delivery services two basic questions have been kept in mind :-
- what are the immediate priorities that need to be addressed to achieve an impact on Government objectives for raising the economy, and
 - is the basic education and training infrastructure in place to sustain a higher level of productivity over time?
- 7.3 In answering these questions it became obvious that immediate assistance is required for productivity institution building developmental support (up to 3 years) to assist the development of the Industrial Sector, which is one of the Government's immediate priorities. Whilst bearing in mind that during the next 3 years priorities may change, and therefore the development of productivity improvement services must be sufficiently flexible and capable of meeting these new challenges.
- 7.4 However, for success in the longer term, serious consideration must be given to strengthening the country's educational capability of supplying suitably trained and qualified young managers and technicians if the short term improvements made in productivity are to be sustained, and economic growth assured.

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February/March 1991

National Planning Commission

J. Upadhyaya	Joint Secretary
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Dr. D.M. Singh	Members.

Ministry of Finance

Mr. P. Ghimire	Under Secretary
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Ministry of Labour and Social Welfare

R.B. Sharma	Secretary
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Ministry of Industry

T.P. Upadhyaya	Additional Secretary
Dr. B.N. Chalise	Joint Secretary

Ministry of Agriculture

B.L. Maharjan	Economist
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Federation of Nepalese Chambers of Commerce and Industry

M. Pradhan	President
J.P. Agrawal	Secretary General
H. Subedi	Secretary

Trade Unions

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I.C. Sharma	Nepal Trade Union Centre
L.B. Basnet	Nepal Trade Union Congress

Management Association of Nepal

A.N.S. Thapa	President
Gokarna Khanal	Executive Secretary

Economic Services Centre

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