

# Case study of tea industry nepal management essay



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All organizations evaluate the performance of their employees to find out their relative worth for the job they are doing. Performance is being related to the productivity, it is crucial for the organization to achieve its goals and objectives. Effective performance for the organization means that output can be maintained with fewer numbers of employees. Performing effectively is also of crucial importance to the employee because organizations can no longer tolerate poor performance, they (employees) are more likely to be dismissed. The effective management performance, therefore, is not only vital for the long-term survival of the organizations but is also a moral obligation on the employees.

Performance appraisal is the systematic evaluation of individuals to their performance on the job and their potentials for development (Dale S. Beach, 1980: 290). Wendell French has defined performance appraisal as a systematic and periodic assessment of how well employees are performing their jobs in relation to established standards and the communication of that assessment to employees. It is a process of evaluation an employee's job performance in terms of its requirements.

A systematic performance appraisal provides information for making decisions about various issues such as promotions, pay increases, layoffs, training and development and transfers. It is management's powerful tool in controlling human resource and productivity. Managers can improve an employee's job performance through clarifying expectations and evaluating performance. Employees also, in general, prefer having some kind of appraisal to develop an appropriate vision of their own effectiveness and opportunities (Roberta, V. R. 1986; 23). Formal performance appraisal can  
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meet the three needs, one of the organization and the other two of the individuals within the organization:

It provides systematic judgments to back up salary increase, transfer, demotion or termination.

It is the means of communicating to subordinates the behavior, attitudes, skills or job knowledge and let him know where he stands.

It is used as a base for coaching and counseling the individual by his superior.

The effective management of performance is not only vital for the survival of the organization but is also in the best interest of the employees. The underlying assumption of performance management is that the individual employees can satisfy their needs and objectives by contributing to the attainment of the organization's objectives. This may result in employee's motivation and greater job-satisfaction which is at the core of HRM (Cushway . 2001).

The performance appraisal process generally consists of the following six steps as depicted in Figure 1. 1 (Decenzo and Robbins , 1988).

### **Figure 1. 1 The Performance Appraisal Process**

Establish performance standards

Communicate performance expectations to employees

Measure actual performance

Compare actual performance with the standards

Discuss the appraisal with the employee

If necessary, initiate corrective action

The performance appraisal process begins with the establishment of clear and objective standards of performance evolved out of job analysis and job description. These standards need to be communicated to the employees. Subordinates have to receive and understand the information properly. The third step is the measurement of the actual performance. For this, four measures can be utilized by managers, namely, personal observation, satisfied reports, oral reports and written reports. The fourth step is the comparison of actual performance with the standards. If any deviations are found between standards and actual performance, the manager may proceed to the fifth step to discuss the appraisal with the employees. The final step in the appraisal is the initiation of corrective action when necessary.

Performance evaluation systems in Nepalese organizations are mandatory. The results of performance appraisal are not used in terms of career development, reward management and employee training and development. The results are mostly used to decide whether to promote employees or not (Adhikari, 2006: 250).

The main purpose of performance evaluation in government and public enterprises is the promotion of employees. It is not used for performance feedback to employees, reward management and identification of training

and development needs. In civil service, 40 percent of performance appraisal is confidential and thus non transparent to employee (Agrawal , 2004 : 232).

Three different approaches exist for doing appraisals. Employees can be appraised against (i) absolute standards, (ii) relative standards, or (iii) objectives (MBO). However, no one approach is always best. Absolute standards are individual oriented whereas relative standards rank individuals. Management by objectives facilitates continuous improvement of performance results.

Most of the private sector enterprises in Nepal lack systematic performance appraisal system. Personal judgment and subjective assessment of owner-manager serves as the key criteria for performance appraisal (Agrawal, 2004: 232). Formal and systematic performance appraisal system was non-existent in tea industry of Nepal.

Promotion is the vertical movement of an individual in an organization's hierarchy, accompanied by increased responsibilities, enhanced status and usually with increased income, though not always so (Manappa and Saiyadaan, 1993 : 186). It is the advancement of an employee to a higher job-rank in the organizational hierarchy accompanied by a pay rise (Pigors and Myers, 1981: 303). Employees consider their ultimate success of their career and performance in terms of the number and frequency of promotion they get during their service. Yoder et al observed that promotion provides incentive to initiative, enterprise and ambition, minimizes discontent and unrest, attracts capable individuals, necessitates logical training of advancement, and forms and effective reward for loyalty and cooperation,

long service, etc. (Yoder et al ; 1985). It increases satisfaction in the employees that their talents and capabilities are being recognized. In turn, they trust the organization and devote for the accomplishment of organizational goals and objectives.

In Nepal, the Civil Service Act was promulgated in 1956 which stated that promotion should be given to civil service personnel on the basis of work efficiency (Civil Service Act, 1956, Article 8, (2)). Many changes have been done in the promotion system of the employee in the government organization since that time. The Administrative Reform Commission formed under the chairmanship of Mr. Vedananda Jha suggested that the promotion criteria for civil service personnel should include (a) seniority, (b) experience, (c) academic qualification and training, and (d) departmental performance report including co-operative attitude. Another Administration Reform Commission formed under the chairmanship of Mr. B. B. Thapa noted as promotion occupied special importance in the career development of employees, so capability to hold higher promotion and the capacity to perform the work satisfactory in the present position were the main criteria of promotion (GoN, 1976, Report of Commission). Amendments were done in the Civil Service Rules in 1978 and 1983. Similarly the Administrative Reform Committee formed under the chairmanship of the then prime-minister Mr. G. P. Koirala in 1991 emphasized performance oriented promotion system. The new Civil Service Act, 1992 laid stress on performance ability with criteria such as past performance, seniority, work experience of remote area, and academic qualification. Similarly, the comparative weight-ages of promotion criteria of civil service employees were changed after 1992.

NASC's study on promotion system of civil services stated that there was lack of clarity in its purpose and no consistency in the average promotion period between level and services. The risk of subjectivity in merit rating was a major apprehension in the minds of civil servants for giving more weight to merit rating. Even the performance evaluators' views were in favor of 'no link of the promotion with the performance'. Basic prerequisites for sound performance appraisal practices, such as clear organizational and sectional objectives, individual job descriptions, adequate and reliable information system etc. were not properly provided in the civil service. Majorities were in favor of number allotting 50 percent of seats to the promotion by competitive examination as compared to the existing 25 percent, in some cases even less.

Somlai (1992) ascertained that managers lacked adequate means or determination to control the motivation and productivity of their workforce. Job description, performance appraisal and output indicators were non-existent; rewards and sanctions were irrationally applied; salaries were not genuinely related to knowledge and or effort requirements; offices had inadequate facilities; poor co-operation and limited delegation. The top of the decision making level was congested by trivialities while middle-level staff were in a soporific frenzy over the responsibilities for complex planning and fiscal matter.

K. C. (1995) in his article (based on Ph. D. dissertation on "Improving Capability in the Nepali Civil Service" submitted to the University of Birmingham, UK) states (the administrative system in Nepal) that Nepali organizations were structured in a mechanistic way, which were not  
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instrumental for achieving organizational objectives. Personnel system had not been able to establish performance based reward and punishment system. Personnel functions and services delivery systems were heavily influenced by informal relations. Besides, ineffective leadership and cumbersome management methods were other important issues. The informal administrative culture was characterized by the concepts such as 'bholi' (tomorrow), 'mathi' (superior) and 'manasay' (intention not openly expressed).

The review presented above fairly indicates that the limited attempts have been made to study personnel / HR management practices in public and private enterprises of Nepal. Those studies have shed light on some aspects of personnel / HR management, however, the concluding remark indicates that personnel /HR management in the past remained neglected areas of management. This review also indicates that no systematic attempts have been made to study HRM practices in tea industry of Nepal. This knowledge gap has called for a systematic study which could bridge up such a gap. The present study is an attempt in that direction.

## **The Harvard Model**

This model is considered to be a comprehensive model as it seeks to comprise six critical components of HRM. The dimensions included in this model are: stakeholders' interests (shareholders, management, employee groups, government, unions and community); situational factors (workforce characteristics, business strategies and conditions, management philosophy, labor market, unions, tasks technology, laws and social values); HRM policy choices (employee influence, HR flow, reward systems and work systems); <https://assignbuster.com/case-study-of-tea-industry-nepal-management-essay/>



HR outcomes (commitment, competence, congruence, cost effectiveness) and long-term consequences (individual wellbeing, organizational effectiveness, and social wellbeing).

This model depicts management as a real actor, capable of making decisions in terms of HRM to balance the interest of all stakeholders keeping in view of the situational factors. HRM outcomes such as organizational commitment, employees' competence, congruence and cost effectiveness can be achieved through participative environment. The long-term outcomes are linked with each other in that achievement of employee welfare leads to organizational effectiveness and this ultimately may contribute to social wellbeing.

Tea industry which occupies an important position in the national economy is growing extensively mainly in the eastern region of Nepal. It is, being one of the most labor intensive, agro-based industries; it involves a great deal of workforce, which provides direct employment to about 41000 workforces. After the privatization of Nepal Tea Development Corporation in 2000, the change in ownership is also accompanied by deep changes in organizational procedures and culture that could have a profound effect on enterprise behavior and performance (Manandhar, 2002: 37).

There have been only a few research studies in the field of human resource management in private enterprises of Nepal. And there has not yet been any specific research conducted in HRM in tea industry of Nepal. So, in view of the poor research-base on HRM and the lack of knowledge existing in this field, the research work is virtually called for the streamlining of HRM practices. Research can lead to an increased understanding of an

improvement in HRM practices. It can provide insights for managers as they attempt to increase employee productivity and satisfaction while reducing absences and turnover. Research can also identify potential problem areas related to HRM.

Lack of specific research in this field has encouraged the researcher to take up the task of conducting a comprehensive research with the purpose of examining and analyzing the actual HRM practices in tea industry of Nepal. This study will reveal a clear picture about the existing state of HRM practices in tea industry. The outcome of the study may serve as a research infrastructure on which further researches can be built. And the information and conclusions derived from this study may be useful and helpful for practicing managers, as well as planners, policy makers and other agencies concerned, through better understanding of HRM practices relating to tea industry. Thus, it is a modest attempt towards examining and understanding HRM practices in tea industry of Nepal.

## **Industry background**

The golden beginning of tea plantation in Nepal dates back to the year 1863, with the first tea processing factory was established in the year 1878, in Ilam Tea Estate. In 1959 Budhakaran Tea Estate was established at Jhapa which was the first tea estate in private sector. Soon after this venture, Satighatta, Nakkalbanda, Mittal, Giribandhu Tea Estates and Himalaya Tea Garden were established. The establishment of Nepal Tea Development Corporation (NTDC) in 1966 is considered to be a landmark to augment the tea cultivation.

Generally, two types of tea orthodox and CTC (Crush, tear and curl) are produced in Nepal. At present, there are 128 tea estates and 45 tea processing factories as registered in NTCDB. Basing on the previous statistical figure of total tea plantation area of 16420 hectares, and multiplying by 2. 47 persons per hectare, it is estimated that about 41000 people are employed in tea industry of Nepal

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## **Research aim, research questions or hypothesis and objectives**

### **Research aim:**

The research aim is to explore, the employee performance appraisal and promotion practices procedure are being used in Nepalese Tea Industry.

### **Research question:**

What are the procedures and methods of performance appraisal and promotion being practiced in Tea Industry of Nepal?

### **Research objectives**

The specific objectives of this study are:

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1. To evaluate the performance appraisal of employee
2. To analyze the methods of promotion practices
3. To analyze the effectiveness of the employee performance appraisal and promotion practice

### **Research Methodology:**

This study aims will be examining and identifying the performance appraisal and promotion practices of employee in tea industry of Nepal. So the research design applied will be descriptive and analytical in nature. This will be a survey cum exploratory type of research - the most common form of primary HRM research.

### **Source of Data:**

In the initial phase of investigation, a comprehensive study of various relevant materials - books, reports, research works etc. will be done. Both the primary and secondary sources of data collection tools will be applied . For the primary data three phases will be determined. First phase, the researcher will visit the different tea states with semi structure interview schedules, design to get information on what was being done and how was it being done relating to various aspects of employee performance and appraisal process. Then after first field study, he will construct some research questions regarding to structure interview for pilot study. So, at last with the help of pilot study he will fully prepare research question for structure interview for different employee as workers, managers and assistant.

The secondary data will be collected from various published and unpublished reports, records and documents of Central Bureau of Statistics, Labor Department / Office, Center for Economic Development and Administration of TU, Nepal Tea and Coffee Development Board, Agro Enterprise Center under Federation of Nepal Chamber of Commerce and Industry. Data will also be collected from publications of different national and international institutions, research works, books and relevant articles published in different journals, magazines and newspapers etc. and will review for obtaining necessary information.

### **Sampling Procedure:**

The sampling method for selecting the tea estates will be judgmental sampling. The tea estates for this study will select mainly on the basis of their size of plantation, number of employees, and production performance of the companies representing both corporate and private sector, and hilly as well as Terai region. For this study, five leading tea estates having their own processing factories will be selected comprising two tea estates from corporate sector, namely Kanyam tea state from hilly area of Ilam and Tokala from Jhapa district. On the other hand three tea estates from the private sector, namely, Budhkaran, Satighatta and Giribhandhu will be chosen from Jhapa district. Five employees from different level of each estate will be considered as a sample. So sample of this study will be 30.

### **Analysis of Data:**

After the collection of data from both primary and secondary sources most of the processing work, tabulation and calculations will be conducted manually in the beginning. Data will classify into different groups and finally they will

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be presented in tabular forms. Similarly, the respondents' views and opinions will be analyzed in terms of different levels of employees such as managers / officers, assistants and laborers. The analyses of data will be made with the help of relevant statistical tools such as simple average, percentage and chi-square tests. For computation and statistical analysis electronic scientific calculator and computer will use.

## **Timescale**

After the proposal has been accepted by the University of Wales the following time line will be followed:

### **Gantt chart:**

#### **Months and weeks**

#### **Activities**

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#### **April**

Weeks”

#### **May**

Weeks”

#### **June**

Weeks”

#### **July**

Weeks”

1

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4

Read literature

Conform objectives

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Draft literature review

Field survey with semi structure interview schedule

Research question for structure interview for pilot study

Pilot study

Prepare research question for final interview

Conduct final interview with employee

Tabulation of raw data

Analysis

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Writing thesis

Deadline

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## Resources

Both primary and secondary sources will be used in the study. In the initial phase of investigation, a comprehensive study of various relevant materials – books, reports, research works etc. will be done. The secondary data for this study will be used from previous research works, books and relevant articles published in different journals, magazines and newspapers etc.

In the first stage of primary data , the tea estates were visited with the semi-structured interview schedules design to get information on what was being

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done and how was it being done. With that information from first visit, more reliable semi structure interview will be designed and piloted with 7 non-sampled employees of different levels such as managers, assistants and workers. Finally, revise structure interview schedules will be construct and administer to the 25 sample employees with different level.