

Decent Work: The case of Nepal

Prof. Dr. Dev Raj Adhikari
Head, Central Department of Management
Central Department of Management
Tribhuvan University,
kathmandu Nepal
Email: devral_adhikari@hotmail.com
devraj@enet.com.np

**Paper submitted to: International Labour and Employment
Relations Association (ILERA) World Congress**

Philadelphia, Pennsylvania, USA

July 2012

© 2012 Devraj

No written or electronic reproduction without permission

Abstract

The idea of “decent work” emerged in late 90s. Director-General Juan Somavia’s report to the ILO Conference in 1999 first defined this concept as “*opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity*”. In 1999, International Labor Organisation (ILO) stated the key reasons of decent work deficits caused by a gap between the world that we work in and the hopes that people have for a better life (ILO, 2001). Recently ILO has set four major strategic objectives for the DW agenda : rights at work, employment and income opportunities, social protection and social dialogue (ILO, 2008). These strategic objectives represent the aspirations of people for opportunities and sufficient incomes; rights at work, representation and a voice at the workplace; family stability and personal development; and fairness and gender equality. Achievement of these DW dimensions at work and society helps to ensure that communities, and society at large, live in peace. To achieve these objectives, government, workers and employers have to play significant role together.

There is huge decent work (DW) deficit in the world of work. Roughly one out of six workers in the world is either completely without work or earning below US \$ 1 per person per day. ILO/IIR (2006) study reveals the fact that about half of the world’s workforce is in the informal sector, which means the people in this category are unregistered and uncovered by labor legislation. In poor and emerging countries like Nepal DW situation is deteriorating both at national and organizational levels. It is because of poverty, lower investment in the economy and declining job opportunities for unskilled and semi skilled workers. With these caveats in mind this paper aims at reviewing the DW situation in the context of Nepal. Regarding methodology, this paper is based on literature survey. Institutional arrangements for DW are studied in connection with current labour legislations, national policy documents, and company policies and initiatives. The status of DW is described examining national policy documents published by the Government of Nepal, National Planning Commission, labour legislations, International Labour Organisation (ILO) and other published literature. The finding of this study indicates that at the current situation, although the country has been successful to reduce the number of people under the poverty line, there are challenges in meeting the DW goals both at national and organizational levels.

Key words: Decent work, quality of work life, labour legislation, poverty, employment

Introduction

Nepal, a member of South Asian Association for Regional Cooperation (SAARC), lies between two emerging big economies, India and China. The country’s population is 27.5 million (NPC, 2010) comprising over 100 ethnic groups and speakers of 92 languages. In the modern history, the country has passed through a number of political, economic and social changes. Since its unification in the eighteenth century, Nepal has been an independent kingdom. Unlike India and other countries in South Asia, it was never colonized. The country faced suppression for 104 years of family ruled Rana regime from 1816 to 1951. During this period foreigners were not allowed to enter the country, so Nepal was almost completely isolated from the outside world. In 1951, Nepal opted for a political system with constitutional monarchy and people’s government; however, the real power remained with the King. In 1990 a pro-democracy movement, which was motivated by economic problems and discontent with corruption, forced the King to end his rule and a multi-party democracy was established. During 1996-2006 the country faced unprecedented armed conflict between government forces and Maoist rebels which ended on 21 November 2006 with the signing of Comprehensive

Peace Accord (CPA). The Civil War resulted in the deaths of over 13000 people and the destruction of physical infrastructure, displacement of people and serious disruption to the economy. After CPA on 28 December 2007, a bill was passed in parliament to amend Article 159 of the constitution — replacing "Provisions regarding the King" by "Provisions of the Head of the State" – declaring Nepal a federal republic, and thereby abolishing the monarchy. The bill came into force on 28 May 2008, as the Constituent Assembly overwhelmingly voted to abolish royal rule. After the election of Constitutional Assembly (CA) in 2008 United Communist Party of Nepal (Maoist) became the largest party followed by Nepali Congress and Nepal Communist Party(UML). After the election, three governments have been formed, a fact that reflects a perennial political instability forcing the country to go through 19 years transition in the post 1990 democracy era. This period also witnessed a huge number of political protests and strikes by various interest groups on issues such as good governance and human rights. After the CA election, restoration of peace and writing the constitution were the main concerns for the people.

Nepal is country with a total population of 27.5 million of which almost 25 percent of the people is under the poverty line. The overall adult (above 15 years) literacy rate has reached 55 percent. The current labour force participation rate in both formal and informal sector of the above 15 years of age has reached to 83.4 percent (NFLS, 2008). However, the proportion of paid employees is about 16.9 percent. It is estimated that about 9 million people are working in informal sector totally uncovered by labour legislation. In this demographic bracket, around 2 million people are employed in the nonagricultural informal sector, which is almost 70 percent of the total non-agricultural employment. Of all the children, an estimated 33.9 percent aged between 5 to 14 are engaged in economic activity. At the Millennium Summit in September 2000, Nepal expressed its commitment to, and adapted, the United Nations Millennium Declaration and put hand-in-hand to a global partnership to reduce poverty, improve health, and promote peace, human rights, gender equality and the environmental sustainability. Although the Government of Nepal (GoN) is committed in achieving Millennium Development Goals (MDGs) by reducing the level of poverty across the country and improving the living standard of its citizens, odds are high in meeting the targets of employment, hunger, gender parity in tertiary education, and environmental sustainability by 2015 (NPC, 2010).

In this context, it is imperative to create decent job opportunities through the creation of productive employment. This is only possible through investment and skill development at the national level. According to the Enterprise Survey- 2006, the key two factors influencing the level of investment and output in Nepal are political uncertainties and the prominence of low skilled workers (Kylloh, 2008). By and large, improvements in development indicators such as investment, employment and reduction in the level of poverty can be expected when there is sustained peace and harmony in the country.

In the meantime, the country experienced a rapid growth in poor quality jobs (Kapsos, 2004). Particularly the organized sector lacks the quality jobs to meet the aspiration of the work force. Although covered by the labour legislation, all is not well managed in organized sector to improve DW. Anecdotal evidence provides the following evidence on the DW in Nepalese organisations:

“Shopfloor jobs (in Nepalese manufacturing organizations) are generally considered routine and non-motivating. The overall consensus among workers is, those job design dimensions are unsatisfactory on the shop-floor. This fact, however, has no effect on workers remaining on the job; due to economic necessity alone... facts about satisfaction and motivational levels of many factories were discouraging. Workers are alienated from their work and they often feel punished while working on the shop-floor. .. In some factories, workers are resisting difficulties and variety on the job, while others need some sort of challenge and irregularity on the shop-floor. Economic incentives and pay needs are the major determinants of both satisfaction and motivation.” (Adhikari, 1992)”

It seems that jobs have not been interesting, challenging and meaningful in terms of fulfilling workers' basic needs and satisfying their psychological needs. Employers, on the one hand, are worried of high level of employee absenteeism, low levels of employee motivation and productivity

at work and because of shortcomings in the labour legislation (Kyloh, 2008). They often demand more autonomy from the government to govern employment relations and are frustrated by increasing power cuts, frequent shut-downs of transportation and market, and increasing tension between labour and management. They argue that provisions in the Labour Act and Trade Union Act are ambiguous and have led to unnecessary tensions and disputes between employers and employees. Unions, on the other hand, are unhappy with the poor compliance of given labour legislation at work. So, these developments have compromised with the harmony between workers and employers resulting into a poor management of DW agenda. For this purpose, the paper is divided into four parts: concept of DW; institutional mechanism for DW; status of DW in Nepal; and discussion and conclusion.

Concept of DW

The idea of “decent work” emerged in late 90s. On 4 March 1999, Juan Somavia of Chile took over as Director General. He emphasizes the importance of making decent work a strategic international goal and promoting a fair globalization. He also underlines work as an instrument of poverty alleviation and ILO's role in helping to achieve the Millennium Development Goals, including cutting world poverty in half by 2015. Director-General Juan Somavia's report to the ILO Conference in 1999 first defined this concept as “*opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity*”. The ILO defines 'decent work' as productive work which generates an adequate income, in which workers' rights are protected and where there is adequate social protection — providing opportunities for men and women to obtain productive work in conditions of freedom, equality, security and human dignity. In 1999, International Labor Organisation (ILO) stated the key reasons of decent work deficits caused by a gap between the world that we work in and the hopes that people have for a better life (ILO, 2001). Recently ILO has set four major strategic objectives for the DW agenda : rights at work, employment and income opportunities, social protection and social dialogue (ILO, 2008). These strategic objectives represent the aspirations of people for opportunities and sufficient incomes; rights at work, representation and a voice at the workplace; family stability and personal development; and fairness and gender equality. Achievement of these DW dimensions at work and society helps to ensure that communities, and society at large, live in peace. To achieve these objectives, government, workers and employers have to play significant role together.

The basic objective behind this move was “to improve the situation of human beings in the world of work” (ILO, 1999, 3). It appears that “right without jobs is a hollow victory and thus the pursuit of improved labour rights and standards cannot proceed on its own but it must be embedded in a larger, interrelated programme aimed at creating ‘decent work’ for all people who want gainful employment” (Kaufman, 2004). In poor and emerging countries, the major concerns in this regard have been poverty reduction, investment in the economy and providing job opportunities for unskilled and semi skilled workers. DW is especially significant to the poorest and most vulnerable population. Thus, measurement of DW status is intricately related to the socio-economic conditions of a country. Therefore, the DW indicators vary across countries and regions and thus country should themselves want to identify and measure additional DW indicators besides ILO prescribed indicators (ILO, 2008).

There is huge decent work deficit in the world of work. ILO (2001) stated that roughly one out of six workers in the world is either completely without work or earning below US \$ 1 per person per day. Another ILO/IIR (2006) study reveals the fact that about half of the world's workforce is in the informal sector, which means the people in this category are unregistered and uncovered by labor legislation. Considering this fact, the 2002 International Labour Conference addressed the theme of the informal economy and adopted a resolution in which it is recognized the obligation of the ILO and constituent governments to make decent work a reality (ILO/IIR, 2006). Thus, the conference came up with an understanding that a government must incorporate a number of factors in its development goals to improve the level of DW. These factors include: employment (adequate number of productive, quality jobs to provide incomes to cover the basic need); social security (protection from work-related injury and from lack of income due to unemployment, illness or old

age); rights in the workplace like freedom of choice and association, protection from forced and child labours, and opportunity for work and social dialogue. The right to dialogue is the ability to participate, to represent their interests collectively in all types of negotiations between or among representatives of government, employers and workers.

The discussion on DW concepts and initiatives is very useful at the organizational level to address issues related to the work place such as work improvement, involvement of people and respecting human dignity. The concept of QWL is widely discussed in 1970s and 80s is greatly helpful to understand DW situation at work. According to Hackman and Suttle (1977):

To some, quality of work life refers to industrial democracy, increased worker participation in corporate decision-making, or a culmination of the goals of the human relations movement of two decades ago....many view the quality of work life as closely related to, if not merely a broader and more up-to-date term for, such concepts as job satisfaction, humanizing work.... (p.174)

From this definition it appears that the concept of DW goes beyond the scope of QWL and addresses heavily on rights at work, employment and income opportunities, social protection and social dialogue. To sum up, DW is emerging as the broader concepts comprising overall development of covers the issues and challenges both in formal and informal sectors. In fact, the DW addresses broader issues like poverty, security, employment and freedom. And it proclaim that workers' rights without jobs is a futile exercise.

Methods

This paper is mainly conceptual and descriptive and aims to review and examine the concept and status of DW in the Nepalese context. While discussing on DW status at national level, variables such poverty, income and employment are considered to represent the aspirations of people. At the organizational level DW is connected to the conditions at the job and covers workers' interests, rights and fulfillment of aspirations. For the purpose of this paper, the researcher has collected and analyzed secondary sources of information. To highlight DW concept and dimensions, literature published in the West and by ILO were collected and reviewed. To examine the status of DW, national policy documents published by ILO and previous research works on job design were reviewed. Documents published from the National Planning Commission/Nepal and Central Bureau of Statistics and GoN were reviewed to present the DW status. In order to examine DW status, national poverty and employment related data is presented and analyzed. Among many dimensions, poverty reduction through employment creation is the main DW goal in case of Nepal. The provisions of labor legislation are reviewed and compared them with the actual situation facing the workers. In this paper DW status is examined in a national political and economic contexts.

Institutional arrangements for improving DW

In Nepal DW concept emerged in 2005 when ILO Office in Nepal began to prepare its Decent Work Country Programme (DWCP). However, due to perennial political instability, the draft of DWCP could not be finalized (ILO, 2008-2010). National politics and socio-economic policy of Nepal took a turning point after signing of the CPA in November 2006 between the Seven-Party Alliance (SPA) and the Communist Party of Nepal (Maoist). The main agenda of the CPA was to conduct CA election and to write the constitution for the institutionalization of the peace process. This agreement has also impact on social policy of the government of Nepal (GoN), including the DW agenda. Nepal is one of 189 countries committed to the achievement of MDGs during the United Nations Millennium Summit in 2000. Since then, GoN gave priority for the growth of productive and decent employment opportunities and accorded a high priority for the national socio-economic policy in the recent Three-year (2007-2010) national development plan (NPC, 2007-2010). The plan document clearly stated the following commitment of the GoN on the issues of DW:

“The government will play the lead as well as facilitating role in creating opportunities for employment according to competence and skill of the new entrants to the labour market,

while making the education system employment oriented. Policy reforms will be carried out to provide a working environment suitable for humans, for workers and laborers in both in the formal and informal sectors. Institutional arrangement will be made for providing skills and training in order to support and increase the productivity of labour. In the formal sector, for the enhancement of skills, an arrangement will be made to train people and transfer technology according to the absorption capacity of the labourers”.

This statement indicates that government is somehow committed to DW agenda to improve the conditions of employment both in the formal and informal sectors. One of the MD goals aims to eradicate extreme poverty and hunger through the creation of full employment and decent work and halve the proportion of population who suffer from hunger (NPC, 2010). In support of achieving MD goals, a number of institutions are engaged. Some of these are: the Ministry of Finance, the National Planning Commission, the Poverty Alleviation Fund (PAF), Local Government Organizations for Social Mobilization, private sector organisations and a number of NGOs and INGOs are working at national, regional, district and village levels. In order to make people aware in DW agenda, a number of seminars and workshops were organized in the past. For example, different seminars have been organized to address DW and documents are produced by the United Nations Development Assistance Framework (UNDAF) and ILO Nepal Office.

Although a number of policy documents were produced to supplement in institutionalizing peace process and reduce the current poverty level through better employment and income generating activities, no concrete policy measures so far have been implemented to address the required people. One of its examples is that the Labour and Employment Policy, which was finalised in 2006, has not yet been implemented in Nepal. In 2008, a Consultation Meeting was organized in Bangkok and Delhi that helped a lot in fine-tuning the concept and structure of DWCP for Nepal. The Consultation Meeting mainly focused on the promotion of labour standard for Nepal (ILO, 2008-2010). The Meeting focused on to promote labour standards, gave priority for skill development, but no national level policy exists to generate the required job opportunities to address high unemployment rate. According to The World Bank Report 1995, it is the demand for labour, not the supply of it, which makes the difference for job and wage growth. Without formation of skills, the country cannot take advantage of employment and income generation. For Nepal, at this situation, the institutional arrangements for meeting DW target through enhancing employment opportunities and eradicating inequality and social exclusion remain major challenges and seeking support from development partners, civil society and the private sector (NPC, 2010).

Regarding institutional arrangements for improving DW at the organizational level, State has acted responsibly promulgating different labor laws in time. At the organization level, the three major labor acts prescribing DW dimensions are Labor Act, 1992, Child Labor Act, 2000, and Trade Union Act, 1992. The Labor Act, 1992 aims to protect rights and interests of workers together with providing a number of facilities and safety measures at work place. According to this Act, every enterprise shall have to classify the job of the workers and employees, according to the nature of work. The Act also defines ‘employees’ and ‘labor.’ For the sake of this Act, ‘employees’ refer to persons working in administrative posts, whereas ‘labor’ refers to persons obtaining remuneration working on production jobs, or on plants, or on construction or similar other works. The act also makes provisions for the employer to design pay and other incentives of workers and employees, explicitly based on the nature of work. The Act states that no person is appointed in a vacant position without a vacancy notice. It ensures the right of every qualified person to apply for a position. Similarly, there is an explicit provision for appointing an employee in a permanent position once he or she completes 240 days as temporary worker. The Act clearly states that a non-Nepalese citizen has to take work permit to get a job in Nepal. However, there is an exception that if persons with special skills, knowledge are required for a position, and if no Nepalese citizens are available with those skills, a non-Nepalese citizen can be employed. Regarding working hours, employees are entitled to get a half-hour tea break after working five hours continuously. Any permanent worker or employee shall not be terminated from the job without following given procedures prescribed in the

Act. The changes in the ownership of the enterprise shall not be deemed to have any effect on the terms and conditions of service of workers or employees adversely.

The Government of Nepal has been entitled to fix the minimum remuneration, dearness allowances (the Dearness Allowance is provided to help against rise in prices) and facilities of workers and employees on the recommendation of the Minimum Remuneration Fixation Committee, Ministry of Finance. Similarly, the standard of safety required as per necessity is also published time to time in the Nepal Gazette. The Act makes sufficient provisions for keeping workplace free from dust, fumes, and hazardous chemicals, and assures the guarantee of the adequate supply of light and water and other health and sanitation facilities at work place. The Factory Inspector appointed by Government of Nepal examines building, land, plant, machine, and health and safety aspect of factory. He or she shall have a right to collect and examine the samples of finished or semi-finished raw-materials used in the factory and inspect the registers and documents related to the factory and records statements of any person as per necessity. The Labor Office can give order for maintaining safety standard at the work place. The Act clearly states that compensation shall be paid to employees or workers or their family as prescribed.

Every factory with more than 250 employees has to appoint one Welfare Officer, and factory employing more than 1000 employees has to appoint additional an Assistant Welfare Officer. The Act makes a provision of Labor Court. There is also a provision for an Appellate Court which is responsible for the final settlement of disputes in the absence of the Labor Court. Every enterprise shall have to form a Labor Relation Committee to create amicable atmosphere between the workers and the management, and to develop healthy labor relations based on mutual participation and coordination.

The Child Labor Act 2000 defines 'child' as someone who has not completed the age of sixteen. The Act also states that factories are not allowed to engage a child as a worker prior to completing his or her 14 years of age. There is also an explicit provision that factories are not allowed to engage a child labor by pleasing, gratifying or misrepresenting him. No means of greed or fear or coercion can be used to lure or force the child into action. If a factory has to engage a child aged between 14 and 16 in a work, it has to obtain approval from the Labor Office and parents or guardian of the child. The Labor Office may depute any employee anytime to inspect the factory that has employed children. The deputed employee shall have to submit a report to Labor Office within fifteen days of completion of inspection stating an exact statement. Every factory must take certificate of fitness for a child being capable of working as a labor before employment. Similarly, it is necessary to submit a statement to the Labor Office consisting of details of employing organizations, child labor and manager within fifteen days from the date of the employment of child labor.

According to this Act, Government of Nepal shall form a Child Labor Prevention Committee in order to provide health, safety, education, and vocational training for children working in an enterprise. The Government shall create a Child Labor Prevention Fund for the child labor prevention purpose. To implement the objectives of this Act, the Government shall give necessary directions to managers, trade unions, and child welfare associations. Similarly, the Labor Office has power to punish if any factory fails to abide by the given rules and regulations.

In any enterprise, workers can form an enterprise level trade union to protect and promote their rights. According to this Act, the trade union association and federations have to engage in collective bargaining on behalf unions at the enterprise level. The enterprise level unions have to allow the workers to follow the decision made by the enterprise level authorized trade union. The authorized trade union shall not go on strike in enterprise or act in any way without completing the procedure mentioned in Section 76 of this Act. The Act clearly mentions that the Government of Nepal shall appoint Registrar as necessary for the registration of the trade union. The Registrar shall be responsible for the registration of trade union. The Government can give necessary orders or directions to restrict any activity of trade union if it creates un-controllable situation thereby disturbing the industrial peace and harmony. Reviewing the labor legislation, it appears that the

government is delegated with sufficient power to regulate and protect the rights and interests of workers in our organizations.

Status of DW at national and organizational levels

Although the country has embarked on privatization and liberalization process, poverty and employment related statistics is not so welcoming in Nepal. More than 19 percent of the population lives below \$1 a day, and about 25 percent population is below the national poverty line (see table 1). The Labour Force Survey (2008) has depicted the following facts: 50 percent of the urban workforce (of the age between 15-24) in Nepal is underutilized whereas in rural areas this figure stands at 26.9 percent; the jobless rate has risen to 2.1 percent from 1.08 percent a decade ago; 30 percent of the productive labour force above the age of 15 in both urban and rural areas is jobless or underemployed; the percentage of paid employees as percentage of total employed is 6.9 percent; and the urban unemployment rate of the youth (15-24) is 13 percent compared to 2.1 percent in the rural areas. Women are a large disadvantaged group in terms of obtaining decent and productive employment. Regarding average monthly wages, female workers are getting 31 percent lesser wages compared to the wages of their male counterparts. The situation of home workers, child workers and the workers working in other informal sector is not satisfactory. It is estimated that 9 million people are working in informal sector of which 2 million people are in the non-agricultural informal sector (including technicians, family workers, clerks, craft workers, plant and machinery operators, armed forces etc). Every year 0.33 million workers enter into the job market.

Insert Table 1

Nepal is far behind in terms of GDP growth rate, per capita income and human development index (HDI) in the SAARC region (IMF, 2008; The World Bank, 2008; UNDP, 2005; Economic Survey, 2008). The minimum wage rate of working people is slightly more than US\$ 2. Although there is a decline in the level of poverty due to increase in remittance income and increase in investment by the government poverty reduction projects, poverty and hunger are still regarded as the major challenge for the government in the development process. The expected level of sustained poverty reduction in 2015 is achievable only through higher levels of employment generated through greater investment and growth. Even in the case of sudden increase of private and foreign investments, it is hard to ensure supply of human resources with vocational skills to work competently. It is estimated that just only 1.3 percent people in Nepal received formal training outside the school system. Due to the lack of marketable education, vocational training and easy access to training, the country severely lacks skilled manpower. Realising this situation and due to country's perennial political instability, GoN candidly admitted that achieving the Nepal MDG of full and productive employment and decent work for all is unlikely in the next five years (NPC, 2010).

Regarding the status of DW at the organisational level, studies (e.g. Adhikari, 1992 Adhikari and Dhruva, 2010) in the past revealed the fact that the overall situation is not satisfactory. Employers argue that workers' unions are not aware of the increasing competition in domestic and international markets and it has negative implications for the growth of business and industry. They view that most of the large unions are engaged in petty politics at workplaces and are working for vested interest groups (Jyoti, 1999). Bajracharya (1999) asserts that there is a need for curbing high-level politicisation at the organisational level. There are many instances of influence of political beliefs on the shop floor. This has created problems for enhancing trustfulness at the operational level. Workers and employees believe that their problems are only heard by management when coloured with their political ideologies. On the other hand, the management charges that employees are becoming recalcitrant due to their petty political interests at this level. Union representatives plead that there is no formal mechanism for handling workers' difficulties at this level (Pant, 1999). Training and development programs, seminars, conferences and management committee meetings play vital roles in understanding and handling industrial relations problems with the collective efforts of union and management. Union representatives view that due to the lack of such activities including communication and interaction at different levels of organizations (Adhikari, 2008), it is getting difficult to synchronize relations between employees and management. Although the government

seems to be committed, at least in policy documents to ensure DW, the lack of commitment from employers has obliterated the possibility of its materialization.

Some of the industries have been closed down in the last decade because of increasing power deficits (peak demand for electricity is 800Megawatt but the supply is 300Megawatt), rise in bank interest rate, and Nepal *Bandh* (shut-downs) and strikes. All these incidents have not created a favourable environment for industrial growth and harmony. The rate of private-sector investment has declined. In the workplace, lockouts and strikes are common. Existing industries suffer from low productivity, lack of trust between management and workers, and lack of efficiency and declining competing capacity in the local and international markets. All these have created a set of mind among the employers asking them to demand “no work no pay”, which is still difficult to implement because of their lower control over decisions. While reviewing the status of compliance of legal provisions given in three different acts (labour act, union act and child labour act) it appears that employers are not responsibly acting. In the past, the GoN also remained inefficient to develop proper mechanism to monitor and supervise workplaces, and to ensure fair practices, such as standardized wage system and implementation of child labor standards. Both unions and employers have used fear and intimidation at times to promote their own interests. This is counterproductive for human capital development, productivity, economic growth and decent work.” (Kyloh, 2008). He further (2008) argues that despite the experiences of poor labour relations, unions and their activities are popular among working class men and women in Nepal. Table 2 clearly illustrates how far government and employers are responsible in implementing and forcing to comply provisions of the labor laws (CWISH, 2010; CONCERN, 2005 and 2007, Adhikari, 2005; GEOFNT, 2001).

Insert Table 2

This table clearly depicts the situation of compliance of different labour related legislation which does not appear very satisfactory. So, it can be deduced that employer and employees have very low level of trust and confidence between them, thus creating lower performance in the organization level. In the past, although the Government has initiated various reform measures and enacted a number of rules and regulations, the overall performance in terms of capacity utilization of manufacturing industries is not satisfactory (Economic Survey 2006-2007). Industries engaged in producing sugar and cement are not utilizing even 50 percent of their total capacity. Despite various measures adopted by the government to improve performance of public sector manufacturing enterprise, these were found to be ineffective, irresponsible, and insensitive to their duties (Panday, 1999). In addition to the problems discussed above, other problems also mar efficiency the manufacturing industries that cause underutilization of the capacity. These are: high cost for raw materials, a little access to international markets, absence of corporate cultures, weak enforcement of rules and regulations, insecurity among investors, poor financial management, operational inefficiencies, overstaffing, growing employee’s satisfaction, increasing quality complaints, government interference, and lack of control mechanism and efforts (Adhikari, 1992; 2000; 2005; IIDS, 1996; Pant and Pradhan, 2002). Even the industry led change programmes such as Management by objectives, team work, communication at work and leadership quality have not been properly implemented. Thus, it appears that there is a low degree of improvements in DW situation due to few changes in workplaces and thus no effect in the quality of jobs and level of satisfaction and motivation to work for the last two decades.

Anecdotal evidence presented by Adhikari (1992) makes it clear that most of the jobs in manufacturing sectors are routine, repetitive in nature, simple to perform, involve conventional technology and do not require high level of mental efforts. Adhikari (1992) further observes that jobs are less challenging and workers are less creative and innovative in their respective field. And, workers are strongly in favor of opportunity for overtime work, education, training and development, promotion and participation, and they believe that opportunity positively links to workers’ job satisfaction. Some important features of Nepalese workplaces are presented below (Adhikari, 1993):

1. **Job difficulty:** Shop floor jobs are not difficult to perform. It is also because of traditional work processes that have been followed for the last 50 years that remain unchanged. Any difficulty or irregularity, if it occurs, is managed by current job skills of the workers.
2. **Social life at work:** Due to a lifetime employment policy in the public sector, employees are ageing. They have less interest in training and more worried about their large family size (6 dependants). Their preference is for social security after retirement.
3. **Employees' needs:** Workers at the shop floor are more interested in pay increase rather than being creative and innovative. Their current needs are: schooling of their children, opportunity for overtime work and guarantee of job for their children.
4. **Work-related decisions:** Job discretion in many organisations is very low. Thus, workers seldom decide on the methods and production equipments on their own. All activities are closely supervised, instructed and controlled from the immediate managerial level.
5. **Satisfaction and motivation:** Workers are moderately satisfied with the working conditions. A large number of workers do not know anything about the company's personnel policies. However, the widening dissatisfaction among workers has not been an obstacle to put in more efforts on the job.

The recent work by Adhikari and Dhruva (2010) clearly states how far there has been change in the nature of jobs in the last two decades. According to that work there is no change since the 90s in the nature and requirements of the jobs. Majority of jobs are still repetitive and less than a quarter of the jobs are challenging. Most of the union leaders agree that opportunity provided to workers lead to higher satisfaction. The study indicates that enterprises need to take more safety measures like fire-exists, fire alarms, and safe drinking waters to improve the quality of work life. Regarding skills development programs, a large number of workers is trained on-the-job.

The study (Adhikari and Gautam, 2010) further highlighted that the trade union leaders believe that a) DW in Nepal is primarily related to adequate pay and benefits; b) the extrinsic traits of jobs such as wages and salaries, incentives, facilities and other benefits are still more essential to maintain DW than the intrinsic traits of jobs like meaningful jobs and work autonomy in the work sites; c) job security and good working environments are necessary to enhance quality of work life; d) the manufacturing enterprises have to develop a proper mechanism for the implementation of labor related legislation; and e) there is a need for regular monitoring on the implementation of the provisions of law. The union leaders expect the government to develop mechanism to upgrade and implement the provisions of labor insuring rights of people at work. With all these stipulations from the side of government, employers and employees, it emerges that the situation of DW is not satisfactory in Nepalese workplaces. Experts including Kyloh (2008) argued that the attitudes and approach of employers and trade unions to industrial relations in Nepal are usually dominated by short-term considerations and thus in Nepal, similar to many other countries, the social partners are sometimes accused of protecting the vested interests of a privileged group of workers or entrepreneurs and of paying insufficient attention to the impact on broader sections of the community.

Summary and conclusions

For a country like Nepal, there are challenges in meeting DW target. These challenges include developing institutional arrangements, enhancing employment opportunities and eradicating inequality. It also includes the reducing social exclusion and seeking support from development partners, civil society and the private sector (NPC, 2010). Many other factors impeding the DW realization include longer transitional period followed by political instability and frequent changes in government leadership and policy makers, lack of enough electricity supply, frequent strikes and *bandh* (shut-downs), reduced investment friendly environment, among others. It is also believed MGDs goal can be achieved when there is favorable investment environment for Nepalese and

foreign investors, which can help in creating employment opportunity for the people in rural and urban areas of the country.

In the case of Nepal, reduction of the level of poverty works as a main standard for examining the DW status. To meet this standard, during Millennium Summit 2000 GoN has already committed and agreed to meet the MDGs with the aim of bringing peace, security and development (MNPC, 2010). However, as revealed earlier in this paper, that the government itself realized that the achievement of full and productive employment and decent work for all is unlikely whereas making halve the proportion of people who suffer from hunger is potentially likely by 2015. There are reasons behind such realization by the GoN. There is an impact of 10 years of conflict that resulted into deaths and displacement of thousand of people and heavy destruction of infrastructure including police offices, posts, district and local development offices and many other infrastructure facilities. That still needs huge amount of costs to rebuild and repair. Due to reluctance to complete the peace process and rising unpredictability in economic and political situations, private and foreign investment have declined substantially followed by lack of proper education and training at the national level. Trade deficit has been increased substantially with major trading partners. Moreover, due to rise in the interest rate investment is becoming costly for the investors. There are also cases of capital flights in the last few years due to increasing political insecurity and instability in the nation. There is less investment from the side of government in the training for the skill development of people. All these developments caused negative impact on the sustained reduction of poverty and on realization of the DW for all. The DWCP (2008-2010) put forward two policy measures for the improvement of the DW situation. First, improved level of policy coherence is required to support employment opportunities for men and women. Second, there should be improvement in governance of labour market for creating enabling environment for jobs in the country. GoN also agrees to the fact that sustained poverty reduction is possible only with higher levels of employment generation through greater investment and growth. Furthermore, the current level of youth employment rate in urban and rural areas and wage discrimination between male and female workers reveals the poor decent work status in Nepal. As revealed earlier, 9 million people are not much covered by the labour law. In such condition, question comes: who is responsible to create social security for these workers? Government has to work to increase their skills and to protect their right and interest. It has to regulate domestic workers and other workers in the informal sector.

Anecdotal and recent evidences show that the DW situation in Nepalese workplace is deteriorating. The immediate impact of this situation has been seen on performance such as low capacity utilization of organizations and increased dissatisfaction among employees at work. Employers are, mostly, hesitant complying to the provisions of the labour laws whereas employees are not happy with the deteriorating technical and social dimensions of work. It appears that institutions that support implementation of labour laws are poor in Nepal. Kyloh (2008) argues for specific institutional reform measures in Nepal such as, implementation of the mechanism to put labour legislation into action; strengthening the role of trade unions in the public labour inspection system in order to monitor compliance of labour laws at the work place and thus to bring complaints to the Labour Court; upgrading the skills and authorities of bureaucrats responsible for conciliation, mediation and arbitration; bringing to justice to those who failed to implement provisions of the Labour Act and Trade Union Act and; concerned ministry should give more priority to labour administration and labour relations management.

Furthermore, the status of DW at the organisational level could be explained in the context of national political situation. In an unstable and unpredictable political situation, obviously, organizations are forced to looking for shorter term benefits, to reducing cost and maximize profits for their survival. Moreover, power deficits, strikes and *bandh*, politicization of unions and workplaces further recharge the labour and management related problems leading unsafe and unhealthy work environment and harming better DW.

In Nepal, where unions are politically charged, collection of opinions from the unions is imperative while promulgating new labour laws in the future. This will help in enforcing regulations at

workplaces. But all such activities should be guided by the longer term interest of the union, management and employees. Trade union leaders have realized the significance of skill development programs through participation, education, training and development. They believe that collective bargaining process will be successful when labors understand their rights and they are trained and educated to follow the bargaining process. For new labour laws, which suppose to come after the writing and ratification of new Constitution of Nepal, there should be provisions for ensuring job security and high morale of work force which obviously have longer term effect in establishing a harmonious relation between union and management. It is also important to have a collective strategy from the employers and union sides on how to protect the interests of their organisations and people working in the organizations. Unions have to think of integrating their strategies with the organisational strategy. Integration is essential to protect the interest of both labour and management. Instead of antagonizing each other, it is time for harmonizing their relations and activities, a move that may lead to the development of corporate sector in the country.

To conclude DW situation, it seems that ILO created strategic objectives of DW is quite challenging to a country like Nepal at least to achieve in 2015. Prolonged political instability, rising conflicts among political parties, poor economic growth and de-motivation of foreign investors to invest in the country are the key factors that impede the proper implementation of these objectives. All these contextual factors have direct or indirect impact on employment, income generation, upliftment of Regarding DW at the organizational level, whatever jobs are created and workers employed thereof, the overall situation of DW at Nepalese workplaces is not satisfactory. Although State acted responsibly by promulgating labour laws, in the present context of Nepal compliance of labour legislation' provisions is not satisfactory. Employers are interested in more autonomy from the government to decide on DW related provisions. They believe that their employees are not well skilled to get the pay hike beyond their level of productivity and thus demand for "no work; no pay" policy as a measure to avoid unnecessary conflict. In the present context, to improve DW there should be an open debate amidst employers, the government and labor unions in the framework and provisions of new labor legislations to meet the challenges of 21st century.

References:

- Adhikari, D. R. (1992), *Human Resource Management for Public Enterprises: A Model for Designing Jobs in Nepalese Factories*. Germany: Nomos Wirtschaft.
- Adhikari, D. R. (1993), Quality of work life in Nepalese manufacturing enterprises, *The Nepalese Management Review*, 9, 1.
- Adhikari, D. R. (2000), *Developments in the Management of Human Resources in Nepal*, Innsbruck: Leopold-Franzens-University, Innsbruck.
- Adhikari, D. R. (2005), *Labor Legislation and Quality of Work Life in Nepal*, Paper Presented at International Society for Labor and Social Security Law, 8th Asian Regional Congress, October 31- November 3, Taipei, Taiwan, 167-192.
- Adhikari, D.R. (2008) *Human Resource Management*, Kathmandu: Buddha Publication.
- Adhikari, D.R. and Gautam, D.K. (2010) Labour legislation for improving quality of work life in Nepal, *International Journal of Law and management*, Vol.52, No.1.
- Allen, P. and Loseby, P. H. (1993), No layoff policies and corporate financial performance, *S. A. M. Advance Management Journal*, 58, 1, 44-48.
- Anker, R., Chernyshev, I, Egger. Mehran, F. and Ritter, J. (2002) Measuring Decent Work with Statistical Indicators, Working Paper No.2 , Geneva: ILO.
- Bajracharya, P. (1999), "Salient features of the industrial relations dynamics in Nepal", in P.R. Pant and N. Manandhar, *Industrial Relations in Nepal : A Book of Readings*, In collaboration with FNF, Germany and IRF Nepal.
- Bassi, L. J. and Vanburen, M. E. (1997), Sustaining High Performance in Bad Times, *Training and Development*, 51, 6, 31-42.

- Bolweg, J.F. (1976) Job Design and industrial democracy. *International Series of Quality of Work Life*, Martinus Nijhoff Social Sciences Division.
- Brewster, C. (1995), Towards a European model of human resource management, *Journal of International Business*, 26, 1, 1-22.
- Carlson, H. C. (1980), A model of quality of work life as a development process, in Bruke, W. W. and Goodstien, L. D. (eds.), *Trends and Issues in Organizational Development: Current Theory and Practices*, San Diego: University Associates.
- Casio, W.F. (1992), *Managing Human Resources: Productivity, Quality of Worklife, Profits*, 3rd ed., McGraw-Hill, New York, NY.
- Cohen, S. G., Chang, L., and Ledford, G. E. (1997), A Hierarchical Construct of self management leadership and its relationship to quality of work life and perceived work group effectiveness, *Personnel Psychology*, 50, 2, 275-308.
- CONCERN, (2005; 2007) *Child Labor Working in Brick Industry*, Kathmandu.
- Crompton, R. and Harris, F. (1998), Explaining women's employment patterns: orientations to work revisited, *British Journal of sociology*, 49, 1, 118-36.
- CWISH, (2010) *A Report on the Status of Child Domestic Workers*, Kathmandu.
- Economic Survey (2000), Ministry of Finance, Government of Nepal, Kathmandu.
- Economic Survey (2006-2007), Ministry of Finance, Government of Nepal, Kathmandu.
- Economic Survey, (2007), Ministry of Finance, Government of Nepal, Kathmandu.
- Economic Survey, (2008), Ministry of Finance, Government of Nepal, Kathmandu.
- Gallie, D. (1990), John Goldthorpe's critique of liberal theories of industrialism, in Clark, M. (ed.), *John H. Goldthorpe-Consensus and Controversy*, the Falmer Press, London.
- GEOFNT (2001) [http://www. Gefont.org/studydoc/turights/html/cfiding. html](http://www.Gefont.org/studydoc/turights/html/cfiding.html).
- Guest, R. R. (1979), Quality of work Life- learning from Tarrytown, *Harvard Business Review*, July- August, 76-87.
- Hackman, J.R. and Suttle, J.L. (Eds.) (1977), *Improving Life at Work: Behavioral Science Approaches to Organizational Change*, Goodyear, Santa Monica, CA.
- Havlovic, S. J. (1991), Quality of work life and human outcomes, *Industrial Relations*, 30, 3, 469-79.
- Heskett, J.L., Jones, T.O., Loveman, G.W., Sasser, W.E. Jr and Schlesinger, L.A. (1994), Putting the service-profit chain to work. *Harvard Business Review*, March-April, pp. 164-74.
- Heskett, J.L., Sasser, W.E. Jr and Schlesinger, L.A. (1997), *The Service Profit Chain*. The Free Press, New York, NY.
- Hian, C. C. and Einstein, W. O. (1990), Quality of work life: what can unions do, *Advanced Management Journal*, 55, 2, 17-22.
- IIDS (1996), *Nepal, Impact of Economic Liberalization in Nepal*, Institute for Integrated Development Studies, Kathmandu.
- ILO (1999). *Decent Work*, Report of the Director-general, International Conference, 87th Session, Geneva.
- ILO (2001) *Reducing the decent work deficit: a global Challenge*, report of the Director-General, International Labour conference, 89th Session, Geneva.
- ILO (2008) *Decent Work Indicators for Asia and the Pacific: A guidebook for Policy-makers and Researchers*, Bankok: Regional Office for Asia and the pacific.
- ILO (2008-2010) *Decent work country programme (DWCP) for Nepal*, Kathmandu.
- ILO/IIR (2006) *Showcasing tool and experiences in labour administration and the informal economy*, ILO, Geneva.
- IMF (2008) *World Economic Review*, Washington DS.
- Jyoti, P. (1999) Labour management a critique: The present state of labour in Nepal, in P.R. Pant and N. Manandhar, *Industrial Relations in Nepal : A Book of Readings*, In collaboration with FNF, Germany and IRF Nepal.
- Kapsos, S. (2004) Estimating growth requirements for reducing working poverty: can the world halve working poverty by 2015? , *Employment Strategy Paper 2004/14*, Geneva, ILO.
- Kaufman, B.E. (2004) *The Global Evolution of Iindustrial Relations:Events, Ideas and the IIRA*, International Labour Office, Geneva.

- King, A. S. and Ehrhard, B. J. (1997), Diagnosing organizational commitment: an employee cohesion exercise, *International Journal of Management*, 14, 3, 317-25.
- Krahn, H. and Lowe, G. (1998), *Work, Industry and Canadian Society*, 3rd ed, Nelson, Toronto, 381-429.
- Kyloh, R. (2008) *From Conflict to Cooperation: Labour Market Reforms that can Work in Nepal*, ILO, Geneva.
- Meyer, D. G. and Cooke, W. N. (1993), US Labor relations in transition: emerging strategies and company performance, *British Journal of Industrial Relations*, 31, 4, 531-52.
- Ministry of Law and Justice (1992a), *The Labor Act, 1992* Ministry of Law and Justice, Kathmandu.
- Ministry of Law and Justice (1992b), *Trade Union Act, 1992* Ministry of Law and Justice, Kathmandu.
- Ministry of Law and Justice (2000), *Child Labor Act, 2000* Ministry of Law and Justice, Kathmandu.
- Nachmias, D. (1988), The Quality of Work Life in the Federal Bureaucracy: Conceptualization and Measurement, *American Review of Public Administration*, 18, 2, 167-73.
- NLFS (2008), Central Bureau of Statistics, Government of Nepal.
- NLSS (1995), Central Bureau of Statistics, Government of Nepal.
- NLSS (2003), Central Bureau of Statistics, Government of Nepal.
- NPC (2007-2010), Three Year Interim Development Plan, Kathmandu, Nepal.
- NPC (2010) Nepal Millennium Development Goals: Progress Report, September.
- Panday, D. R. (1999), *Nepal's Failed Development-Reflections on the Mission and the Maladies*, Nepal South Asian Center, Kathmandu, Nepal.
- Pant, D. and Pradhan, D. (2002), Garment industry in Nepal, in Joshi, G., *Garment Industry in South Asia Rags or Riches?* New Delhi: SAAT-ILO.
- Pant, P.R. (1999) Industrial relations and development: the future prospective, in P.R. Pant and N. Manandhar, *Industrial Relations in Nepal : A Book of Readings*, In collaboration with FNF, Germany and IRF Nepal.
- Rose, M. (1994), Job satisfaction, job skills, and personal skills, in Penn, R., Rose, M. and Rubery, J. (eds.), *Skills and Occupational Change*, Oxford University Press, Oxford.
- Roth, A. V. (1993), Performance dimensions in services: an empirical investigation of strategic performance in Swatz et al. (eds.), *Service Marketing and Management*, vol. 2, JAI Press, Greenwich, CT, 1-45.
- Suttle, J. L. (1977), Improving life at work: problems and prospects, in Hackman, J. R. and Suttle, J. L. (eds.), *Improving Life at Work: Behavioral Science Approach to Organizational Change*, California: Goodyear Publishing Company,
- The World Bank (2008) *The World Bank Report*, Washington DC.
- The World Bank (2005) *The World Bank Report*, Washington DC.
- UNDP (2005) The Human Development Index, Kathmandu Nepal.
- Walton, R. E. (1974), Improving the quality of work life, *Harvard Business Review*, May-June, 12 (a).

Table: 1 Poverty in Nepal

Indicator	1996	2004	2009	MDGs 2015
Percentage of Population below \$ 1 per day PPP Value	33.54a	21.1b	19.74c	17
Percentage of Population below National Poverty line	42a	31b	25.4c	21

Source: a. NLFS, CBS, 1995/96; b. NLFS, CBS, 2003/04 c. NLFS, CBS, 2008/09 (Estimate based on simulation of data of NLFS, 2008)

Table 2: Assessment of QWL situation at the organizational level

QWL related provisions	Mechanism to ensure implementation of QWL provisions	The reality
<p>Labor Act: 1992</p> <ul style="list-style-type: none"> • Job classification • Recruitment procedures • Employment of foreign workers • Termination from service • Impact on workforce employment with the change in ownership • Refreshment and rest • Health and safety • Compensation against serious hurts or injuries or death in course of work. 	<ul style="list-style-type: none"> • Safety standards • Punishment measures • Minimum Wage Fixation Committee • Appointment of Factory Inspector • Welfare Officer • Appellate Court • Labor Court 	<ul style="list-style-type: none"> • Jobs were not properly classified and graded in more than 90% of the manufacturing firms as per the norms of the Act. • Almost 61% factories were not providing appointment letter. • 77% of the organisations have not reappointed the employees as permanent event after completing 240 days. • 86% organisations had no system of advertisement for recruitment. • 36% enterprises have no fixed working hours. • Only 42% of enterprises have implemented minimum wage system as fixed by the Minimum Remuneration Fixation Committee. • Since many factories were established in existing building and facilities, layouts are not hygienic. • Leaves were not provided as stated in the Act. • Only 13% organisations have provisions for life insurance and 22% have provision for accidental insurance. • Only 7% of the organisations have Labor Relations Committee. • Although 41% enterprises employed guest workers, only 3% of these are employed on the basis of work permit.
<p>Child Labor Act: 2000</p> <ul style="list-style-type: none"> • Restriction for employing child labor • Approval to be taken for the employment of child labor. • Certificate of fitness • Health and safety measures 	<ul style="list-style-type: none"> • Time-to-time inspection and direction from the Labor Office and the Government of Nepal • Child Labor Prevention Committee • Labor office approvals • Deputation of child labor Inspector and action • Punishment measures • Child Labor Prevention Committee and Fund. • Government can give direction time-to-time. 	<ul style="list-style-type: none"> • Over 26000 children aged 5 to 14 were engaged only in manufacturing industries. • As many as 59000 children were working in brick factories. Of these children 76 % were aged between 12 and 16 and 24 % were aged between 6 and 12. • 85% Child workers working in brick factories were suffering from respiratory problems, tuberculosis, muscle pain, joint pain, cough, fever, backache joint pain, and visual defect. • In a recent study conducted in 26 districts of Nepal there are 36 child workers in each of the 4012 mechanical works. • Total number of child labor in mechanical sector is 18000. Of which 24 percent are of 13-15 years. • 45 % of child workers working in mechanical sector do not know about a fixed monthly salary. • 53 % of them help their families from their income. • A recent study finds that domestic child workers get less than 10 dollar permonth. • Of the employed 44.5 percent of the child domestic workers do not know their exact salary. • 38 percent of Child domestic workers of the age under 14 years were willing to be emancipated from household jobs.
<p>Trade Union Act: 1992</p> <ul style="list-style-type: none"> • Formation of enterprise-based unions • Duty relating to collective bargaining • Presentation of claim 	<ul style="list-style-type: none"> • Appointment and functions of Registrar • Special power of HMG 	<ul style="list-style-type: none"> • 60% of enterprises created problems in the formation of unions and 35% of these were punishing or harassing union activists. • 29 % of organizations were still not unionized, 10 % enterprises 'don't know' whether they are unionized or not.

