1 Introduction

Different forms of employment relations (ERs) emerged over the decades. During 1930–1950 many instances of exploitation of labor appeared. Subsequently, a labor relations (LRs) movement in the presence of unions and collective bargaining emerged and remained successful during 1935–1960 (Kochan and Chappelli 1984). In the late 1950s and early 1960s, the influence of trade unions reached to the extent that has created pressure in the role of personnel management (PM). In the 1950s, industrial relations (IRs) developed as a distinct area of study at universities. In the seminal work of John Dunlop (1958) ‘Industrial Relation System’, he describes that the IR system contains three groups of actors: workers and their organizations, managers, and their organizations and the government agencies concerned with the workplace (Kaufman 2004). The interaction of these actors determines the scope of the LRs. A conflicting interest and role of unions and personnel managers evolved in the US during the 1950s and 1960s. Drucker (1961) explains this situation stating that the tasks of personnel managers were managing worker and work, maintaining individual files on workers, imparting house-keeping jobs, and heading off or settling trouble from the union. Realizing this troubling situation, he suggests that “effective management must direct the vision and effort of all managers towards a common goal (269).” After Drucker, McGregor (Weisbord 1990) was perhaps the first psychologist to emphasize the strategic importance of personnel policies such as congruent values, cultures, procedures, systems, and training. He argued that human resource (HR) policies and programs must integrate with business objectives and employees should be involved to achieve those objectives (Armstrong 1990). Dessler (1997) states that human resource management (HRM) is becoming a more integrated part of every manager’s job and thus, no matter whether one is a supervisor or president,
sales manager or production managers, he or she should have HRM skills. From this discussion, it appears that the traditional role of PM (defined as a specialist function) has changed and HRM is the responsibility of all managers whether he/she is production or marketing or finance manager. The reason might be that every manager has to work in and around the people in the organization.

HRM has been a widely debated area in Anglo-Saxon literature in the last three decades. Much of the new enthusiasm for HRM has been credited to the publication of some important books in the early 1980s, which describe the importance of mutuality of culture and workers for the success of an organization. The books, *The Art of Japanese Management*, written by R. Pascale and A. Athos in 1981, and *In Search of Excellence*, authored by T. J. Peters and R. Waterman in 1982, sold in vast numbers. Pascale and Athos found that shared values of management and workers were the secret of Japanese success (Legge 1995). Similarly, Peters and Waterman named 43 successful companies in the US, which were driven by the managers’ values and achieved productivity by paying close attention to the needs of their people (Koontz and Weihrich 1988).

The emergence of the new HRM theory and practice in the 1980s followed a persistent pressure on US industries in the 1970s from inside and outside competitors. There was an urgent need to gain competitive advantage revitalizing industries’ productivity and quality (French 1986) and to minimize the effect of challenges posed by the process of globalization, rapid technological advances, shorter product life-cycles, and changing customer and investor demands. (French 1986; McKenna and Beech 1997). Prompted by these challenges, American business has begun to place greater emphasis on the management of human resources to improve productivity and quality and thus to be competitive internally and externally. By the early 1980s, some US scholars were writing about HRM and devising models and explanations for its emergence as a branch of knowledge to replace PM. Among the most important of these authors are Fombrun et al. (1984) present matching model and Beer and Colleagues (1984) present the Harvard model of HRM. Both groups of authors argued that the integration of HRM strategy with the strategic objectives of the business is the key to understand the new HRM. The matching model suggests that people in the organization managed according to organizational requirements of quality and effectiveness. Where organizations fail to follow appropriate HR strategy, they will beset by inefficiencies. Thus, the critical managerial task is to align the formal structure and the HR systems in such a way that they drive the business strategy of the organization. The Matching model assumes that the firms’ strategy, structure, and HRM system should have a sort of ‘tight fit’, and these are virtually affected by the environmental factors, such as economic, political, and cultural forces. On the other hand, the Harvard model (Beer et al. 1990) assumes that historical problems of PM can be solved if general managers develop a philosophy or viewpoint about how they wish to see employees involved in and developed by the organization. The elements of this model are stakeholder interests, situational factors, policy choices regarding HRM, HR outcomes, and long-term consequences. The matching model represents the hard HRM evolved from ‘pure’ unitary framework whereas, the Harvard model,
known as soft HRM, recognizes the ‘power of stakeholders’ (government, management, and unions) and thus represent the pluralist framework, though its origins in the US (Poole 1990). Hard elements of HRM are less subject to the influence of cultural and environmental variations and can be applied immediately with little or no adaptation whereas, the soft elements of HRM are more culture-bound and context-specific, require more adaptation during the transfer (Fan 1998).

Over the decades, authors have contributed scholarly approaches to varied forms of ERs. Unitary and pluralist framework (Clegg 1975; Fox 1966; Purcell 1987), as discussed earlier, is a form of ERs widely discussed in management literature. To define it precisely, in a unitary framework of management, workers hold a common interest; in a pluralist framework, workers and management hold a different set of interests, and therefore, the conflict between management and workers is inevitable. Specifically, the pluralists recognize the legitimate right of workers and unions for collective bargaining and initiate their activities in the interest of union members (Clegg 1975; Fox 1966). Morgan (1986) argues that in every society, antagonistic class of interest exists, and thus conflict in organizations is inevitable if such different interests exist. Similarly, Marchington and Parker (1990) argue that instead of individualism and collectivism, it might be appropriate to say the investment orientation (to employees) and partnership orientation. Guest (1995) offers four different forms of ERs: a new realism—high emphasis on HRM and IRs; traditional collectivism—priority to IRs without HRM; individualized HRM—high priority to HRM with no IRs, and; the black hole—no HRM and no IR. Kaufman (2004) states that “HRM connotes an individualistic approach to employment relations, a management-led and—controlled set of employment strategies and tactics, and a non-union system of wage determination and workforce governance; IRs, on the other hand, emphasizes collectivist, institutional aspects of the employment relationship, the setting of wages and conditions through collective bargaining and joint governance, and the presence of a trade union as the independent representative of the employees” (p. 403).

Footing on these conceptual developments of HRM in the last three decades, HR scholars have desperately argued on HR-performance issues and attempted to establish relations between HR practices and organizational efficiency and effectiveness (Baker and Gerhart 1996; Guest 1997, 2001; Ulrich 1997; Kaplan and Norton 1992). The issue relating to convergence and divergence paradigms can predict how far the HR practices are compatible or not in a country-specific context. Convergence paradigm advocates ‘best practices’, whereas the divergence paradigm advocates the existence of country-specific systems (Brewster 1999). However, with increasing international-type organizations in many developing countries, some researchers are trying to find the “best international HR practices” that might serve as a common denominator across different cultures and nations and be related to organizational effectiveness in different countries (Geringer et al. 2002). Ulrich (1998: 124) explains a new form of ER and states that “HR should not be defined by what it does but by what it delivers- results that enrich the organization’s value to customers, investors, and employees.” A large number of academic literature published convinces the researchers and practitioners that relations exist between HR practices (recruitment and selection, performance evaluation, reward, and training) to firm performance (e.g.
lower employee turnover and greater productivity and corporate financial performance) (Huselid 1995 e.g., Becker and Gerhart 1996; Kaplan and Norton 1992; Ulrich 1997; Guest 2001, 1997). The discussion up to this paragraph has suggested rational (strategic HRM based on environmental analysis) rhetoric (the theoretic identity of ‘HRM’, e.g., Caldwell 2004) and ideal (best HRM practices or convergence HRM approach) concepts.

Creeping in 1970, the concept of HRM arrived around 1985–86 in the UK (Hendry and Pettigrew 1990). There was pervasive use of ‘Personnel Management and Industrial Relations’ textbooks and scholarly research focused on the pluralist framework. At that time, the British industry was suffering from restructuring effects due to recession and loss of competitiveness. Anti-union legislation of the Thatcher government encouraged firms to introduce new labor practices and re-order their collective bargaining arrangements (Storey 1995; Hendry and Pettigrew 1990; Legge 1995). At the beginning of its arrival, British authors cautiously screening the American unitary framework to conceptualize European HRM. Shadowed by American HRM perspectives partially, British HR scholars published their report and articles shifting from the agenda of industrial relations to a short term HRM approach focusing on skill development and capacity enhancement (Hendry and Pettigrew 1990). A British author even said HRM as amoral, unprofessional, reactive, un eco- nomic, and ecologically destructive (cited in Strauss 1994). As time passes, the situation improved better. As Kaufman (2004) writes that “after the dust settled, the effect of the HRM invasion into British industrial relations appeared to be mixed as the 1990s drew to a close (p. 405).” Since then, several articles published in the joint authorship of British and US scholars with similar HRM methodologies. Some of the models developed by British scholars are the developmental- humanism approach of the ERs (Legge 1991). The Model of Strategic Change and HRM (Hendry and Pettigrew 1986), normative HRM Model (Guest 1997) and European HRM Model by Brewster (1995).

The debate on differences in personnel and HRM/SHRM begins in the early 1990s. Legge (1989) presents three differences between PM and HRM. She argues that PM aims at non-managers, attempts to influence the line managers, and was seen apart from the ‘mainstream’, whereas HRM is concerned to develop management teams in the organization, embedded with line management, and focuses on the development of organizational culture. Legge (1991) further states that human resources are valuable and a source of competitive advantage and therefore, they should be tapped most effectively by mutually consistent policies that promote commitment. Brewster and Hegewisch (1994) argue that a defining feature of HRM is its close linkage to business strategy. Brewster et al. (1997) offered a new perspective on how to organize HR practices in organizations. The parameters they used to describe such practices are integration and assignment. They argue that when HR experts from the department are invited and given opportunities to explain HR issues at the time of formulating business strategies, it is called integration. If HR practices are devolved or assigned to line managers rather than HR experts, it is called an assignment. Hendry and Pettigrew (1990) describe four strategic themes of HRM. They are the use of planning; a coherent approach to the design and management of personnel systems based on an
employment policy and manpower strategy; matching HRM activities and policies to some explicit business strategy, and; seeing the people of the organization as ‘strategic resource’ for achieving competitive advantage (p. 21). Pieper (1990) and Gaugler (1988) argue that the differences in HRM in different countries reflect differences between those countries’ cultures and practices of state interference. They developed models within the European approach to management, which is characterized mainly by European integration, pluralism, tolerance, balanced stakeholder philosophy, and social partnership. Compare to the US, the management of the human resource in Europe influenced by factors such as a more restricted level of organizational autonomy, lower exposure to market process, greater emphasis on the role of the group over the individual, and the increased roles of management (Sparrow and Hilltrop 1997). In Australia, the term ERs used to value the interest of various stakeholders on HRM policies and practices (Palmer and Kane 1995). According to Gardner and Palmer (1992), potential external influences on HRM policies and practices are international and national economic changes, technological changes, national culture/traditions, industry/sector characteristics, legislation/regulations, actions of competitors, and actions of unions.

It is believed, HR practices have been developed over the decades to fulfill the specific needs of the corporate world. HR experts are bringing different perspectives, practices, and tools over the decades (Ulrich 1997). For example, in the 1940s, the popular HR practices were related to staffing and LRs. The training concept crept in the 1950s. During the 1960s and 1970s, HR practices such as regulation, compensation, benefits, and performance appraisal emerged. HRM policies and practices on health care, organizational design, teamwork, and communication developed in the 1980s. During the 1990s, HR practices focused on mergers, acquisitions, downsizing, and diversity management. In the 2000s, HR practices are more concerned with global competition, competitive advantages, cultural changes, adapting with new technology, talent management, leadership development, and knowledge management. However, it appears that HRM scholars as cited in Cooke (2018) are not truly satisfied with the results of researches undertaken over the last three decades. They argue that the HR research “has neither proved the causal link between certain types of HRM practices and organizational performance nor has this body of increasingly positivist-oriented research brought significant advancement in our understanding of the complexity of organizational life to make our research relevant to management practices” (cited in Cooke 2018: 3). Kaufman (2015: 396) further noted that in the last 30 years, the basic conceptualization of strategic HRM remains the same.

Realizing the increasing problems of differences in society, a new wave of HRM research begins to address sustainability and inclusiveness. In China, creating more and more employment opportunities is regarded as the main dimension of corporate social responsibility CSR (Xu and Yang 2010). The central government adopted a circular economy policy as an official development strategy in 2002 (Sarkis et al. 2011), aiming to protect environmental degradation and resource scarcity issues due to poor industrial practices. Indeed, in China, members of the general public may not even be aware of a company’s CSR initiatives. For this reason, many CSR programs dovetail with the priorities of the local or provincial governments, such as education,
health care, and environmental protection (Mullich 2011). With the influence of Late
Mahatma Gandhi philosophy, the pioneering efforts of CSR were made by the Tata-
Group in the nineteenth century. The CSR activity in public sector enterprises has
been encouraged by the Government by making provision to earmark 5% of their
profits for CSR. But, there is always a problem of utilization and allocation of such
funds properly because of various reasons (Venkataratnam et al. 2009). The study by
Adhikari et al. (2016) finds that Nepalese industrialists believe that creating employ-
ment opportunities and providing employment are their main CSR activities. The
study reveals that the “economic domain of CSR is emerging in Nepalese compa-

nies shifting from philanthropic toward focusing on their strategic intents. Although
efforts from the side of government are there to achieve Millennium Development
Goals (MDGs), companies in Nepal are knowingly or unknowingly contributing to
achieving some of these goals (Adhikari et al. 2016: 683). Prompted from the concept
of CSR, the idea of sustainable growth of business containing multiple stakeholders
is highlighted in HRM research. Mariappanadar (2003) suggested that a “Sustain-
able HR strategy can be defined as the management of human resources to meet
the optimal needs of the company and community of the present without compro-
mising the ability to meet the needs of the future” (p. 910). The four pillars of
sustainable HR are socially responsible HRM, green HRM, triple bottom line HRM,
and common good HRM (Aust et al. 2018). Whereas socially responsible HRM is
related to building social capital at the organization level through proper recruitment,
training, and development, deployment, and release; green HRM-related to the HRM
practices to improve the environmental records of the company. Triple bottom line
HRM defined as balancing HRM activities for the economic, social, and business
for the sake of people, profit, and the planet. Finally, common good HRM-related
to “the fundamental responsibility of business to “make an effective contribution to
resolving the sustainability challenges we are collectively facing” (Dyllick and Muff
2016: 156). Footing on the UN Declaration on 17 Sustainable Development Goals
(SDGs), HRM scholars are striving hard to link SDGs to business and contribute
to the sustainable development of the organization and the country (Dyllick and
Muff 2016). Aust and colleagues (2019: 2) argue that “a new understanding of the
purpose of HRM is needed if it is to be effective in both designing and implementing
sustainable HRM systems and contributing to solving today’s “grand” societal chal-
lenges (the SDGs)” (Ina Aust (Ehnert), Brian Matthews, Michael Muller-Camenb
2019). The emerging challenges of HRM hitherto are to look for such an approach
of research that represents the context of the HRM that could link to the SDGs.
Cooke (2018) prescribes the multi-level approach—the descriptive, the analytical,
and the subjective. The descriptive approach focuses on, for example, demographics
and characteristics of the individuals/workforce, company, industry, and country.
The analytical context comprises the analysis of, which often focuses on broader
phenomena, such as the institutional, cultural, and structural context of the firm’s
HRM issues. Finally, the subjective approach related to the cognitive understanding
of the conceptualization of facts and information.

As discussed earlier, HRM, as a distinct field of study, draws attention among
researchers, students, and managers in Europe, America, and even in developing
countries after in the 1990s. Initiated by the Harvard and Michigan group of researchers, it has expanded its landscape and associated terrain in Europe and Asia. In India, since the 1990s, many articles were published locally and internationally on HRM shifting towards the unitary frame of reference. Kaufman (2004) states that active participation of researchers declined in IRs, and training and teaching on IRs have either eliminated or downsized in India. The interest of the students shifted from IRs to HRM. In Japan, the traditional form of employment relations has changed after 1990. Adhikari et al. argue (2010: 2414) “Over the past decade many changes have observed in traditional Japanese employment relations (ERs) systems such as an increase in non-regular workers, a move towards performance-based systems and a continuous decline in union membership. There is a large body of Anglo-Saxon and Japanese literature providing evidence that national factors such as national institutions, national culture, and the business and economic environment have significantly influenced what were hitherto three ‘sacred’ aspects of Japanese ERs systems (ERSs).”

Turning to Nepal, the history of management education begins in 1954 with the enrollment of four students in Bachelor of Commerce (B. Com.) and 17 students at the Intermediate in Commerce (I. Com.) levels. But now, the management faculty enrolls the highest number of students (46.37%) in Nepalese universities (UGC 2018–2019). During the 1970s–1980, books authored by John Dunlop (Industrial Relations Systems), Edwin B. Flippo (Personnel Management), and Dale C. Beach (Personnel: The Management of People at Work) introduced at the master level. In the early 2000s, the subject title human resource management taught at the postgraduate and undergraduate courses. Reports and academic publications that appeared on Nepalese labor and union issues are either from international organizations or from non-government agencies in the 1990s. At the postgraduate and undergraduate levels of business schools, a unit of labor act, trade union act, and industrial relations offered in the HRM course content. American and European perspectives on HRM taught in M.Phil. seminars. By and large, there is a rising influence of American and European literature on HRM in Nepalese business schools. Largely influenced by Western management literature, the approach adopted in the curricula is to teach the ‘unitary’ frame of HRM. Adhikari and Mueller (2001: 100) argue that “on the one hand, the Nepalese culture fosters the adoption of traditional managerial practices such as centralized management and administration, but, on the other, it is quite open to modern Western-type management practices.”

About changes in economy and business, national culture, and institutional perspectives over the decades, there is an urgent need to initiate an academic discourse on to conceptualize ERs in the Nepalese context. In the mid-1980s, Nepal adopted the policy of economic liberalization. Immediate after the 1990 ‘People’s Movement’ brought an end to the absolute monarchy and thereafter liberalization and privatization movement speed up in its transition to a free-market economy. Since the country embarked on a basic economic reform program it begins privatizing public enterprises, feeing trade and prices, establishing a convertible currency, and revitalizing the stock market. In this situation, the understanding of Nepalese contextual factors provides a strong base to conceptualize the Nepalese form of ERs. Therefore, this paper comprises three-fold objective: to analyze economic and business environment,
national culture and institution; to investigate the impact of these factors in the shaping of employee relations, and; to discourse on the form of ERs for Nepalese organizations to achieve the milestones of Sustainable Development Goals (SDGs).

2 Economy and Business Environment

Geographically, Nepal is a landlocked country that lies between two emerging economies—India and China. Since its unification in the eighteenth century, Nepal has been an independent kingdom. Unlike India and other countries in South Asia, it never colonized. During the autocratic rule by the Rana family, from 1816 to 1951, foreigners were generally not allowed to enter the country, so Nepal was almost completely isolated from the outside world. In 1951 Nepal became a constitutional monarchy, however, the real power remained with the King. Although the Constitution theoretically guaranteed freedom of speech, the police apparatus was not publicly accountable, and political activists were arrested and tortured. The party-less Panchayat system ruled the country for 30 years under the absolute monarchical system. In 1990, a pro-democracy movement motivated by political freedom, economic problems, and discontent with corruption, forced the King to end his rule, and a multi-party democracy established. Since then, the King has retained certain powers but has dissociated himself from direct day-to-day government activities (Europe Publications 1999).

Nepal passes through several political upheavals in the last three decades. Starting from 1990, Nepal beset with political instability and turmoil. In 1990 joint civil resistance launched by the alliance of United Left Front, and the Nepali Congress overthrows the party less Panchayat system. The Communist Party of Nepal-Maoist (CPN-M) launched civil war against the state lasted for ten years. The Royal massacre that happened in 2001 killed the whole family of King Birendra. King Gyanendra seized the power in 2005, and the ruled the country directly for 14 months. In 2006, with the signing of a 12-point memorandum of understanding (MOU) between the Seven Party Alliance (SPA) and the CPN-M peace and the democratic process starts. During 2007–2015 three Madesh Movement erupted. In 2015 the new Constitution of Nepal came into effect replacing the Interim Constitution 2007. The Constitution declared the country as “an independent, indivisible, sovereign, secular, inclusive, democratic, socialism oriented, federal democratic republican state (Constitution of Nepal 2015).”

Since 1990 Nepal has been struggling to establish a stable government. Frequent changes in government in the country gave rise to political instability and uncertainty. The government has changed 27 times between 1990 and 2018. This situation has favored none other than short term politically motivated promises for holding power at the expense of long term investments. Moreover, during 2007–2017 with such long-lasted instability Nepal’s growth rate remain lowest in the region (American Embassy, Kathmandu 2019). In 2018 the United Marxist-Leninist won the majority of seats in Parliament and formed the government. There has been increasing expectation among the people that country should remain stable politically for its growth and development.
Another factor that has had a significant impact on the Nepalese economy and business is the deregulation of the economy. In 1991, the government started economic reforms aimed to move the country towards a free market economy. The influence of major foreign donors such as International Monetary Fund (IMF) and the World Bank played a vital role in the adoption of the economic reform program, widely known as Structural Adjustment Program (SAP) with a view to economic development and growth similar to other developing countries. Public expenditure was cut by reducing subsidies, introducing a value-added tax, privatizing companies, and laying off civil servants. The reform program has included freeing of trade and prices, the elimination of public monopolies, the introduction of a convertible currency, and the revitalization of the stock market (American Embassy Kathmandu 2000). With the liberalization of the economy, the government aimed to encourage trade and foreign investment. After decades of protectionism, Nepal has opened its doors to international investment. Foreign investments in joint venture operations with Nepalese partners or as 100% foreign-owned subsidiaries are allowed. Investment procedures simplified to attract foreign capital. However, experts and industrialists are not satisfied with the restrictions in doing business and not fulfilling the promises by the government. One of the industrialists indulges that in a case, the government has not provided electricity, and the company has to build the road on its own to approach the factory (Shrestha 2019). Except for a few procedural hurdles, Nepal experienced remarkable growth after the 1990s in the key areas of the economy, such as industry, trade, foreign investment, communication network, and finance and international transactions (Nepal-India Chamber of Commerce and Industry 2011). Market-oriented economic policies have encouraged private sector participation in economic activities, limited the government’s role to that of a facilitator and developer of prerequisites, supported the private sector to become more efficient and competitive.

Nepal’s total population estimated 29 million, of which 71.5 (20.7 million) percent are at working age (15+ year), and the unemployment rate is 11.4% (GoN/ILO 2017–2018). Around 500 thousand people are estimated to enter the Nepalese labor market annually. However, in the lack of the required level of skills of the labor force and job opportunities, a large number of the workforce remains unemployed. The employment-to-population ratio and labor force participation rate are 34.2 and 38.5, respectively. Of the total employed working force, 80% having education below the secondary level, and only 9.4% have tertiary education.

In the last two and a half decades, a shift noticed in the population living in rural and urban areas. In 2017, almost 37% of people resided in rural areas that were 90% in 1990; 63% of people reside in urban areas that were only 10% in 1990 (GoN/ILO 2017–2018).

Employment opportunities in urban areas attracted a large number of rural populations to live in urban areas. Due to the lack of employment opportunities in the country, attraction for foreign employment is high. Although the government figure reveals 4.30 million have gone abroad as migrant labor formally, over 6 million Nepalese are estimated to be working in Gulf countries, Malaysia, India and many other countries. The country has received $7.22 billion in remittances in FY 2017/18,
equivalent to 25.1% of GDP—(American Embassy, Kathmandu 2019). The remittance money had substantially contributed in raising the per capita income to $1085 in 2019 (GoN, 2019–2020) from $210 in 1997. There is no uniformity in the skills of these Nepalese migrant workers. Of these migrant workers, skilled workers are 1.5%, semi-skilled workers are 24%, and non-skilled workers are 74.5% (GoN, 2019–2020). The amount of remittance money could have increased substantially if these manpower properly trained before joining the foreign employment.

Even today, a large number of children are at work. A total of 7.2 (29.6) million children aged between 5 and 17 years are estimated to involved in at least one activity related to producing goods for their final use (GoN/ILO 2017–2018). People are still suffering from poverty, as 25% of the population lives below the poverty line, on 50 cents per day. It makes the country the poorest in the world. Nepal’s adult literacy rate is 67.9% (Knoema.com 2019) and population growth of 1.09 (2018)% per annum. Disease, malnutrition, and child mortality are high (ADB 2020). The birth rate is 1.97%, and the mortality rate of 5.6 per thousand (tradingeconomics.com). Since the last few years, Nepal’s situation of human capital development has been moderately improving in the SAARC region. The country’s HDI value was 0.579 in 2018, which put the country in the medium human development category (UNDP 2018).

Similar to other South Asian countries, Nepal remains largely an agrarian economy. Majority of the economically active population work in the agricultural sector. It employs 70% of farmers and, the aggregated contribution of this sector is 27% in GDP. Some of the serious problems facing the agriculture sector are, heavy dependence on the monsoon rain, lack of fertilizers, and scarcity of new land, continued environmental degradation, and lack of skilled agriculture technicians.

In terms of capital investment, there are three types of industries—a large industry with fixed capital more than NRs. 250 million, medium scale having fixed capital more than 100 million, up to NRs. 250 million, and small industries having fixed capital up to NRs. 100 million—are in operation (GoN 2018–2019). The share of the small, medium and small industries is 86.5%, 8.9%, and 4.6%, respectively. The Ministry of Industry, Commerce, and Supplies defines eight categories of industries—agro-based and forestry; construction; information, communication and transmission; energy-based, manufacturing, mines-and mineral-based; service, and; tourism. Nepal is the 153rd largest export economy in the world (GoN 2018–2019, Industrial Statistics). Top ten export produces are readymade garments, pashmina products, leather and leather products, pulses, handicrafts, spices, floriculture products, medicinal herbs, and essential oils and tea and coffee. (https://oec.world/en/profile/country/npl/). The aggregated contribution of industry and service sector is 15.2% and 57.8% in GDP, whereas employment share per aggregated sector is 13% and 17%, respectively (ES 2018–2019; World Bank 2017). It indicates that the growth of the service sector has a significant contribution to GDP. Moreover, the industry mainly depends on agricultural products, and most of the industrial outputs are from traditional cottage industries such as basket weaving and the production of cotton fabrics. The small manufacturing industries and the service sector cannot meet the demand for work. Employment generation expected to stand at 75 on an average in Nepalese industries. A large number of workforces have to work in the informal
sector, e.g., street vendors, domestic servants, and day laborers. Where the system of the employment contract and job security does not prevail. Tourism is the most vibrant sector in terms of income and employment. It has a 7.9% contribution in GDP and supports one million jobs (Konema 2019). Similar to other Third World countries, Nepal has a dualistic economic structure, where a pre-capitalist economic system and a small industrial sector co-exist (Bean 1994: 215).

Turning to foreign trade, the major trade partners are India, China, the USA, Germany, and, United Kingdom. Nepal’s economy tied up to India as the major trading partner. Major import products are minerals fuels, oils, distillation products; iron and steel, machinery, nuclear reactors, boilers; vehicles, electrical, electronic equipment, cereals; pearls, precious stones, metals, coins; and plastics (tradingeconomics.com). Principal export items are hand-knitted woolen carpets, ready-made garments, and soap products. Carpet and garment exports expanded dramatically in the late 1980s and early 1990s. Due to problems such as poor quality, trade restrictions, and increasing hostility in the West to the use of child labor, these industries contracted after the 1990s. The growth in craft industries, foreign aid, tourism, and remittances from Nepalese working abroad account for 50% of foreign-exchange earnings.

Tourism and hydropower are two potential sectors that could support the economic growth of the country (Europe Publications 1999: 793). Nepal can potentially produce over 80,000 megawatts (MW) of hydropower. Currently, it is producing 1355 MW electricity (GoN, 2019–2020) and, expected to reach 2397 MW by 2030 (GoN 2018–2019). The total revenue is estimated to generate up to $28 million per year in 2030 just by exporting electricity to neighboring countries if the country can harness hydropower potential. In 2019 the balance of payment recorded at $1.01 billion surplus (NRB 2020). The increasing import of petroleum products, vehicles/spare parts, electrical goods, and steel and iron has widen the deficits in the balance of payment in the past (https://nepaleconomicforum.org/neftaknebalance-of-payment-a-perspective/). In 2017, Nepal imported $9.6 billion and exported $803 million resulted in an $8.75 billion trade deficit (https://oec.world/en/profile/country/npl/).

Although improvements noticed in the Doing Business Index and the country has implemented some policies and regulations to attract foreign and domestic investors, the target volume of investment has not achieved so far. According to the World Bank Group (2020) Nepal scores 63 in doing business and 86.3 in starting a business. In terms of getting credit, dealing with construction permits, and trading across borders, getting electricity, registering property, enforcing the contract, and resolving insolvency Nepal’s rank position is better than the regional average. To achieve the Sustainable Development Goals and to become a middle-income country by 2030, Nepal has to attract domestic and foreign investors. Whereas commitment for foreign investment was $491 million and $211 for 2017–2018 and 2018–1019, the country receives only $169 million and 115 million in the respective years. The past report shows that 17.81% of the GDP was in domestic saving, the trade deficit was 37.36% of GDP, and FDI net inflow was 0.55% (tradingeconomics.com). Almost 70.5% of GDP was for household consumptions. It reveals the fact that domestic investment in Nepal was remained low and could bring a challenge in the future to achieve the
target to become a middle-income group country by 2030. The GoN admits that the main problems in the growth of the industry, commerce, supplies, and tourism are: lack of entrepreneurial mind-set; difficulty in finding productive areas and capital for investment; lack of cost-competitive and quality industrial products; and production of quality exportable goods (NPC 2019–2023). Fewer initiatives from the private sector to manage capital and skills in the micro and small-sized industry, lack of high-tech industrial facilities, lack of public-private-partnership (PPP) for the development of industrial value chain, and short-term profit motives of industrialists have also barricaded the smooth operations of the industries. Although liberalization and privatization policies have been supported by all major political parties and their governments, a compatible fiscal and monetary policy is lacking. Whereas center or center-right governments have moved more rapidly into the direction of liberalization, communist-dominated governments have favored relatively more state control and interference in the economy. The investment climate distorted by bureaucratic delays and inefficient government administration. Also, problems exist such as lack of direct access to seaports, few raw materials, inadequate electricity, difficult land transport, and inadequately developed and enforced legislation.

3 National Culture

Nepal is a secular state located in the Himalayas, and its culture largely influenced by India and China. It shares border 1880 km to India and 1415 km to China. In the process of early settlement in the country, the Newar and Tharus were believed to have an early settlement followed by large scale migrants from Tibet and Indo-Aryan people from northern India and had produced a diverse linguistic, ethnic and religious pattern (https://www.britannica.com/place/Nepal). India, in particular, has had a profound influence, as Indian migrants brought the Hindu caste system to Nepal. Hindus comprise 81.34% of its population, the remainder mainly consisting of Buddhists (9.04%), Islam (4.38%), Kirat (3.04%), and Christianity (1.41%) (CBS 2014). The population of 29 million further divided into 125 castes/ethnic groups (CBS 2011). Although some cultural and religious rigidity of the caste system (upper and lower casts) has eroded by the Constitution, still few scattered incidents of differentiation notice in the Nepalese society. Some correlation between the caste hierarchy and the socio-economic class hierarchy exists (Savada 1991). In Nepalese culture, caste and status are intertwined and thus contribute to defining a system of social hierarchy and deference. As described in Lonely Planet (2017), “caste determines not only a person’s status but also their career and marriage partner, how that person interacts with other Nepali and how others react back.” This system of hierarchy extends to the family, the civil service, and even in the informal sector. For example, in the past, most posts in the civil service, the army, and the police were held by members of the two highest Hindu castes, and these castes also dominated the political parties (Early 2018). In the informal sector, there are instances of discrimination based on gender, caste, disability, religion, sexual orientation and gender identity,
and HIV-positive status (US Department of State 2017). From 2007 an inclusive approach of appointment is followed. According to the civil service rule, 33% of the position holds for women, and 27% for indigenous nationalities. Similarly, for Madhesis, the Dalits, downtrodden persons with disabilities and candidates from backward regions, 22%, 9%, 5%, and 4% positions were held for the appointment, respectively. Even after the adoption of an inclusive approach, as Early (2018) writes, “Brahmins and Chhetris constitute more than 50% of candidates recommended for jobs in 2017, despite representing around 29% of the Nepalese population.” Organizations partially or fully owned by the government, universities, and schools are also following the inclusive system of appointment at the entry level of job. With the principle of inclusiveness in public sector jobs, women’s participation increased in the last ten years. Their participation rises from 8% from a decade ago to 23% in 2017 (Early 2018). This rule of inclusiveness, somehow, provides justice to women workforce participation since their population size is larger than males.

According to the Central Bureau of Statistics (CBS 2018), of the total population, 49.6% are male, and 50.4% are female. Almost 57% of the women were literate in 2015. In terms of employment, 66.5% of women and 59.7% of men are in the informal sector (GoN 2018–2019). Women are often described as lower in social status than men and occupy a secondary position in business, work, and even at home due to cultural legacy. There is a difference in earnings between male and female managers. Male managers earn NRs 34,162 per month whereas female managers earn 29,342 per month (Shrestha 2019). Similar is the situation in elementary jobs where men are earning NRs. 15,194 and females are earning NRs 10,580 (Shrestha 2019). Government, private sector organizations, and NGOs are working closely to break this challenge empowering women. Interestingly, in recent days the freedom and opportunities enjoyed by women vary in different castes. The lower caste women are more outspoken, greater mobility, and playing wage-earning role compared to the higher caste women who are conscious of their reputation and family status (https://www.everyculture.com/Ma-Ni/Nepal.html#ixzz6Nu1QookU). Of the total employed, women represent 1.5% in the informal sector. This figure does not match the proportion of female participation in higher education institutions. In terms of enrollment in higher education, of the total number of students, 52% are female (UGC 2017–2018). In 2017 the proportion of female participation in the National Parliament was 30%. (https://codefornepal.org/2018/03/women-nepal-2018/).

During 30 years of the party-less Panchayat system, the country structured into 14 Zones and 75 Districts headed by Zonal Officers and Chief District Officers, respectively. For the top-level positions, mostly those people appointed who favored by the Royal Families. Since the 1960s, most of the secretaries of the government and Chief Executives in the public enterprises selected from among the most favored persons following the cabinet decision. Most of the appointments based on compliance with the ruling political system less considering to professional qualification. Employee placements were done not according to the professional qualifications of the jobholders. Power-sharing and decentralization of decision-making authority are selectively made and there was no system of performance-based management. The government formulated development plans, but the implementation process was ineffective.
due to ambitious targets and, highly centralized administrative culture. Myrdal (1968) stated that plans in Nepal poorly implemented because of poor technology, under-developed institutions, imperfections in the authority of the government, centralized governance system, corruption, and low efficiency and standards of integrity in public administration. Furthermore, this cultural legacy, as anecdotal evidence shows, may have contributed to a tendency of management to avoid decision-making (Agrawal 1975) and responsibility (Shrestha 1980).

Even after the political change in 1990, the system of political appointments continued in government organizations. Although the merit-based system adopted in the appointment of CEOs, the influence of the ruling party cannot be ignored even today. In particular, to be recruited at the top position of organizations, getting promotions and being selected for overseas training participation, political affiliations, and connections are the important determinants. The government suffered from widespread corruption and political and administrative officials often rely on bribes to supplement their income (https://www.everyculture.com/Ma-Ni/Nepal.html#ixzz6Nu1QookU). In a recent survey by the Transparency International in 17 Asian countries it was revealed that 58% of Nepalese citizens think that corruption increased in the past 12 months (TI 2020). The Report also states that “People’s growing frustrations with government and apathy towards corruption have spurred the “Enough is Enough” campaign, COVID-19 street protests and support for Dr Govinda K.C.’s medical-sector reform agenda” (p. 9).

In the public sector, especially in civil service, public enterprises, universities and schools, government hospitals, and other government organizations there are transparent rules and regulations. However, including private banks, recruitment in privately owned manufacturing and service organizations is not transparent. Although some private banks are getting services from independent recruitment agencies for shortlisting potential candidates, in the lack of a transparent recruitment system, the fairness in the selection process could not be assured. Job hopping is pervasive in the private sector even in the case of top-level managers. Most of the private sector manufacturing organizations owned by the family and corporate authority will transfer ownership and management from generation to generation.

From this explanation, it reveals that even after the dramatic political and economic changes of the early 1990s, the long-standing national culture of centralized administration and management has not changed. Some of the rules and regulations of the Panchayat system were in effect for a long time even after 1990. Nepalese decision-makers still prefer to hold power rather than to delegate and devolve it. The overwhelming belief among them is that the more power you hold, the more you are recognized in society (Adhikari 1999). In the Hofstede cultural dimensions, Nepal scores high (65) in power distance, has a medium-low preference for avoiding uncertainty, and considered as a collective and feminine society (https://www.hofstede-insights.com/country/nepal/). According to Hofstede Insight, Nepalese organizations are hierarchic that reflect inherent inequalities, centralization of power, subordinates expect to be told what to do and the ideal boss is a benevolent autocrat.

However, Nepalese culture does not remain unchanged. Over the last decades, Western materialism has exerted influence on Nepalese culture, particularly in urban
Nepal such as Kathmandu, Pokhara, Biratnagar, Bharatpur, and some other cities. It can be partially attributed to the rising interest among upper-middle and higher class youth to go for higher education in the West. Moreover, Bollywood and Hollywood movies and songs, watching different TV programs, increasing connectivity through email, internet, Facebook, and other social media, an increasing number of foreign tourists also have influences among Nepalese youths. A large number of middle higher income groups of people go for holidays out of the country annually and exposed to western fashion, food, and influenced by their cultures. Foods like pizza, burger, spaghetti, and a few others are getting popularity in Nepalese restaurants among the youths. Western fashion and dress are popular among urban and rural youth. Copying Western culture and consumerism has had a profound impact on Nepalese middle and upper-class families in major cities.

4 National Institutions

The importance of the English language felt very late in Nepalese Schools. After a visit to England in 1850, Prime Minister Jung Bd. Rana (1846–1856) realized the importance of the English language for communication and has called two British teachers to teach English to his sons (Sharma 1990). During his regime, he established the first school named Durbar High School (Palace High School) in 1854 exclusively for ruling Rana family members. Later, this school opened for the public in 1902 (https://en.wikipedia.org/wiki/Durbar_High_School). Only the ruling elite had access to education; the rest of the population remained largely illiterate during the Rana regime. They suspect that social reform and institutional development might be a threat to their regime. However, despite their isolation policy, English education had gained a higher status. Three years after 1951, a landmark political change happens in Nepal. The National Education Planning Commission created to assess the educational status of the country, identify needs for education, and recommend developmental reforms. The Commission finally, with the help of an expert team, reported the then education situation of the country.

According to the Commission’s report, the literacy rate was about 2% in 1952 (https://photius.com/countries/nepal/society/nepal_society_education_since_1951.html). The major recommendations of the Commission were on basic literacy education for all young children as well as for adults, vocational secondary education, and competitive higher education relevant to the geography of the country, cultural heritage, and socioeconomic conditions. In the 1960s, primary education became free for all. As of 1987, there were 17,816 schools (Sharma 1990). After the 1990s, priority given to increasing access to school education, and therefore, many community based and institutional schools were open. The number of schools has doubled in 2017 and reached 35,591 (29,035 community and 6,566 institutional) (MoEST 2017). Albeit student enrollment increased at the primary level, the number of students substantially decreased once they reach to the higher secondary level. Government of Nepal (GoN) candidly admits the fact that of the total students
enrolled in primary education, only 24% attain the higher secondary school (GoN 2018/2019).

In the 1970s, vocational training introduced in high schools. Latter, due to problems in managing vocational education in schools, it was closed. In 1989 with a mission to develop skilled and competent manpower to meet the international and national skill needs, Council for Technical Education and Vocational Training (CTEVT) established. It offers education and training programs—engineering, agriculture plant/animal, health and nursing, humanities, and hospitality. Few other training institutes in private sectors are also providing standardize training and academic programs to develop the vocational skills of people. In the first eight months of the current FY 2018–2019, a total of 13,059 students attained vocational education. Among them, 3509 were females and, 9550 were males who have received the skill development training. This number was 20,066 in the last year (GoN 2018–2019).

The development of higher education in Nepal had its earliest beginnings with the establishment of Tri Chandra College in Kathmandu in 1918. In 1959, the first university in the country, Tribhuvan University, was established. The University Grants Commission established in 1994 aiming to coordinate among universities; allocate and disburse government grants to universities and higher educational institutions, and; take appropriate steps for the promotion and maintenance of standards of higher education in Nepal. To coordinate among universities and to enhance the quality of higher education in Nepal, the Commission plays the key role.

A total Eleven universities, 4 deemed medical universities, and 1432 colleges (147 constituent, 538 community, and 747 private) are offering higher education programs in management, science, humanities, engineering, medicine, law, agriculture, education, and forestry streams (UGC 2018–2019). The emphasis of higher education is on developing institutions of higher learning in the areas of science and technology, agriculture, forestry, and national cultural heritage (including Nepalese architecture, arts, and crafts). Seven universities are running M.Phil. and Ph.D. programs. These universities contributing by producing human resources in different disciplines required for national development. Universities employ approximately 10 thousand teachers and enroll 0.41 million students (UGC 2018–2019, GoN 2018/2019). Even though the quantity of universities and colleges has increased, the quality of higher education remains the main challenge. As of 2020, only 49 (approximately 3%) higher education institutions are accredited (UGC 2018–2019). The country had ranked in 59th position among 129 countries in terms of enrollment, graduate in science and technology, and inbound mobility. (GII 2019) in tertiary education. A few numbers of research institutions and centers established in universities. Tribhuvan University has four research centers, namely, Centre for Education Research, Innovation and Development (CERID), Centre for Economic Development and Administration (CEDA), Centre for Nepal Asian Studies (CNAS), and Research Centre for Applied Science and Technology (RECAST). In the government and non-government sector International Centre for Integrated Mountain Development ICIMOD), Institution for Integrated Development Studies, New ERA (P) Ltd., Martin Chautari, Nepalese Administration Staff College, Nepal Health Research Council (NHRC) and Local Development Training Academy engaged in research and training programs. The
UGC provides grants to research the academic faculties in different headings—small research grants, faculty research grants, collaborative research grants, and Ph.D. and M.Phil. fellowship. Regarding scientific publication, a total of 27 articles published in 2019–2020 in international index journals (Nature Index 2020). Of the UGC funded research, 144 articles published in refereed journals (UGC 2020) in the last four years. Of which, five articles rated as quartile one (Q1) ranked by the SCImago journal. In Nepal, 176 journals are registered in NepJOL in which 19,551 articles are available in full text (Nepal Journal Online 2020, (https://www.nepjol.info/). In respect of performance outcomes of universities, Nepal ranked in the 92nd position in terms of research and development out 129 countries (GII 2019). According to Global Competitive Index 2019 (Schwab 2019), concerning research institution prominence, the country is ranked in 87th position among 140 countries. However, the impact of these publications has not thoroughly assessed. Particularly, regarding university-level research, as Khatiwada (2018) states that Nepalese universities lack imminent researchers and academicians. He further goes on to argue that “the majority of the senior faculties (at universities) are not accustomed to conducting research and publication during their entire career and also find it very difficult to start at their later stage. Ironically, some of them want their work to get published only to obtain academic designation and leave forever (p. i).” It might be the reason why the country is behind in comparison to other countries in creating and disseminating knowledge. Globally, in terms of knowledge and technology outputs and creative outputs, Nepal is ranked in 118th, and 112th positions respectively, among the 129 countries (GII 2019).

In 2015 the Constituent Assembly promulgated the new Constitution of Nepal replaced the Interim Constitution 2007. The Constitution clearly states that Nepal is an “independent, indivisible, sovereign, secular, inclusive, democratic, socialism-oriented, federal democratic republican state” (Constitution of Nepal 2015, Article, 4) and structures the country into three levels—Federation, State and Local. Similarly, seven States divided into 77 districts and 753 local units. The roles and responsibilities of political bodies explicitly defined by the Constitution. According to the Schedule 5 of the Constitution, central planning, central bank, finance policies, monetary and banking, monetary policy, foreign grants, aid and loans central universities, central level Academies, universities standard and regulation and central library; federal civil service, judicial service, and other government services; Intellectual property (including patents, designs; trademarks and copyrights); and laws relating to the Supreme Court, High Courts, District Courts and administration of justice are under the Federal power. Whereas Schedule 6 provides power to the State on agriculture and livestock development, factories, industrialization, trade, and business, transportation; state universities, higher education, libraries, and museums; State Public Service Commission; and State Civil Service and other government services. Both Federal and State levels share the power on social security and employment; trade unions, settlement of industrial disputes, labor rights and disputes related matters; legal profession, auditing, engineering, medicines, veterinary, industries and tourism; insurance business operation and management; poverty alleviation and industrialization; scientific research, science and technology, and human resource development,
and; employment and unemployment benefit. The local government is responsible for cooperative institutions; management of the local services; local level development plans and projects; basic and secondary education; local market management, environment protection, and bio-diversity; management of Village Assembly, Municipal Assembly, District Assembly, local courts, mediation and arbitration; management of senior citizens, persons with disabilities and the incapacitated, and; protection and development of languages, cultures and fine arts (Constitution of Nepal 2015). The new Constitution provisions for different high-level constitutional organs. The Commission for the Investigation of Abuse of Authority (CIIA) is an apex body to investigate corruption cases and control. The Auditor-General is responsible for auditing public accounts to ensure transparency, accountability, and integrity. The Public Service Commission (PSC) constituted to recruit meritorious candidates to serve in the GoN. In addition, three major organs are the National Human Rights Commission, Election Commission, National Natural Resources, and Fiscal Commission. The Constitution also constituted different commissions, such as the National Women Commission, National Dalit Commission, National Inclusive Commission, National Aborigines Commission, Madhesi Commission, Tharu Commission, and Muslim Commission. As the Constitution divided the role into different political levels, the issue of promulgation and implementation of regulation remains challenging. Still, compatible rules and regulations with the Federal institutes neither formulated nor implemented. For a few years ahead, this could bring problem in coordination of power and responsibilities and imparting good governance in three political levels.

A total of 39 public enterprises are in operation owned either fully or partially by the GoN. Among these enterprises, two are closed, 13 are running in loss, and 26 are running in profit (GoN 2018–2019). Few public enterprises sold to the private sector in the 1990s closed afterward due to the inability to produce a quality product, high cost of production, frequent strikes, and lockdowns. Altogether 175 banks and financial institutions are in operation that comprises 28 commercial banks, 32 development banks, 24 finance companies, and 91 micro finance, and one infrastructure development bank. Besides, 40 insurance companies and 34,737 cooperatives (GoN 2018–2019) incorporated in different parts of the country. In the private sector, as of mid-March of FY 2018–2019, the share of the large, medium, and small industries is 13.8%, 21.7%, and 64.5%, respectively. Many institutions are established in the service and manufacturing sectors. Among these 1592 public companies, 206,066 are private companies, 2304 are non-profit companies and, 243 are foreign branch/liaison offices (GoN 2018–2019). In the hospitality sector agencies, a total of 3518 travel agencies, 2649 trekking agencies, 129-star hotels, 1225 lodges and resorts, seven casinos, and 324 homestays have been in operation, and the total number of beds reached 40,856 in different types of hotels (ES 2018–2019). According to the SWC source (2016), 254 INGOs and 50,358 NGOs registered in Nepal.

There are institutions to work for labor welfare constituted by the GoN. The Department of Labor and Occupational Safety (DLOS) is responsible for the enforcement of labor laws and provisions. Its main objective is to eliminate unemployment
through skills development and to ensure occupational health and safety in industries. Under the Chairmanship of Minister of Labor, Employment and Social Security (MLESS), The National Advisory Board (NLAB) formed to help the government to develop or amend labor-related laws and policies. This Board comprises members from trade union and employer associations. Constituted by the GoN, The Minimum Wage Fixation Committee (MWFC) recommends the minimum wages. This Committee comprises representatives from the government, employer associations, and trade unions. In case the Committee cannot recommend the minimum wage, the GoN can fix it. The Social Security Fund Management Committee (SSFMC) is a government body that decides on social security schemes—maternity, sickness, employment injury, and medical—consulting with social partners. Besides, there is a dispute settlement system structured internally in the enterprises to resolve personal and collective disputes, 10 Quasi-judicial Bodies under the government in different parts of the country, and a Judicial Body (The Labour Court) resolving the disputes (Trade Union Act 1992).

In the private sector, a number of institutions established as an apex body to look after the interest of industries and businesses. The Federation of Nepalese Chamber of Commerce and Industry (FNCCI), Confederation of Nepalese Industries (CNI), The Federation of Nepal Cottage and Small Industries (FNSCI), Nepal Chamber of Commerce (NCC), the Hotel Association of Nepal (HAN) and so forth. For the development of entrepreneurship culture and provide training on entrepreneurship, some training organizations constituted. National Entrepreneurship Development Centre (NEDC), Micro-Enterprise Development Programme (MEDEP)/UNDP, and Industrial Enterprises Development Center (IIDS) contributing to the entrepreneurship and enterprise development programs. They are also providing vocational training. For the promotion of exports, Nepal is a member of the World Trade Organization (WTO), The Agreement on SAARC Free Trade Arrangement (SAFTA), and The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). Including India and China, the country has expanded the scope of a trade by making bilateral trade agreements with foreign countries.

The government has aggressively set policies and promulgated acts in order to secure employment, transfer technology, encourage investment, and expand trade and business in the country. The National Employment Policy 2016 and Foreign Employment Policy 2012 are in effect. The government has expressed its commitment to sustainable development goals at the international level and for safe and secured employment through the International Labor Organization (ILO) Convention. To fulfill the commitment, various programs lunched with the strategy of enhancing productivity, promotion of domestic employment, and the abolition of forced foreign employment. Technology Transfer Act, 2019, Special Economic Zone Act, 2019, Public-Private Partnership and Investment Act, 2019, Industrial Enterprise Regulation, 2019, and Directives for Establishment and Operation of Industrial Centers have been implemented. The Labor act 1992 replaced by the new Labor Act 2017. The Right to Employment Act 2018 set provisions for the establishment of the Employment Service Center (ESE) at all local levels. It ensures at least 100 days of employment for an unemployed person. At the same time, Prime Minister Employment
Program came into effect. This act makes provision for minimum employment days for an unemployed person. It helps to minimize dependency on foreign employment, promote employment opportunities domestically by promoting entrepreneurship, and contributes to reducing poverty level. Enactment of the Social Security Act 2017 is an important covenant to protect the socio-economically deprived and vulnerable section of the people and for the social security of laborers. This Act does fill the gap in addressing the employment security problems in the informal sector. Almost 2195 employers have been enlisted in the process of social security fund (GoN 2018/2019).

The history of trade unions in Nepal starts with the establishment of the All Nepal Trade Union Congress (ANTUC) in 1946 and the Biratnagar Workers Union (BWU) 1947. However, there was no act governing employment relations at that time. In 1951, both the large unions ANTUC and BWU were unified. With the enactment of the Factory and Factory Workers Act in 1959, first labor relations activities were enforced by the government making provisions to organize workers in trade unions. With the political takeover by the then King Mahendra in 1960 and the introduction of the Panchayat System, all political organizations were banned together with the trade unions’ activities. However, after such political suppression, except for a few scattered underground union activities, union activities were completely banned for the next 29 years. After a long history of underground struggle, the political environment was made a little freer in 1979, and during that period a few unions came into existence and continued to organize. The General Federation of Nepalese Trade Unions (GEOFNT) came into existence in 1989. Federation had played a key role to organize workers during the movement to restore democracy in 1990. Nepal Trade Union Congress (NTUC) came into existence in 1990. Just after the restoration of democracy, the Factory and Factory Workers Act was replaced by the Labor Act 1992. Then, unions structured into three levels: confederation, federation, and enterprise-level unions. At the same time, the Trade Union Act 1993 promulgated in order to streamline trade union activities. Following the promulgation of these acts, the Labor Regulations Act 1993 and Trade Union Regulations Act 1993 came into effect. In 1998, another confederation called as Democratic Confederation of Nepalese Trade Unions (DECONT) granted legal status. Immediate after signing of the Comprehensive Peace Agreement between the Maoist and the State in 2006, the All Nepal Federation of Trade Union (ANTUF) formed. Nowadays, multiple trade unions, such as employee unions, craft unions, white-collar unions, and, enterprise-based unions are active in role. In about 1000 enterprise-level unions, approximately 1.8 million workers organized (Labor Market Profile 2019). Over a decade or so, with the effect of political instability and civil war, strikes and lockouts were very common in Nepalese industries. Total Man-Days lost in the industrial sector peaked up during 1991–1999. In 1996–1997 total Man-Days lost due to strikes, and lockdowns were 93,878. This number reaches a peak in 1998–1999 above 210,000 Man-Days and zero in 2009–2010 (Nepal et al. 2013). The situation of strikes and lockouts improved over a while. Of the total strikes that occurred during 2008–2013, only 0.2% initiated by the trade unions. The remaining percent of strikes organized by political parties, rebellion groups, transport unions, and local communities. In different years during 2008–2012, a 860 total of 66 national level strikes occurred due to political
reasons, and average days lost in a year was 1797, and GDP growth rate loss at 1.52%, whereas the total loss in GDP growth during 2008–2013 from these strikes estimated between 0.59 and 2.15% (Shrestha and Chaudhary 2013). Recently, due to an effective mechanism for social dialogue as provisioned in the Labor Act, and Collective Bargaining Agreements (CBAs), initiatives at the enterprise, and industry levels, the number of strikes decreased substantially. Study shows that in 2018, three trade union federations in ITUC-NAC registered 149 CBAs covering 4.4 of the total member, conducted at the local level (LMP 2019). In FY 2018/2019, 259 labor disputes resolved through CBAs (ES 2018–2019). This number was 166 and 213 in FY 2016/2017 and 2017/2018, respectively. Unionization also prevails in civil service, public enterprises, and public and private banks of Nepal.

Study shows (British Academy 2018) that less than a quarter of civil servants are the members of the union. Personal and political connections in the civil service organizations are some factors considered in transfers and promotions. Furthermore, this study finds that union in the civil service, as opined by civil servants, could play a role to stop unwanted transfers, to protect from dismissal, and to advance position in the future. However, there is no incidence of strikes in civil service except for a few rallies.

Nepalese economy, in conjunction with poverty, at least partly explains why child labor is still a problem in Nepal. After the restoration of the multi-party democracy in 1990, Nepal ratified the UN Convention on the Rights of the Child and ILO Convention related to the 138 rights of working children. As a result, Nepal adopted the Child Labor Act 2000 that provides legal protection for children in the workplace, and the Labor Act of 1992 prohibits the employment of children under the age of 14. However, both of these Acts remained less effective at the time of implementation. In the rural economy and the informal sector, child labor is a widespread problem. Approximately 38% of children are estimated engaged in hazardous work (Labor Market Profile 2019). Most of these child labor are working in areas, such as subsistence food processing/production, manufacturing household goods, fetching water, collecting firewood, and construction of or major repair of own dwelling (NLFS 2019). The mechanism of law enforcement is not effective in Nepalese industries to ensure the quality of work-life through labor legislation. Adhikari and Gautam (2010) argue that “In the past, the GON, to a large extent, remained inefficient to develop a proper mechanism to monitor and supervise workplaces ensuring fair practices, such as standardized wage system and implementation of child labor standards. Although the government enacted different acts in the past, it is not found to be very successful for their enforcement at the organization level (p. 47).”

Nepal ratifies the Sustainable Development Goals and set the milestones to reach the status of developing country in 2030. The set of milestones includes: eliminate poverty; ensure inclusive and equitable education and promote life-long learning for all; achieve gender equality and empower all women and girls to ensure access to affordable, reliable, full and productive employment and decent work for all, and; build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation (GoN 2017). However, without a sound institutional base, it is hard to achieve these milestones.
5 Discussion and Conclusions

Over the last three decades, the number of ERs forms debated. From the traditional PM and IRs, the focus shifted towards strategic HRM, strategic HRM, and recently, the sustainable HRM. In Western literature, there is no unanimity in the HRM framework. Some HR scholars argue in favor of the contextual approach, whereas other claims universal approach to HRM. The debate on the unitary and pluralist frame of HRM still valid to study and research on HRM. In this paper, as many as literature has been reviewed to initiate and provoke research in ERs.

This paper assumes that the economy and business environment, national culture, and institutions will have a significant impact on shaping the ERs practices in Nepalese organizations. In the previous section, it has argued that the Nepalese business and economic environment shaken by frequent changes in government, incidents, and movements, and the increasing role of foreign donors. In the last 30 years, frequent changes in government destabilized the country and thus created chaos for the smooth and sustained growth of manufacturing industries. The government attracts foreign investors by promulgating compatible legislations, however lack of skilled workforce, limited access to market, and bureaucratic system creating hurdles for its growth. There has been remarkable growth in the service sector, leaving behind the contribution of manufacturing sector in terms of GDP growth. However, the increasing number of the labor force could not be accommodated in these sectors annually. Therefore, a large number of semi-skilled and unskilled workers leaving the country to work as migrant workers. In search of opportunities, workers are moving from rural to urban areas. One the one hand, this has created a shortage of labor force in agriculture farming in rural areas, one the other hand, small-sized manufacturing, and service sector could not provide employment opportunities. As a result, a large number of the workforce employed in the informal sector. Hydropower and tourism are two viable sectors providing employment opportunities and ensure the growth of countries. But it needs a huge investment that could not be supported by the current volume of domestic savings and foreign investment. The increasing trade deficit created pressure in the national treasury. The earnings from remittances mostly spent on consumables. There are improvements noticed in the Doing Business Index. However, the current level of poverty, school completion rate, domestic and foreign investment, and workforce skills, the motivation of entrepreneurs, and bureaucracy could probably remain the most hindering factors reaching the status of developing countries in the next ten years.

In the forefront of the economic and business environment, the Nepalese ERs theory has to evolve from the viewpoint of creating employment opportunities, reducing poverty, eradicating child labor, attracting foreign and domestic investors, minimizing the gap of the balance of trade and balance of payment, development agro-based industries, minimizing bureaucratic hassles, developing human resource, and production of quality products. The GoN together with the private sector has to be committed to increase investment in hydropower, tourism development, increase domestic saving and investment, develop entrepreneurship and human capability,
incentivize the value-adding high-tech business and follow an aggressive economic and business diplomacy with the neighboring countries.

Turning to Nepalese culture, Nepal is a secular country with the highest Hindu population. Amidst this situation, the challenge is to protect interests of other religious groups of people too. In a multi-ethnic society, the dominance of a few castes could create differences and disregards the voices of different groups of people. Considering this situation, in the last decade, the GoN has adopted a policy of inclusiveness to hold some positions for ethnic and disadvantaged groups of people in public administration. As a result, the participation of women, different ethnic communities, and disadvantaged groups have been on the rise in civil service, army, police force, and public sector enterprises. At the entry-level merit-based system prevails. However, for promotion and job assignments, a culture of favoritism still exists in organizations. Some appointments, including university authorities, secretaries, and CEOs are seldom merit and professionally designed. But the situation of the private sector is different in this matter. In the private service sector, the middle-level managers are finally appointed by the owners or through the connections with some interest group of people. In manufacturing, the appointment process is not transparent. The increasing number of educated Nepalese youths is prone to cross-cultural interests. Social media playing a vital role to make people conscious of caste system and surface the voices of the voiceless and contributed aware people on ‘good’ and ‘evil’ of social, political, and administrative culture. Nepalese youth increasingly having patriotic feelings and aggressively participating in business activities.

The exposure of Nepalese professors and youths in foreign universities has influenced conceptually and practically in the Nepalese ER practices and academic research. HR scholars embrace to apply Western literature and research tools and techniques.

The national culture of power distance originates from different regimes, family systems, caste systems, feudal attitudes, and extended in public administration and private sector administration. Nepalese high-rank decision-makers in the civil service embrace power distance and engage in getting political favors. A servant leadership approach is lacking among high-profile civil servants. This trend has been continued generation to generation at different hierarchy levels in Nepalese public administration. The main goal of a servant leader is to serve by sharing power, to put the need of the people first, and to create an environment to ensure the contributions of people as much as possible. Because of the lack of such feelings among the leaders, there are inherent inequalities, centralization of power, subordinate expects to be told what to do, and the ideal boss is a benevolent autocrat. The report by the British Academy-UK (2018) states that politicized and nepotistic civil service leaders and management resulted in a low level of job satisfaction, trust, and the ethical behavior of the civil servants. In the private sector, ERs practices influenced by investors, owners, and their family members. ERs system, in private organizations, is less professional, and management policies are owner regulated.

Interestingly, female student enrollment is higher than the male counterpart in higher education in the last three years. This trend could have a significant impact on changing the culture of how women should be treated at home and work in the future.
A kind of demonstration effect is there among the female population for enrolling in schools and colleges and joining formal sector jobs. From this discussion, it appears that the changes in national culture will have an impact on the ERs system. In this situation, the choices of the ERs system are on to manage high power distance culture; to control dominance of limited castes of people; to increase representation of multi-ethnic people at work; to harass nepotism, favoritism, and undue elite connections; to control corruption, and to make the management system more professional.

Concerning institutions in Nepal, the school system starts very late due to a long feudal mentality of the Rana regime that has ruled the country for 104 years. In the last two decades, the number of school doubles and student enrollment is on rising accordingly. However, the quality of the teacher and the level of transfer of knowledge is less than expected. In a recent examination of primary school teachers, only 8% out of 66,562 attendants deserved to get a teaching license (Online News, June 25, 2020). GII weakly ranked the country in respect to knowledge, technology and creative outputs (GII 2019). The number of students completing a higher secondary level is below the ratio of enrollment in primary education. Many children left schools at an early age due to their inability to continue to study further.

Except for three specialized universities—Nepal Sanskrit University, Lumbini Buddha University, and Agriculture and Forestry University, the rest of the universities are offering similar nature of courses and degrees. The quality of higher education questioned by different corners of society. As of 2020, only 3.4% of HEIs accredited. The students receiving technical degrees are attracted either to work or to study abroad. As a result, the country suffering from a situation of brain drain on the one hand, and scarcity of trained and skilled workers one the other.

The interest in vocational education, especially in nursing and medical areas, has been increasing. However, due to a lack of employment opportunities, this trained workforce expedites to go abroad for better job and career opportunities.

The volume of scientific research and publications is meager (UGC 2020). The country lacks highly trained researchers, and therefore, only a few research works have published in internationally reputed journals. The country is behind the developed and emerging countries in terms of quality of education, research institute prominence, and research outcomes.

The turning point came after the Constitution structured into seven states and 753 local bodies. The Constitution has defined the power-sharing model among three constituencies, and this process follows a number of the central authority power to decentralize or share, or devolve it. The model of the power-sharing provisioned by the Constitution among three political levels is complex. They share the power on ER dimensions, such as social security and employment benefit, trade unions, settlement of industrial disputes, labor rights, and other disputes related matters. Further, Federal institutions share power in case auditing, industries and tourism, insurance business operation and management, poverty alleviation and industrialization; scientific research, science and technology, and human resource development, and; employment, and unemployment benefits. Implementation of these power-sharing initiatives requires political commitment and institutional arrangements. The State governments also share responsibilities with the local government in different matters. All of these
responsibilities imparted only if civil servants from Ministerial level to the local level work in coordination. Since institutional culture in Nepal is highly bureaucratic, and the degree of power distance is high, cooptation among these levels is at high risk. The state of confusion is prevailing in the matter of decentralization, devolution, and power-sharing among these levels and thus creating possibly an institutional barrier. In the Federal structure of the country, if government institutions, at all political levels, fail to plan and coordinate activities in time, it is hard to reach sustainable goals. Study on Nepal Civil Service and Restructuring of the State (GoN/UNDP 2014) describes that civil servants prefer to work at convenient places and at the center, there is no performance-oriented culture, their performance is not linked to the incentives, and they have a tendency of avoiding accountability. Schloss (1980) noted that lack of planning information, poor supply of skilled manpower, poor communication system, the mismatch between planning and financing, lack of coordination among administrative units, and a high degree of centralized decision making as some of the major causes of planning failure in Nepal. This situation still prevails in Nepalese administrations from federal to the local level. Thus, a sustainable ERs system is required to grow and run organizations from Federal level to the local level in order to remove these barricading factors.

Corruptions and irregularities are reported frequently in international reports, online news, newspapers, and social media. Whatever is the volume of corruption prevails, will not justice a large number of unemployed and migrant workers. Nepal Corruption Report (2017) states that “pervasive corruption is a major challenge for foreign companies in Nepal. Kickbacks and facilitation payments are widespread in public procurement and when registering a business.” Corruption reduces competitiveness and significantly increases the costs of starting a business. Further, the courts plagued by corruption. The Prevention of Corruption Act is the country’s principal anti-corruption law; it criminalizes corruption, bribery, money laundering, abuse of office, and facilitation payments in the public and private sectors. However, implementation and enforcement are inadequate, leaving the levels of corruption in the country unchallenged.” According to Transparency International (2019), the country stands in 113th position out of 180 countries in corruption record. Corruption practices not only sensitizing the media but also frustrating people in general. To an extent, the CIIA taking few measures to control corruption in government sector organizations. However, unless a strong political commitment is built-up, it is unlikely to control corruption. There is a need to strengthen CIIA from the central level to the local level with adequate and qualified manpower. At the same time, behavioral change of high profile civil servants is imperative.

A large number of public sector enterprises have sold out to the private sectors in the 1990s. Some of the public enterprises already closed, and some are not performing well to recover the accumulated losses. Except few, these enterprises neither present the model of professionalism to the private sector nor adding value to the product. For a long time, they remain as ‘white elephant’ for the State.

Private sector institutes, including cooperatives and small business units, are not transparent in their management system. These institutes managed by the personal whims of the entrepreneurs. Perhaps, due to the short term interest of the owners
and, managers professionalism not developed in their management system. Local and international NGOs are also not so transparent in their management system. The government aggressively promulgated several acts and regulations to promote the transfer of technology, attract foreign investors, develop entrepreneurship, to prohibit child labor and to provide social security to the workers in formal and informal sectors. In the Doing Business Index, Nepal is in a good position among SAARC nations. Now the time has come to improve efficiency at the firm level. Child labor problems still exist, threatening fair trade practices. Despite efforts from the government, institutional effectiveness is not satisfactory.

Although Nepal claims of achieving almost all of the Millennium Development goals (2000–2015), its impact is varied across different geographic regions, communities, and gender (GoN 2017). The country has now challenge to achieve 17 Sustainable Development Goals to transform from the status from the least developed country into a developing country.

Regarding the trade union movement in Nepal, evidence indicates that Nepal passes through active trade union movements over the past five decades. There are pros and cons of union movements in Nepal. On the one hand, unions contributed to the political moment to support political parties to change the country politically, and protecting the interest of their members; on the other hand, because of such moments, the country had suffered back in the process of industrial development. In recent years the union disturbance is declined in the private sector. Soon after the promulgation of Trade Union Act 1992, the union became free, and union domination over management increased in such a degree, no one could stop them. At one time, the union dominance reaches to the point that even their members observe a kind of the ‘union aristocrats’ emerged in Nepalese organizations. There are records of misuse of power by union leaders both in the public sector and private sector organizations where union leaders influence management at the time of promotions and transfers.

During 1991–1999 political instability provided foul playing opportunities, and industries suffered from strikes and lockouts. Even political parties and interest groups engaged in organizing strikes and resulted a loss in the GDP growth.

After 1990, a large number of institutes are created and having a significant impact on the development of human resources. These institutes supported the restructuring of the country, developed research and development culture, enhanced vocational competency of the people, offered vocational courses, and created peace and harmonious industrial relations. However, anecdotal and recent evidence indicates that further improvement and reform initiatives are imperative to transform institutes from central to the local government to make them ready to achieve SDGs.

What course of ERs that Nepalese organizations should take to achieve SDGs in the next ten years? The situation of Nepal is quite different from the West in light of the economy and business environment, national culture, and institutions. The unitary framework neglects the interest of multiple stakeholders because by nature and focuses on union-free employment relations (e.g., Fox 1966). Since unions are active in Nepalese organizations, the interest of the unions and management differs. Moreover, unions are closed to political parties and working as their sister organizations. In such a situation, it is difficult to overlook their interests. The hard HRM
is said to be culture-free and expects a ‘tight fit’ between corporate strategy and HRM strategy. In the Nepalese institute, complete hard HR practices will not be recommended due to non-strategic influences from institutional and political forces (e.g., Wright and McMahan 1992). A hard approach of HR will have the short-term orientation, emphasizes investment in individual capacity enhancement, and rewards based on performance results. Nepalese employers are short-term focused, and traditional technology requires not highly trained workers. This situation hitherto justifies the previous study (Adhikari 1992) that jobs are routine, and non-motivating an overall picture of the relationships of job design dimensions is not satisfactory in the workplace. The traditional type of technology constraining the need for job difficulty and variety, thus not motivating for employees to go on learning. The Enterprise Survey (IFC 2013) reveals that only 5% of the Nepali firms identified the trained workers as the constraints, and 8.8% of firms offer formal training that is far less than in neighboring or comparator countries. A large percentage of workers just have completed higher secondary education. Adhikari (2009) reveals the following performance-related challenges in Nepalese organizations: Lack of corporate culture, unproductive staff, lack of mechanisms to implement prevailing Labor Act, disintegrated business functions, and lack performance-based system, the distorted flow of communication and information, low pay level and rising absenteeism, and proliferating unionism. Such challenges clearly demand both hard and soft HRM practices. Since the GoN policies, rules, and regulations will have directly or indirectly impacts on HRM practices, it is hard to disobey the mandatory provisions related to CBAs and child labor and minimum wages. With keeping in mind some institutional arrangements in the provisions of the act, the government knowingly or unknowingly controlling HRM activities. With these regulations and control mechanisms, only an imperfect fit between HRM practice and corporate strategy could justify (Wright and McMahan 1992).

The implementation of exclusive soft HRM is not in practice in the sense of how Western literature explains. The soft HRM is associated with the human relation movement, the utilization of individual talents, and McGregor’s Theory Y perspective on the individual. Past studies suggest that employees will commit to the work if they are trusted, trained, and developed and if they are allowed to work autonomously and have control over their work (e.g. Guest 1987; Handry and Pettigrew 1990, Legge 1991). However, the weak level of motivation at the different levels of management and administration, lack of coordinating approaches, increasing politicization in administration, lack of servant leadership approach of the top and middle managers weakening the level of employees’ commitment in Nepalese organizations. As discussed earlier, the HRM practices, such as kinship management, power distance culture, and attitude of the employees to wait for the orders from the senior employees are creating hurdles for the perfect implementation of soft HRM practices. Perhaps, this situation has resulted in low-level employee commitment, poor communication, and feudal leadership styles at all levels of the organization.

Since Nepal ratifies SDGs, all three contextual factors should consider predicting the Nepalese ERs system in achieving milestones set forth to reach the status of developing countries by 2030. Both government and private sector organizations
have to opt for the HRM system and strategy concerning the interest of multiple stakeholders. The government has to regularize capital expenditure and increase the spending capacity of its institutes. It directly affects the employment and job security of workers both in formal and informal sectors. The quality of education should increase by the training and development of teachers and, at the same time, the research capacity of universities strengthens to produce impact making researches. The government has to invest to train and build human capital preparing for employment inside and outside the country. Equal employment opportunities related to acts and policies should strictly reinforce to ensure equality, inclusiveness, and decent work for all. Depending on the physical and human infrastructural base, both capital and labor incentive industries are required to develop. For the next ten years, priorities should be given to good governance, to strengthen the quality movement in schools and HEIs, to grow the agriculture-based and livestock industries, to develop entrepreneurship, to mobilize youth population, to enhance the capacity of industries, and to produce competitive workforce. Organizations have to integrate their goals and strategies to the SDGs. Therefore, sustainable employment relations policies and strategies recommended for Nepalese institutions. The goal of collectivity, inclusiveness, life-long learning, gender equality, productive employment, employment security, employees’ integrity, motivation, and decent work for all could achieve through sustainable ERs. To address these SDGs milestones, institutions have to discourage administrative hurdles and corruption and extend cooptation and collaboration. For this, commitment required from all stakeholders, including political institutions from Federal to Local levels. It could be possible only when SDGs contained by the employment relations system of the public and private sectors. To make it more clear, considering the impact of environmental factors, the future employment relation framework of Nepalese organizations should contain the SDGs in their objectives, policies, and strategies. Nepalese HRM scholarships are, hitherto recommended to discourse on sustainable ERs philosophy attuned to our realities that go beyond the rhetoric, rational, and ideal HRM debate as discussed earlier. Only the sustainable ERs could emancipate the country from the status of the least developed country in the next ten years into the developing country and is the best approach for our organizations.

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