

CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

Department of Management



Master's Thesis

**Tourism management and managerial decision making
methods in Nepal (hospitality sector)**

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Department of Management
Faculty of Economics and Management

DIPLOMA THESIS ASSIGNMENT

Dongol Maharjan Lisha

Economics and Management

Thesis title

Application of Decision-Making Methods in Tourism Area

Objectives of thesis

The main aim of the diploma thesis is to apply decision making methods challenges facing by Tourism management (Hotel industries) in Nepal and also to find out the difference in management system for domestic, regional and international tourists. While working in this paper, author will try to search answers for the following questions:

What kind of managerial decision making methods can be used to improve Tourism Management system (Hotel industries) in Nepal?

How these methods will influence Tourism industry and country's economy overall?

And if these methods can help Nepalese Hotel industries to meet the requirements of international market?

Methodology

The literature search is based on the study, analysis and comparison of various technical documents (both primary and secondary sources). Forms part of the thesis work is based on empirical research of factors influencing the improvement of Tourism Management system (Hotel industries) in Nepal. For this purpose, will be used: Pilot study, Interviews, A survey questionnaire, Analysis

Schedule for processing

By the end of December 2012 do the assignment and insert literature into Badis.

By the end of September 2013 do literature overview.

By the end of January 2014 develop section 4 - The practical part of the DT.

By the end of February 2014 finish objectives and methodology of the DT.

By the end of March 2014 remove errors and customized the DT to a final form.

The proposed extent of the thesis

60-80 pages A4 format

Keywords

Tourism Management, Managerial decision-making, Economy Development in Nepal

Recommended information sources

AGARWAL, Manoj Kumar and UPADHYAY Rudra Prasad. Tourism and economic development in Nepal. New Delhi: Northern Book Centre, c2006, xxi, 354 p. ISBN 81-721-1173-8.
GHIMIRE, BalKrishna et al. MINISTRY OF CULTURE, Tourism & Civil Aviation. NEPAL TOURISM STATISTICS 2012. Kathmandu: Ministry of Culture, Tourism & Civil Aviation, [2013]. Available at: <http://www.tourism.gov.np/uploaded/TourismStat2012.pdf>
Nepal Overview. THE WORLD BANK GROUP. The World Bank: Working for a World Free of Poverty [online]. © 2013 [cit. 2013-10-23]. Available at: <http://www.worldbank.org/en/country/nepal/overview>
Per capita income up. EKANTIPUR. The Kathmandu Post: Keeps you posted [online]. 08.07.2011 [cit. 2013-10-23]. Available at: <http://www.ekantipur.com/the-kathmandu-post/2011/07/07/money/per-capita-income-up/223737.html>

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Last date for the submission

March 2014

Electronic approval: March 11. 2014

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I declare that for my master's thesis "Tourism management and managerial decision-making methods in Nepal (hospitality sector)" I worked independently under the supervision of doc. Ing. Tomáš Macák, Ph. D and used literature and other information sources that are cited in the work and listed in the bibliography at the end of the work.

Date and Place:

.....

Signature of author:

.....

Acknowledgement

Firstly, I would like to thank my supervisor doc. Ing. Tomáš Macák, Ph. D whose time and kind and patient guidance led me to the completion of my research work.

I particularly would like to thank Mr. Ram Dongol, Miss Manisha Maharjan and Mr. Amir Napit for helping me with the necessary information related to my search for hotels and hotel managers in Nepal.

Lastly, thank you to my sister Lina, friends especially Lena and Marek for encouraging and supporting me all the time.

ABSTRACT

Tourism management and managerial decision making methods in Nepal

Řízení cestovního ruchu a manažerské rozhodovací metody v Nepálu

Tourism plays a very important role in the case of Nepal as this industry has been contributing to the economic development of the country like a backbone supporting the human body. In spite of this, the hotel industry and tourism associations are in the primary stage in developing sustainable tourism. There is a lack of innovative ideas and new concepts in this industry that will benefit in the long run as well as become sustainable. The main purposes of this paper are to address challenges faced by tourism management (the hotel industry) in Nepal

In the literature review part, the author will be writing a short introduction on Nepal, tourism management in Nepal, managerial decision-making methods (in the case of the hotel industry), the state of hospitality and tourism associations such as the Nepal Tourism Board (NTB), the Hotel Association of Nepal (HAS) in Nepal, the history of tourism in Nepal and some major tourist activities in Nepal, Nepal's total earnings from Gross Foreign Exchange, etc. At the end, the author will try to give possible recommendations and also will be mentioning limitations during this work

Key words:

Tourism management, Hospitality management, Managerial decision, Sustainable development, Economy and Nepal

V případě Nepálu hraje turismus velmi důležitou roli, toto odvětví přispívá k hospodářskému rozvoji země stejně, jako páteř slouží k opoře lidského těla. Navzdory tomu, hotelnictví a turistické asociace jsou teprve v primární fázi udržitelného cestovního ruchu. Toto odvětví trpí nedostatkem inovativních nápadů a nových konceptů, které prospějí jak v hledisku dlouhodobém, tak i následně udržitelném. Hlavním účelem této práce je řešit výzvy, kterým čelí řízení cestovního ruchu (hotelnictví) v Nepálu.

V literární rešerši bude autorka psát krátký úvod o Nepálu, cestovním ruchu v Nepálu, manažerských rozhodovacích metodách (v případě hotelnictví), stavu pohostinství a turistických asociací, jako jsou Nepálská turistická kancelář (NTB), Nepálská asociace hotelů (HAS), historii cestovního ruchu v Nepálu a některých hlavních turistických aktivit v Nepálu, celkový příjem hrubých valut v Nepálu, atd. V závěru se autorka pokusí nabídnout případná řešení a také se zmíní o úskalích, se kterými se střetla během této práce.

Klíčová slova:

Řízení cestovního ruchu, řízení v pohostinství, manažerské metody, udržitelný rozvoj, ekonomika Nepálu

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II. List of abbreviations

CIA	Central Intelligence Agency
GDP	Gross Domestic Product
GEFONT	General Federation of Nepalese Trade Unions
HAN	Hotel Association of Nepal
HRM	Human Resource Management
ILO	International Labor Organization
IT	Information Technology
NATHM	Nepal Academy of Tourism and Hotel Management
NIWW	Nepal Independent Workers Union
NMA	Nepal Mountaineering Association
NTB	Nepal Tourism Board
NTHWU	Nepal Tourism and Hotel Workers Union
SAARC	South Asian Association for Regional Cooperation
UNED	National University of Distance Education
UNESCO	United Nations Educational, Scientific and Cultural Organization
WTTC	World Travel and Tourism Council

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1. Introduction

Tourism may be defined as the sum of the processes, activities, and outcomes arising from the relationships and the interactions among tourists, tourism suppliers, host governments, host communities, and surrounding environments that are involved in the attracting, transporting, hosting and management of tourists and other visitors.

(Goeldner and Ritchie, 2006)

“Tourism is increasingly widespread and complex, and sophisticated management is therefore required to realize its full potential as a positive and sustainable economic, ecological, social and cultural force” (David and Laura, 2010). In one of the surveys in 2008, tourism directly and indirectly accounted for more than 10% of the global GDP, which is approximately about \$6 trillion. It is the similar global order of magnitude as agriculture or mining. According to the WTTC, the main organization representing the global tourism industry, 231 million jobs were dependent on the ‘tourism economy’ in 2007.

The above paragraph suggests that tourism can have a huge influence on host destinations as well as transit and origin regions. However, the amount of this impact - which can be either positive or negative - depends on whether tourism is appropriately managed by host governments, communities and business in particular. For a host destination, management helps to control the development of tourism to help fulfill the economic, social, cultural and environmental aspects and strategic goals of the people living in that destination. In contrast, if tourism is allowed to develop without any kind of formal management, experience tells us that the likelihood of negative outcomes is significantly increased. Managers play the key role in running management successfully as he/she plans, organizes, leads, controls his/her team by executing decisions. Decision-making and problem-solving are ongoing processes of evaluating situations or problems, considering alternatives, making choices, and following them up with necessary actions. In the context of Nepal, tourism and hospitality industries are growing very fast and they are one of the primary economic factors of the development of the country. Until now, there was no research on managerial decision-making methods especially in the hospitality

industry. It is necessary to find out the challenges facing managers in tourism (the hospitality sector), their decision-making methods and their influence on the country's economy.

1.1 Aims and objectives:

The following are the aims and objectives of this research:

- To address challenges faced by tourism management (the hotel industry) in Nepal
- To find out the differences in the management system for domestic, regional and international tourist.
- Managerial decision-making methods in the hospitality industry in Nepal

1.2 Research Questions:

Major questions whose answers this research seeks are:

- What is the state of tourism in Nepal?
- What challenges does tourism management face in Nepal?
- What are the benefits and challenges associated with managerial decision-making methods?
- How will these methods influence the tourism industry and the country's economy overall?
- And can these methods help the Nepalese hotel industry to meet the requirements of the international market?

2. Methodology

The research for the topic “Tourism Management and Managerial Decision-Making Methods in Nepal” will be based on the analysis of primary and secondary sources of information. For the primary research, qualitative as well as quantitative research is chosen as the method of analysis. “Qualitative research is characterized by its aims, which relate to understanding some aspect of social life, and its methods which (in general) generate words, rather than numbers, as data for analysis”. These methods aim to search for the answers to the questions like the ‘what’, ‘how’ or ‘why’ of a phenomenon rather than ‘how many’ or ‘how much’ which are answered by quantitative methods. (Nouria Brikci, 2007) This method helps to understand a given research problem or topic from the perspectives of the local population it involves. “The researcher collects open-ended, emerging data with the primary intent of developing themes from the data. The methods of data collection are growing and they increasingly involve active participation by participants and sensitivity to the participants in the study” (Creswell, 2003).

As the aim of this research is to find out the management system and managerial decision-making methods in the hospitality sector in Nepal, the qualitative research method approach seems to be more appropriate for managerial decision-making methods. The primary source of data will be based on interviews with experts in Nepal who have been working and worked as a manager in the hospitality sector. The sampling technique used will be non-probability. Under non-probability sampling the organizers of the inquiry purposely choose the particular units of the universe for constituting a sample on the basis that the small mass that they so select out of a huge one will be typical or representative of the whole (Kothari, 2004). Thus, for the purpose of this research, non-probability sampling has been selected. This does not give information about how many interviews give a particular response but this research is for obtaining an idea of the range of responses on ideas and experiences they share. The author will be choosing 5-10 experts from the hospitality sector for interviews. Interviews will be conducted using methods like field

notes, audio (and sometimes video) recordings and via emails and social media. The author will be choosing the quantitative research method to survey staff from different departments of participating hotels, lodges and resorts in order to find their opinion about the management system and their manager's decisions. The study will be conducted with a set of open-ended as well as close-ended questionnaires. The author estimates that there will be 200 participants.

The secondary sources of information will be various scientific publications, case studies, articles and books. A pilot study was conducted among some participating hotels in Kathmandu Valley in order to get an idea of their interest, state and progress towards hospitality management and managerial decision-making methods. The study was conducted with a set of questionnaires. This study discovered that hospitality management in Nepal is facing many challenges especially due to the political instability of the country and it has to go a long way in order to meet the international standard.

At the end, the author used multi criteria decision analysis method in order to find out the best management system among the researched hotels in Nepal.

3. Literature Review

3.1 Tourism and Hospitality Management

Every year, millions of people travel to all corners of the globe to explore natural or man-made wonders. Due to this reason, tourism and hospitality management emerged from the industry. According to experts' predictions, the IT, telecommunications and tourism industries will dominate the world in the 21st century. Although it is believed that tourism and hospitality management are in the same category, these two management programs have slight differences from one another.

3.1.1 Tourism Management: Concept and Definition

Tourism management includes a wide range of activities, which starts with selling tickets to tourists for guided tours of famous destinations. These activities include the arrangement of comfortable lodging and entertainment for tourists. The tourism industry is “that part of the economy which has a common function of meeting tourist needs from the day they arrive” (Medlik, 1993, p.149). The area of tourism management includes the marketing and managing of various tourist facilities, including destinations, Hotels, resorts, government tourism divisions, airlines, cruises, travel brokers, souvenir shops and much more falls under tourist facilities and destinations.

There are five general areas of tourism management, which are:

- Scanning and sense making
- Planning
- Implementing
- Activity and impact assessing
- Administering (i.e. creating vision and organizational values, training, coordinating and coaching)

3.1.2 Hospitality management: Concept and definition

According to the *Oxford English Dictionary*, hospitality means “the reception and entertainment of guests, visitors or strangers with liberality and good will.” The term hospitality came from hospice, which means a medieval house of rest for travellers and pilgrims. It also refers that the word hospice is related to hospital (an early form of what we now call a nursing home).

Many people believe that hospitality only includes hotels and restaurants, but it also combines other kinds of institutions that offer shelter, food or both to people away from their houses. Other institutions can be private clubs, casinos, resorts, attractions and many more. Other different kinds of departments under hospitality management provide heat, light and power; clean and maintain the premises; supervise staff; prepare and serve food in a way that pleases the guests which includes hygiene as the top priority. Hospitality management expects all of this to be done “with liberality and good will” (Clayton Barrows). Hospitality professions are among the world’s oldest human professions and they engage in making a guest feel welcome and comfortable.

3.1.2.1 There are two main departments of the hospitality industry, which are:

- **Front House** (Those departments which have direct interaction with customers)
 - **Back House** (Those departments which perform their work behind the scenes)
-
- **Food and beverage:** The food and beverage department, which is front house, is responsible for the dining area for services, greeting and making customers comfortable, taking reservations and orders, collecting payments and cleaning dining areas.

- **Front office:** From the name of this department it is clear that it is front house, which fulfils the needs of their guests. Reception, taking reservations, responding to phone calls and taking messages for staff as well as guests, and preparing and processing accounts are some of its responsibilities.
- **Kitchen:** Food production or the kitchen is a back of house department, which prepares meals ordered through in-house restaurants or room service by guests. The food production department staffs are appointed for preparing menus, budgeting, and maintenance of kitchen equipment and so on.
- **Housekeeping:** Housekeeping is one of the important back of house departments as the staffs of this department are responsible for the general hygiene and cleanliness of the hotel. Laundry services, cleaning and servicing guest's rooms, and cleaning public areas are some of their duties in the hotel industry.
- **Gaming:** Gaming is a front house department, which is responsible for providing gaming facilities such as poker machines, etc. Apart from entertaining facilities, their other jobs are keeping minors from gambling and providing the responsible service of gambling.
- **Sales and marketing:** This back of house department sells the products and services of the company. Participating in trade shows, providing advertisements in appropriate media and keeping good contacts with other tourism associations for marketing are some of their major jobs.
- **Human resources:** The human resources department is back of house and is responsible for the daily functioning of the company. Their major responsibilities are recruiting and training staff and keeping their records. Members of this department should have good knowledge of all the appropriate legislation and regulations related to employment.
- **Finance or Accounts:** This back of house department monitors the income and expenditure of the company.
- **Maintenance:** Plumbing, electrical, machinery, general maintenance by hand and landscaping are the major jobs of the members of maintenance, which is back of house department. This department helps the company to keep the company maintained in a safe and reliable manner.

- **Security:** The security department is responsible for the safety and health of their guests as well as the staff of the company.

3.1.2.2 Inter-relationships between departments

In order to run an establishment successfully, the collaborations between departments of that company should work well. For example: The diagram below explains the inter-relationship between the food and beverage, housekeeping and food production department when a guest places an order for room service in a large hotel.

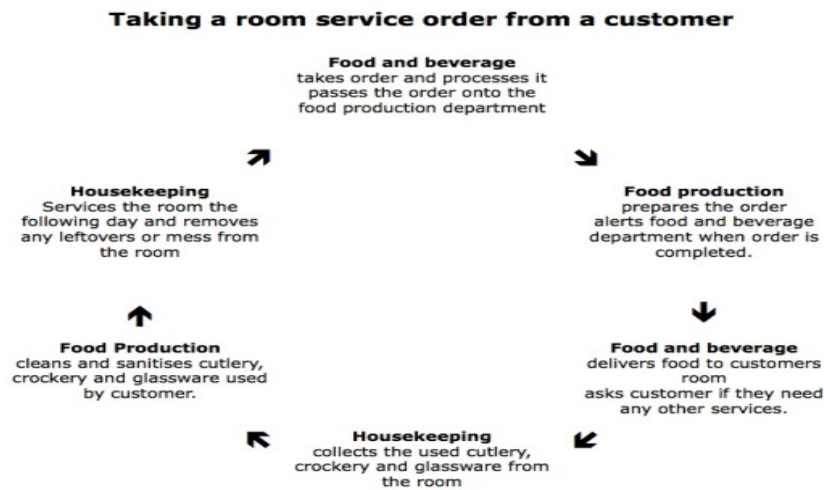


Fig 1: Taking a room service order from a customer

Source: HSC, 2014

3.1.3 Employment in the Tourism and Hospitality Industry

In an economy, tourism and hospitality develops two kinds of employment: direct and indirect. Direct employment refers to those employees providing goods and services directly to visitors and travellers and receiving revenues from them in businesses like

hotels, tour guiding, transportation facilities, and food and beverage companies and so on. Indirect employment refers to those people who produce goods and services for businesses supplying visitors or travellers directly. There are huge number of employees working in the tourism and hospitality services, which require a variety of occupations and skills. In the year 2012, travel and tourism contributed to 9% of the world's GDP (US \$6.6 trillion) and generated over 260 million jobs (1 out of 11 of the world's total jobs) (World Travel and Tourism Council, 2013).

3.1.3.1 High levels of labor turnover: In the field of tourism and the hospitality industry, there is a high rate of labor turnover and employment instability. One can notice the highest number of labor turnover on the operational level and lowest grades of staff. According to the International Labor Organization (ILO) (2001), the Labor turnover rate for operational staff is 51.7% in the US, 30% in Asian countries and 42% in the United Kingdom. Many factors such as seasonality of tourism demand, unpredictable social, economic and political disruptions, internal opportunity for growth, poor working conditions and human resource practices (like bad compensation and benefits, long working hours), better work opportunities in other organizations or industries and lack of a career structure are responsible for the instability of employment and high staff turnover (Arthur Anderson, 2000). According to Rowley and Purcell (2001), there are positive and negative reasons for labor turnover. Local competition for labor, mobility and career progression, changes in ownership and leadership are some examples of positive labor turnover, whereas stress and exhaustion, false expectations and bad management practices are examples of negative labor turnover. In spite of this, arguments are high on the side of those who support labor turnover as it gives flexible employment opportunities to students, school droppers, tourists who are searching for a temporary job, some housewives and seasonal or part-time employees (Boella, 2000; Riley, 1996).

3.1.3.2 Semi-skilled and unskilled kinds of jobs: In the tourism and hospitality industry, jobs can be learned easily and quickly by on-the-job training without formal training and education; hence it does not demand more knowledge and skills. Riley (1996) estimated that almost two-thirds of jobs (64 %) in hotel, restaurant and catering services are unskilled or semi-skilled;

6% managerial, 8% supervisory, and 22% craft (skilled). Therefore, the quality of tourism and hospitality jobs has been questioned because of the low skills profile of jobs. According to Baum's argument, "in developing countries the hospitality industry needs to recruit a much higher level of entrants for many positions, both in terms of educational attainment and all-around skills, than would be the case in more developed countries" (Baum, 1996, p. 208). Baum said further that the reason behind this argument is that people in developed countries are much more familiar with the culture of the tourism and hospitality industry in general and staffs working in these industries are mainly of European and American origin in terms of systems and organizations. But in many developing countries, semi-skilled or unskilled jobs would make up as little as 15-25% of human resources in the hospitality industry.

3.1.3.3 Weak Internal Labor Markets: Internal labor markets means the labor markets within the organizations and external markets means the labor outside of organizations. There are several rules in the internal labor market, which are promotion criteria, training opportunities, pay differentials, examination of jobs and others. According to Riley, there are two types of internal labor markets; strong and weak labor markets. The tourism and hospitality industry falls under weak internal labor markets.

Characteristics of Internal Labor Markets

Structural Features of Strong Internal Labor Markets

- Specified hiring standards
- Single port of entry
- High skill specificity
- Continuous on-job training
- Fixed criteria for promotion and transfer
- Strong workplace customs
- Pay differentials remain fixed over time

Structural Features of Weak Internal Labor Markets

- Unspecified hiring standards
- Multiple ports of entry
- Low skill specificity
- No on-job training
- No fixed criteria for promotion and transfer

- Weak workplace customs
- Pay differentials vary over time

Source: Riley (1996, p. 12)

3.1.3.4 *Employment from the gender point of view:* In many countries, the tourism and hospitality industry is dominated by women employees, so it can be referred as "Feminization of work", which is expected to increase in the future. According to the survey, more than 70% of the workforce in the hospitality industry is composed of women (Woods, 1999). UNED-UK (1999) has estimated that in those countries where tourism is in the primary stage, women generally account for half the workforce in the restaurant, catering and hotel industry. On the other hand, women in the US and UK in managerial jobs was estimated to be around 50%. In many cases, it is reported that women's jobs in this industry are often low-paid, low-skilled, part-time and seasonal. UNED-UK's study (1999) shows that more women work in part-time and temporary jobs than men and there is gender-based income disparity (women are paid about 20% less than men). Women have either "mothering roles" (i. e waitresses, house keeper) or "glamorous roles" (i. e receptionist, sales and marketing staff). In their glamorous roles, women are expected to dress in an attractive manner and to look beautiful. Due to cultural reasons and women's roles in society, women are employed less in this industry in developing countries as compared to developed countries.

3.1.3.5 *Low level of unionization:* In the tourism and hospitality industry, trade union membership has been historically low and the reasons behind this may be the fragmented and heterogeneous nature of the industry; small and medium-sized organizations; hesitance of workers to unite; subcontracting and internships; weak internal labor markets and high labor turnover. The increasing amount of subcontracting or outsourcing helps tourism and hospitality organizations to develop partition; this creates less favourable working conditions for employees, creating almost no unionization and collective bargaining agreements.

3.1.3.6 *Transferability of skills:* It is highly possible in the tourism and hospitality industry to transfer the staff's skills in different sectors within the tourism and hospitality

industry as well as in other occupations in industries such as dealing, banking, and insurance. This can be taken as a major reason for the intra-industry turnover rate and mobility as there is a large number of available workers who can be recruited.

3.1.3.7 Employment of Marginal and Disadvantaged Labor: In the tourism and hospitality industry, it is accused that there is a high proportion of labor force of young, ethnic minority groups and migrant workers who may be considered disadvantaged and marginal in society (Wood, 1997). The ILO (2001) reported that 44% of employees in the tourism and hospitality industry were aged between 16 and 24 years and 25% were between 25-34 years. Reports also revealed that in both developed and developing countries, there are a large number of child labourers (age under 18) in this industry. It is believed that these groups of employees do not stay long in their jobs and some of them might be men on the run, alcoholics, and law breakers and so on.

3.1.3.8 Poor conditions of employment: Long, irregular and unsocial working hours, less payment, huge workloads, routine work, low job security, less promotion opportunities and unprofessional management of employees are the signs of poor employment conditions in the tourism and hospitality industry. There have been cases of high rates of work-related injuries, work-related sickness (stress) and violence in the hotel and tourism sector.

3.1.4 Human Resource Management in the Tourism and Hospitality Industry

In literature, it has been always a question if personnel management, HRM and strategic HRM have the same meaning or if they have some difference between them. Some researchers argue that HRM and personnel management are equal whereas others defend it saying that HRM is broader than personnel management. HRM can be associated with the activities and decisions relating to employee planning, work design and analysis, recruitment and choices, promotion, motivation, appreciating an employee's performance, health and security, team building, training and development and much more. According to

Wood (1997), HRM denotes an organization philosophy that sees employees as a strategic and valuable asset of the organization to be developed; it also means integration of HRM with organizational strategy to attain a competitive advantage and organizational performance.

3.1.4.1 Recruitment and choices: Even though there is an increase in the unemployment rate; this industry faces a continuing shortage of qualified labor, which is one of the biggest problems of management in this industry. Unfortunately, in many cases the process of labor selection is not performed professionally. There are only a few employers who adopt and perform the expert selection techniques, such as group selection procedures and psychological testing.

3.1.4.2 Skills and training: Induction (orientation) and employees training are one of the most careless parts of HRM in the tourism and hospitality industry; despite the fact that it is very important to have such knowledge and skills in order to deliver excellent service. According to many researchers, except a few large scale and multinational companies, there is almost no existence of such induction and training for employees (especially at the managerial level) (Boella, 2000). It is believed that due to high turnovers, large numbers of transitory employees and tight budgets, employers are not willing to invest in training and development. But these days, especially in large and low turnover companies there is an increase in training and development initiatives as service quality, customer satisfaction and loyalty are becoming much more essential.

3.1.4.3 Progress: There is a much smaller possibility to grow and be promoted in this industry because of temporary employment and high turnovers. Lack of progress and development opportunities is a major reason why many qualified and talented employees leave the industry and why others do not enter this profession.

3.1.4.4 Payments: One of the big disadvantages in the tourism and hospitality industry is its poor payment of their employees, particularly in lower and operational level positions, both in developed and developing economies. In 15 European Union countries, salary levels in the hotel, catering and tourism sector are 20% below the average in the European Union. Thus, as a compensation for the smaller payment, workers in tourism and

hospitality get tips from guests, subsidized food and accommodation from employers and sometimes they even engage in some crimes like stealing. But on the other hand, upper level positions like pilots, craftsmen and chefs earn high salaries; in some cases more than other sectors (the agricultural sector in developing countries) (Boella, 2000).

3.1.4.5 Management styles: It is strongly agreed that in the tourism and hospitality industry exist "Hierarchical" and "Autocratic" management styles. There are mainly two reasons behind this; the first is that managers in tourism and hospitality organizations are known to be poorly equipped to manage professionally, and secondly "unbridled individualism" which means a high level of management prerogative due to the lack of a strong internal labor market and unionized labor force (Lucas, 1996).

3.1.4.6 Other drawbacks: Harassment and bullying, low job security and payments, long and unsocial working hours, a very forceful and demanding attitude from top level employers, heavy workloads and stress, labor shortage and poor staff, low quality of life and other things are the reasons behind the poor human resource practices in the tourism and hospitality industry.

3.1.4.7 HRM and Business Strategy: As for the philosophy that "people are an organization's most important asset" and the integration of HRM with business strategy, the outlook is not very positive either. Except for some selected large organizations, tourism and hospitality organizations rarely adopt a strategic approach to the management of human resources. Labor is seen as a cost to be minimized and not as an asset (Buick and Muthu, 1997). Only those foreign and internationally owned companies seem to have experienced and highly developed HRM policies and practices.

3.1.5 The special roles of managers in the hospitality industry

Managers in hospitality industries have the same tasks, whether it is in their home country or in a foreign country; it is his/ her duty to create short-term and long-term profitability and success. Managers are generally responsible for taking care of any issues that employees and supervisors report to them. The manager's role in hospitality

management is quite challenging whether in a casino, school lunch program, five-star hotel, or business conference, and managers have to be skilled and smart enough to handle almost everything that comes on their way. Hospitality managers are in charge of securing raw materials, producing a product or service, and selling it – all under the same roof. It is important for those managers to stay involved in the hospitality trade association that mostly related to the hospitality segment. National Restaurant Association (NRA), International Hotel Association (IHA) and others (Hayes and Ninemeier, 2009).

3.1.5.1 Decisional roles: Decisional roles relate to making strategic organizational decisions on the basis of the manager's status and authority, and access to information.

- **The entrepreneurial role:** It is the manager's function to initiate and plan controlled change through utilizing opportunities or solving problems, and taking necessary action to improve the existing situation. For example by introducing a wider range of low-season offers or improving productivity.
- **The disturbance handler role:** It means the manager's action to involuntary situations and unpredictable events. For example: a case of theft or attack on guests, strikes from the employees' side and so on.
- **The resource allocator role:** It means how the manager makes his/her decision regarding the allocation of resources such as money, time, and materials and staffing. For example: to make a decision between enlarging the leisure facilities and improving conference facilities.
- **The negotiator role:** The manager should be able to negotiate with employees and organizations in different situations. For example: a new salary agreement with staff or trade unions, or negotiations with new suppliers or agencies (Mullins, 2001, p. 107).

3.1.6 The Manager as a Decision Maker

3.1.6.1 Decision making: It is the process by which managers react to opportunities and threats by examining options, and making decisions about aims. A decision in

response to opportunities is when a manager responds to ways to improve organizational performance, whereas a decision in response to threats occurs when managers are affected by unfavourable situations to the organization.

Types of Decision Making:

- Programmed Decisions: Programmed decisions are those decisions which managers has made many times before and he/she is familiar with them. There are rules or guidelines available to follow. For example: To reorder furniture and cutlery sets for the food and beverage department.
- Non-programmed Decisions: Those decisions, which do not have any rules to follow as they are completely new. These kinds of decisions are made based on information available and the manager's intuition and judgment. For example: Should we invest in a new marketing method?

3.1.6.2 Decision making steps



Fig 2: Decision making steps

Source: Irwin/ McGraw (2000)

- **Recognize the need for a decision:** Managers must first realize that a decision has to be taken.
- **Generate alternatives:** Managers should be able to come up with practical alternative courses of action. If good options are missed, the resulting decision is poor. Sometimes it is difficult to develop creative options; hence managers need to search for new ideas.
- **Evaluate alternatives:** Managers must evaluate the advantages and disadvantages of options.
- **Make a choice among alternatives:** After considering all information, managers need to rank alternatives and finally make a decision.
- **Implement a chosen alternative:** Managers must now apply the alternative effectively.
- **Learn from feedback:** Managers should think about the positive and negative aspects of the decision made and learn from them for the future.

3.2 State of Hospitality in Nepal

3.2.1 Introduction to Nepal



Fig 3: Map of Nepal

Source: Emerson Kent (2011)

Covered by the greatest heights of the Himalaya, Nepal is where the ice-cold of the mountains meets the steamy heat of the Indian plains. It is a landlocked country sandwiched between India and the Tibetan autonomous Region of the People's Republic of China. Although Nepal is a small country, it shines on the map of the world with the world's many tallest mountains, including Mt. Everest (8,848 meters). In total, Nepal hosts the eight highest Himalayan peaks out of the ten in the world that are above 8,000 meters in height (Country Facts and Information, 2004; Lonely Planet, 2012). Nepal has a total land area of about 147,181sq.km, including the water area of the country which is 3,830 sq.km. Geographically, Nepal is divided into three main regions: the Himalayan region, the Hilly region and the Terai region.

Administratively, Nepal is divided into five development regions, fourteen zones and seventy-five districts. The five development regions are called Eastern, Central, Western, Mid-western and Far western. There is a huge difference in the climatic condition

in Nepal due to altitudinal variation in the tropical, sub-tropical and alpine areas. Usually a tropical climate exists in areas with an altitude of up to 1000 meters, in the mountain region (1000 meters – 2500 meters) a sub-tropical climate prevails with a cool temperate climate in the zone (2500 meters – 4000meters) region, and above that an arctic climate prevails. The temperature differs in different regions. The country's capital Kathmandu, which is located at an altitude of 1300 meters, has an average summer and winter temperature of 27°C to 19°C and 20°C to 2°C respectively (Bhatt, 2006).

According to the preliminary result of the National Population Census 2011 on 27th September 2011, the total Nepalese population is 26.6 million. According to the same result, it also showed that Kathmandu, which is the capital of Nepal, has the largest population of 1.7 million (CBS, 2012). Nepal is among one of the poorest countries in the world and currently ranks top 5 poorest countries in Asia. Increasing access to electricity in a timely and cost-effective manner is one of the most significant challenges facing Nepal today. Despite having one of the largest untapped hydropower resources in the world - an estimated 83,000 MW potential - Nepal is facing daily power cut-offs especially during the dry season (World Bank 2012).

If we consider economics, Nepal is a less developed country with a per capita income of US\$645 (Economic Survey 2011) and agriculture is considered to be the main economic activity followed by other activities such as trade, commerce, manufacturing and services. The main sources of foreign exchange are merchandise export, tourism, services and remittance. In earlier years, it used to be Gorkha remittance and presently the remittance is increasing rapidly with the increase of Nepali workers going abroad in larger numbers each year. In the next couple of years, the economy is going to be remittance dominated. About 3% of GDP is covered by tourism (Destination Nepal – Travel Manual, 2003).

Nepal was declared a federal republic after the king was dethroned in December 2007. According to the CIA World Fact Book (2012) shows that the ethnic groups in Nepal include Chettri 15.5%, Brahman 12.5%, Magar 7%, Tharu 6.6%, Tamang 5.5%, Newar 5.4%, Muslim 4.2%, Kami 3.9%, 32.7% other and unspecified 2.8% unspecified. The multiethnic country is composed of about 40 ethnic groups and about 70 different

spoken languages. Nepali is the official language of the country. About 80% of Nepalese people follow Hinduism, 10.7% Buddhism, 4.2% Muslim, 3.6% Kirant and 0.9% other. The literacy rate is 60.3% (CIA the World Fact Book 2011). Nepal is the only country where Hindu and Buddhist cultures coexist hand in hand, which is rarely seen anywhere in this modern world. One can see Buddhist monasteries and by the side Hindu deities shining with their charm. Swayambhunath, which is situated in Kathmandu, is one of the good examples for this.

Political instability has been the main concern for the country during the last two decades. Nepal has had twenty governments since the introduction of democracy in 1990. Nepal is still trying to recover from the conflicts with some aftershocks. The conflicts and the prolonged transition to peace and stability have slowed the development of some state institutions (World Bank, 2012).

3.2.2 Review of Tourism in Nepal

Tourism is a recent phenomenon in Nepal. The rapid growth of tourism in the world started only after World War II; Nepal opened its gate to international tourists only towards the end of the 1950s, after the light of democracy shone on Nepal. Before that, Nepal was a completely isolated country.

In the medieval era, the Malla period was considered to be important from a tourism point of view. Mallas are well known for their rich art and architecture of that period (still attracting thousands of tourists each year around the globe) which have attracted international tourists significantly. In the earlier days, Chinese, Tibetans and Indians used to be the foreign visitors in Nepal with mainly religious and commercial purposes. For example: Chinese and Tibetans to visit Lumbini (the birth place of Buddha) and Indians to visit Pashupatinath Temple (one of the biggest temples of Lord Shiva) (Agrawal 2006).

King Prithvi Narayan Shah, who unified Nepal, gave a new dimension to travel and tourism in the country. Only 153 Europeans visited Nepal in the 45 years between 1881

and 1925. In the first quarter of the 20th century, only seven foreign populations were limited in Nepal. They were the British diplomat, his niece, an English electrical engineer employed in the Nepal Government State service, his wife and two children and a Swiss nurse named Leuetagh, Erica in the Royal Palace. “An Account of the Kingdom of Nepal”, a book written by Captain Kirkpatrick who visited Nepal as a military official in 1992, was known to be significant as this book introduced Nepal to outsiders (Shrestha, 2002; Bhatt, 2006). Afterwards, other personalities like Dr. Wallich (who visited Nepal in 1817 AD after the Sugauli Treaty and explored Nepalese flora), naturalists like Sir Brian Hodgson, Buchanon Hemilton and Sir Joseph Hooker visited Nepal and continued to explore Nepal’s wildlife. Other guests such as King Georg V and Prince of Wales visited Nepal to hunt tigers. Many books such as "Forests of Nepal" and "Nepal" were published, which contributed to the exploration of Nepal around the world. There used to be restrictions for international citizens to visit Nepal because of the Rana regime autocracy and Nepal was a "forbidden land" (Shrestha, 2000; Bhatta, 2006).

After the repression of the 104-year-long autocratic Rana regime, Nepal first opened its gate for outside world and began to draw the attention of foreigners and tourism started to take off. Tourism has become the most important economic activity for Nepalese people. “It is an economic backbone of the country and has been priority-wise placed at the fourth position in the Ninth Five-Year Development Plan (1997-2002)” (Agrawal, 2006). Therefore, in the true sense, the popularity of tourism started only after 1950. Many basic infrastructures such as roadways, airports, and institutions to promote tourism were built and set up to develop tourism in Nepal. The Tourism Development Board (currently known as the Nepal Tourism Board) was established, which was followed by data system development, plans and policies formulation.

Although Nepal is ranked as one of the poorest and least developed countries in the world, its unique combination of ancient cultures and awe-inspiring physical beauty makes it one of the richest and most attractive places on earth. Presently, Nepal is not just the destination for backpackers but midrange travellers as well. With the increase in qualities of hotels, resorts and other tourist business, there are good responses from visitors as well. The Nepal Tourism Board (2003-2004) highlighted that Nepal to the outside world is often seen as a Himalayan country or a range of ethnic people. Nepal still needs to be fully

exposed to the world, which might be done by using marketing as a tool. In spite of being a small nation in size, Nepal has an unexpectedly wide range of cultures, features, exotic destinations and rare species of birds, animals and flowers. Visitors consistently mention the immense friendliness and hospitality of Nepalese people as one of the most memorable features of their time in Nepal (according to the survey). According to UNESCO World Heritage Sites, Nepal is referred to as a "Living World Heritage" because it has the world's highest densest concentration (in a 20-kilometer radius of the Kathmandu Valley).

The Nepal Tourism Board has been visualized as a development tool. The Community Based Tourism (CBT) in Nepal is known as one of the important industries for sustainable development and empowerment (Pandey, 2011).

Year	Total		By Air		By Land		Average Length of Stay
	Number	Annual Growth Rate (%)	Number	Percent	Number	Percent	
1995	363,395	11.3	325,035	89.4	38,360	10.6	11.27
1996	393,613	8.3	343,246	87.2	50,367	12.8	13.50
1997	421,857	7.2	371,145	88.0	50,712	12.0	10.49
1998	463,684	9.9	398,008	85.8	65,676	14.2	10.76
1999	491,504	6.0	421,243	85.7	70,261	14.3	12.28

2000	463,646	-5.7	376,914	81.3	86,732	18.7	11.88
2001	361,237	-22.1	299,514	82.9	61,723	17.1	11.93
2002	275,468	-23.7	218,660	79.4	56,808	20.6	7.92
2003	338,132	22.7	275,438	81.5	62,694	18.5	9.60
2004	385,297	13.9	297,335	77.2	87,962	22.8	13.51
2005	375,398	-2.6	277,346	73.9	98,052	26.1	9.09
2006	383,926	2.3	283,819	73.9	100,107	26.1	10.20
2007	526,705	37.2	360,713	68.5	165,992	31.5	11.96
2008	500,277	-5.0	374,661	74.9	125,616	25.1	11.78
2009	509,956	1.9	379,322	74.4	130,634	25.6	11.32
2010	602,867	18.2	448,800	74.4	154,067	25.6	12.67
2011	736,215	22.1	545,221	74.1	190,994	25.9	13.12
2012	803,092	9.1	598,258	74.5	204,834	25.5	12.16

Table 1: Annual Tourist Arrival in Nepal (1995-2012)

Source: Nepal Tourism Board (2012)

In the above mentioned table, it is evident that the growth rate of tourism has been varying each year. Due to the Guerilla War (Maoist problem), in the past few years it was very hard to predict the arrival of foreigners in Nepal. The Maoist problem went on almost 10 years, which created some serious damage in rural parts of Nepal. The path of

development was suddenly affected and slowed down badly. This problem automatically led to terrorism, political instability and international economic depression. However, after the war Nepal is trying to embrace a fragile transition, the Nepalese government is attempting to support tourism more effectively by introducing a new tourism policy. According to Dr. Khatiwoda (2011), the annual tourist arrivals by airway have increased by 21.1 %. And in the year 2011 (Nepal Visit 2011 Program), the amount of tourist arrivals increased by 12.9%. During this program, there was an increase in international airlines and flight frequencies and a reduction in strikes and road blockades. And as a result, it has helped to increase the income of hotel and restaurant services of the country.

As we can see in the table, from the year 2003, there was a positive increase in the number of tourists arriving in Nepal. And in the years of 2007 – 2011, the high number showed a remarkable growth of 22.1%. The average length of stay was steadily declining from the year 1996 and also from the year 2000 – 2002 the average growth had a negative trend. During the year 2000, tourist arrival decreased by -5.7%. It kept on fluctuating, for example in the year 2003 the average length of stay was 9.6 whereas in the year 2004 it was 13.5, and again in the respective years 2005 and 2006 it was low, but after 2007 it again got higher. According to the statistical data, in the year 1999 was recorded highest number of foreigners visited Nepal (4, 91, 504), which rapidly declined till 2003. However, the year 2004 recorded 3, 85, 297 visitors, which is high. The reason behind such declination can be that international visitors were more attracted to other destinations such as Europe, Africa, the Middle East or elsewhere (Bhatt, 2006).

The Nepal Tourism Board (2011) mentioned that the year 2011 was a successful year for tourism and the number of Nepal visitors increased by 20.4%, and that year Nepal hosted 96, 216 more visitors.

Nationalities	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Australia	10,455	7,159	7,916	9,671	7,093	8,231	12,369	13,846	15,461	16,243	19,824	22,030
%	2.9	2.6	2.3	2.5	1.9	2.1	2.3	2.8	3.0	2.7	2.7	2.7
Austria	4,164	3,140	3,025	4,341	3,007	3,474	4,473	3,540	3,245	3,389	3,998	3,797
%	1.2	1.1	0.9	1.1	0.8	0.9	0.8	0.7	0.6	0.6	0.5	0.5
Canada	7,068	3,747	4,154	4,825	4,168	4,733	7,399	8,132	8,965	9,322	11,404	13,507
%	2.0	1.4	1.2	1.3	1.1	1.2	1.4	1.6	1.8	1.5	1.5	1.7
China	8,738	8,715	7,562	13,326	22,377	17,538	28,618	35,166	32,272	46,360	61,917	71,861
%	2.4	3.2	2.2	3.5	6.0	4.6	5.4	7.0	6.3	7.7	8.4	8.9
Denmark	3,854	2,040	2,178	2,633	1,770	1,956	3,157	3,847	4,464	4,359	6,138	7,118
%	1.1	0.7	0.6	0.7	0.5	0.5	0.6	0.8	0.9	0.7	0.8	0.9
France	21,187	13,376	15,865	18,938	14,108	14,835	20,250	22,402	22,154	24,550	26,720	28,805
%	5.9	4.9	4.7	4.9	3.8	3.9	3.8	4.5	4.3	4.1	3.6	3.6
Germany	21,577	15,774	14,866	16,025	14,345	14,361	21,323	18,552	19,246	22,583	27,472	30,409
%	6.0	5.7	4.4	4.2	3.8	3.7	4.0	3.7	3.8	3.7	3.7	3.8
India	64,320	66,777	86,363	90,326	95,685	93,722	96,010	91,177	93,884	120,898	149,504	165,815
%	17.8	24.2	25.5	23.4	25.5	24.4	18.2	18.2	18.4	20.1	20.3	20.6
Italy	8,745	8,057	8,243	12,376	8,785	7,736	11,243	7,914	7,982	10,226	12,621	14,614
%	2.4	2.9	2.4	3.2	2.3	2.0	2.1	1.6	1.6	1.7	1.7	1.8
Japan	28,830	23,223	27,412	24,231	18,239	22,242	27,058	23,383	22,445	23,332	26,283	28,642
%	8.0	8.4	8.1	6.3	4.9	5.8	5.1	4.7	4.4	3.9	3.6	3.6
Netherlands	13,662	8,306	8,443	11,160	8,947	7,207	10,589	10,900	11,147	13,471	16,836	15,445
%	3.8	3.0	2.5	2.9	2.4	1.9	2.0	2.2	2.2	2.2	2.3	1.9
Spain	5,897	5,267	8,265	11,767	8,891	10,377	15,672	13,851	13,006	13,712	16,037	14,549
%	1.6	1.9	2.4	3.1	2.4	2.7	3.0	2.8	2.6	2.3	2.2	1.8
Switzerland	5,649	3,352	3,246	3,788	3,163	3,559	5,238	5,186	5,281	5,320	11,020	7,046
%	1.6	1.2	1.0	1.0	0.8	0.9	1.0	1.0	1.0	1	1	1

Sri Lanka	9,844	9,805	13,930	16,124	18,770	27,413	49,947	37,817	36,362	45,531	59,884	69,476
%	2.7	3.6	4.1	4.2	5.0	7.1	9.5	7.6	7.1	7.6	8.1	8.7
U.S.A.	32,052	17,518	18,838	20,680	18,539	19,833	29,783	30,076	32,043	36,425	42,875	48,985
%	8.9	6.4	5.6	5.4	4.9	5.2	5.7	6.0	6.3	6.0	5.8	6.1
U.K.	33,533	21,007	22,101	24,667	25,151	22,708	32,367	33,658	35,382	35,091	39,091	41,294
%	9.3	7.6	6.5	6.4	6.7	5.9	6.1	6.7	6.9	5.8	5.3	5.1
Others	81,662	58,205	85,725	100,419	102,360	99,996	147,694	136,823	140,574	168,590	179,158	214,638
%	22.6	21.1	25.4	26.1	27.3	26.0	28.0	27.3	27.6	28.0	24.3	26.7
Not Specified	-	-	-	-	-	4,005	3,515	4,007	6,043	3,465	25,433	5,061
%	-	-	-	-	-	1.0	0.7	0.8	1.2	0.6	3.5	0.6
Total	361,237	275,468	338,132	385,297	375,398	383,926	526,705	500,277	509,956	602,867	736,215	803,092
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 2: Tourist arrival by major nationalities, 2001-2012

Source: Nepal Tourism Board, 2012

About 10 years back, tourists from the United Kingdom (9.3%) followed by the U.S.A. (8.9%) used to be the main visitors in Nepal. There were huge numbers of European tourists from countries like France, the Netherlands and Germany. And from Asia, Japan was also on the list of the same massive tourists. However, one can notice that this trend has changed from the year 2006. India and China hold the main visitors title, whereas tourists from the U.K (5.9%) and the U.S.A (5.2%) has decreased. It was recorded that the visitors arrivals from India and other countries have increased by 40.4% and 15.9% respectively during the fiscal year of 2012/2011 (Nepal Rastra Bank, n.d). There is still a low number of visitors from European countries to Nepal.

It is also noticeable that the number of visitors from SAARC Asian countries increased and the total number was 247, 387 and the percentage change was 32.10%, which is very impressive. And also the number of tourists from other Asian countries, Europe, Oceania and the Americas was also higher than in the year 2010 (Nepal Tourism Board, 2011). This progress is considered to be very important for Nepal as it is struggling to bounce back after the Maoist problem and trying to regain its image in the world tourism market.

In earlier years, tourists used to visit Nepal mainly for "holidays/pleasure" and trekking was almost negligible till the early 1970s. After the mid-1970s, trekking and mountaineering became popular among tourists.

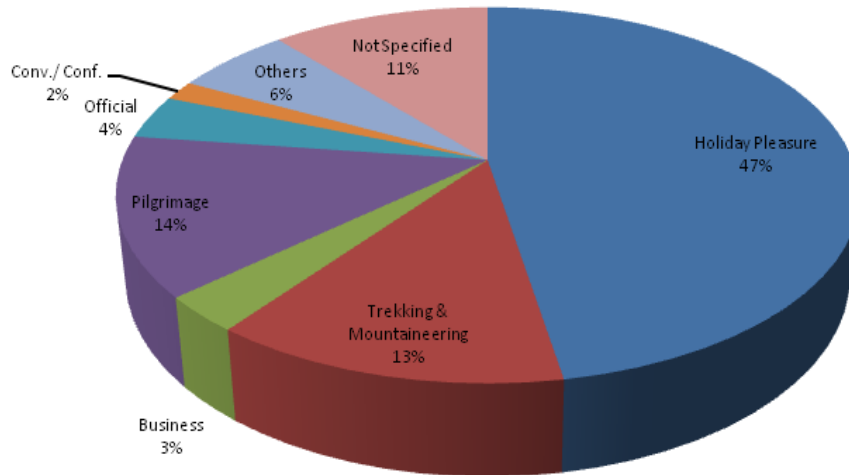


Fig 4: Purpose to visit Nepal

Source: Ministry of Culture, Tourism and Civil Aviation Nepal (2012)

As we can see in the above chart, holiday and pleasure is the main motive of visitors in Nepal which occupies the first place (47%). Tourists come to relax, explore the natural beauty of the country, and experience Nepalese culture and hospitality. As Nepal is very famous for its high Himalayas and wonderful trekking routes, it is attracting more and more tourists each year around the globe (13%). It is the second reason why Nepal is such a famous destination for visitors around the world. And also Nepal is famous for Pilgrimage tourism; Nepal has more tourists from countries like India, China, Tibet, Thailand and Srilanka (14%). However, the other motives of visits to Nepal are in decreasing order followed by not specified (11%), other (6%), official (4%), business (3%), and conference (2%).

Year	Total Earning		% Change in US\$	Average Income per Capita in US\$	Average Income Per Visitor Per day in US\$
	US \$ ('000)	Rs.('000)			
2000	166,847	11,827,403	-0.7	453.7	38.2
2001	140,276	10,468,205	-15.9	472.4	39.6
2002	106,822	8,300,553	-23.8	512.0	64.8
2003	192,832	14,508,396	80.5	765.9	79.1
2004	179,941	13,146,534	-6.7	609.8	45.1
2005	148,441	10,600,345	-17.5	532.0	58.5
2006	162,790	11,784,644	9.7	561.0	55.0
2007	230,617	15,185,071	41.7	535.0	45.0
2008	351,968	24,802,195	52.6	860.3	73.0
2009	377,172	28,996,950	7.2	739.6	65.3
2010	329,982	23,428,700	-12.5	547.4	43.2
2011	368,773	28,764,300	11.8	500.9	38.2
2012	356,725	30,500,020	-3.3	432.7	35.6

Note: 1US\$=85.5 NRs. In 2068/69

Table 3: Gross Foreign Exchange Earnings, 2000-2012

Source: Foreign exchange management department, Nepal Rastra Bank

As it is clearly shown in the above table, Nepal's total earnings from Gross Foreign Exchange in the fiscal year of 2000 A.D. amounted to US\$166,847, which had a change of -0.7% compared to the previous year. In the following two years, 2001 and 2002 A.D.,

Foreign Exchange Earnings also decreased by US\$ 140, 276 and US\$ 106, 822 respectively. However, the fiscal year 2011A.D. is considered to be remarkable as it shows high earnings and a positive change in US\$ 368, 773.

3.2.3 Main Tourist Actions in Nepal

3.2.3.1 Mountaineering: Mountaineering in Nepal is one of the fundamental activities which place Nepal as number one in high altitude mountaineering with no equal. Nepal hosts over 1310 snow-capped peaks with eight out of the fourteen highest peaks above 8000meters attracting mountaineers all over the globe. There are many dream peaks which are suitable for short expeditions for different levels of climber experience. From the early days until today, mountaineering expedition requires a high fitness level, resolution, ability to co-operate with a team for over 4-6 weeks, manage weeks of isolation and psychological balance. In the year 1953, the highest peak of the world, Mount Everest, was conquered by Sir Edmund Hillary and the Sherpa Tensing Norgay (Snowy Horizon, 2012).

3.2.3.2 Trekking: Trekking is a great way to explore Nepal's diverse culture and natural beauty. One can truly experience the life that comes across along the way enjoying beautiful scenery, living without the facilities available on route and enjoying the closeness with the natural environment. To trek, one does not have to be a mountaineer or an athlete but just needs to have a pair of strong legs and the spirit of adventure. The Everest base camp trek (20 days), Upper Mustang trip (22 days), Annapurna base camp (18days) and Nepal Panorama (16 days) are some of the famous trekking destinations in Nepal.

3.2.3.3 Mountain flights: Mountain flights offer a marvellous view of the Himalayan peaks, especially for those who are restricted by time or any other problems from going trekking. One can experience a magical panoramic view of the highest peaks on earth. These flights take an hour, with four domestic airlines serving such as Agni Airlines, Buddha Airlines, Guna Airlines and Yeti Airlines.

3.2.3.4 Bungee Jumping: Bungee jumping in Nepal is considered among the best in the world. One of the most famous destinations for it is located close to the Nepal-Tibet border, which is 160 meters over the wild Bhote Koshi River. It is about a three-hour drive from the capital Kathmandu. This site is designed by one of the leading bungee consultants of New Zealand and they are very serious about the safety of their clients. The bridge has a 4 X safety factor, just like four sigma in the British grading system. The bridge has the capacity to hold 41,500kg or 4.5 tons of payloads per square meters. It is built using 6400 meters of wire and is the longest bridge in Nepal.

3.2.3.5 Paragliding: Nepal is a favorite place for paragliding around the world. It is a dream comes true for those who seek some beautiful adventure. Paragliding is rather a new adventure sport in Nepal. Flying high in the air above the snow-covered Himalayas and beautiful lakes is a lifetime memory. Paragliding is mainly done in Pokhara Valley, near the Annapurna Range. Now, one can experience parahawking in Pokhara Valley, in which hunter birds like eagles, vultures and kites are trained to fly with paragliders.

3.2.3.6 Mountain Biking: Another great way to explore Nepal is through bikes. Mountain bikes can be rented easily in Kathmandu and Pokhara along with good route information and well-organized tours. Mountain bikes are not just for those who likes extreme adventures planning off-road Himalayan routes but also for those who simply like to see the villages under the Himalayas, the small towns and lifestyle there and much more. Kathmandu Valley's slopes are quite easy and the Terai region is just plain flat. The longer and more scenic ways do tend to require a high level of fitness (Rough guides, 2013).

3.2.3.7 Jungle Safari: Nepal has got sixteen national parks, wildlife reserves and conservation areas which occupy about 16% of its total geographical area. Nepal is a country of exceptional biodiversity and a beautiful natural environment. Nepal offers amazing scenic views of some of the rarest and most endangered wildlife species on earth. There are more than 43 mammal species, 450 bird species, and more than 45 species of amphibians and reptiles. After long and tiring trekking, a jungle safari is the ideal way to relax and mix with an environment of green jungles. A jungle safari is also a very popular activity with family members as well. Chitwan National Park is the country's most popular national park offering a terrific opportunity to encounter Royal Bengal tigers, one-horned

rhinos, crocodiles and many other animals while riding on an elephant (Nepal – Safari 2013).

3.2.3.8 Bird watching: Over 8% of the world's birds can be found in Nepal. There are more than 848 species of birds in Nepal. Nepal's diverse topography and climate are the main reasons for these varieties of birds. Birds such as the Impeyan Pheasant and Spiny Babler, which are considered endangered birds, are found only in Nepal. In Kathmandu Valley, places like Phulchoki, Godavari, Nagarjun, Bagmati River, and Taudada are most popular for bird-watching spots. Other birds which can be seen are egrets, 8 species of stork, woodpeckers, black-headed shrikes, 17 species of cuckoo, 3 species of crow and 6 species of pheasant. The best time to visit Nepal for bird watching is March and December (Ethnic Himalaya, 2013).

3.2.3.9 Rock climbing: Rock climbing is one of the tough outdoor sports. In Nepal, most of the rock climbing venues is situated towards the north of Kathmandu in the Nagarjun forest and Shivapuri National Park. In Pokhara, one can try an artificial climbing wall which was built in memory of French alpinist Maurice Herzog, the first mountaineer ever to summit the 8,000-meter peak (Annapurna) in 1950 (Naturally Nepal, 2013).

3.2.3.10 Rafting / Canoeing / Kayaking: Thanks to Nepal's mountainous steep area, Nepal is rich in some of the best white waters in the world. During rafting, one can see the amazing traditional houses, terraced paddy fields, deep gorges and flat plains. The rapids are graded on a scale of 1-6 depending on their ferocity. The Trishuli River (grade 3+) is the most famous among the raftable rivers. Other popular rivers include the Kali Gandaki (4-4+) near Pokhara, Bhote Koshi (4-5), Marshyangdi (4-5+), Karnali (4-5) and the Sun Koshi (4-5), which runs 270 km and requires about eight to ten days (Naturally Nepal, 2013).

3.2.3.11 UNESCO World Heritage Sites: Nepal is a small Himalayan kingdom which is blessed with exceptional beauty where variety lies everywhere. The country, which is situated on the lap of the majestic Himalayas, is well known for its extremely beautiful natural landscapes, iconic historical monuments and beautiful temples, and a unique and dynamic culture. You can find adventure, religion, architecture and heritage on

the same platter of this incredible country. Currently, Nepal holds a high number of places recognized by UNESCO (United Nations Educational Scientific Cultural Organization) as “World Heritage Sites”. Together there are ten World Heritage Sites in Nepal; out of these, seven are in Kathmandu itself. This list includes both natural and cultural sites.

3.2.3.12 Cultural Sites : The seven historic and artistic achievements during the Malla dynasty which are famous around the globe are Kathmandu (Hanuman Dhoka), Patan (Lalitpur) and Bhaktapur Durbar Squares, the Buddhist stupas of Swayambhunath and Bouddhath, and the Hindu temples of Pashupati and Changu Narayan.

3.2.3.13 Natural Sites: Chitwan National Park and Sagarmatha National Park are among those national parks which are included in the World Heritage Sites. These are exceptional areas with breathtaking mountains, glaciers and deep valleys. They are the home of many rare species such as the snow leopard, the lesser panda, the Royal Bengal tiger, and the one-horned Asiatic rhinoceros.

3.2.3.14 Pilgrimage Sites: Even though Hinduism is the dominant religion (more than 80%) in Nepal, Hinduism and Buddhism has co- existed in peace and harmony in Nepal like nowhere else in the world. There are several Buddhist monasteries, shrines and Hindu temples which are equally cherished by both Hindus and Buddhists. The holiest of the holy temples of Hindus, which is known as Pashupatinath, is situated in Kathmandu Valley and the birth place of Lord Buddha, which is located in Lumbini, is the most sacred place for Buddhists. In the district of Rupandehi, there are monasteries and caves where Guru Rinpoche or Padmasambhava are believed to have meditated. Other famous destinations for religious tourists are the temple of Muktinath, Gosainkunda and others. These famous pilgrimage sites are visited by a huge amount of pilgrims during specific festivals and occasions. During the festival of Shivaratri, thousands of tourists mainly from India and Sri Lanka visit the Pashupatinath temple.

3.2.4 Tourism and Hospitality Industries in Nepal

The fast-growing number of hotels and hotel beds is an essential indicator of development of tourism and hospitality industries in Nepal. Despite the fact that Nepal lacks international standard accommodation, accessibility and other supplementary facilities and services, tourists are attracted by its exceptional combination of natural, cultural and historical attractions and have been of the favourite tourist destinations in the world.

In the year 1955, a Russian hotel owner named Mr. Boris Lissanevitch established the "Royal Hotel" with 40 rooms and 50 beds, which can be taken as the official growth of accommodation facilities in Nepal (Satyal, 2004 and Sedai, 2011). Different development programs were planned to support the hotel industry in Nepal. It took more time to expand the tourism industry in other cities (1962 - 1966), which were Pokhara and Lumbini, than in Kathmandu.

According to Tourist Accommodation Enterprises, which is based on the provisions set in the existing Act, Regulation, Directives and Procedures, we can divide the accommodation system into the following groups in Nepal:

1. Tourist Class Hotels (TCH) or Tourist Standard Hotels (TSH), Lodges
2. Resorts (Wild Safari Resort, Himalayan Resort)
3. Star Hotels (1 – 5 stars) and,
4. Home stays or paying guests (takes into account quality and hospitality level)

Criteria	Classification								
	Non-star category				Star Category				
	Homestay	TSH	Lodge	Resorts	1 star	2 star	3 star	4 star	5 star
Physical Location	Homely Environment	Any suitable place	Any suitable place	Far from dense settlement	Any suitable place with good views, adequate space, drainage facilities				
Room size (minimum)	1*	10	5	Flexible	15	20	30	50	70
Bed size (minimum)	At least 2								
Bathroom and Toilet (minimum)	1	25% room**	25% room**	2 to 3	25% room***	All	All	All	All

* =Maximum room per home stay is 4

**= additionally there must be 1 toilet and bathroom for each 4 rooms

***= Also equipped with fixture and amenities. Additional restroom separate for men and women at the nearby areas of reception.

Table 4: Basic physical criteria set for the classification of tourist accommodations

Source: Sedai, 2011

From the above table, we can see the basic criteria of classification of tourist accommodation in Nepal. It is divided into two categories such as Non-star and Star. The Non-star category includes home stay, TSH, lodges and resorts whereas the Star category includes all hotels with one to five stars. Each accommodation is shown according to their required criteria like physical location, room size (min), bed size (min) and bathroom and toilet (min). For home stays, it should be a homely environment with a minimum room size of one, at least two beds and one toilet. For TSH, it should be any suitable place according to the guest's comfort with a minimum ten room size of ten and the bathroom and toilet must be 25% of the room. For lodges, it is almost the same criteria as TSH but only a room size of five is needed. And for resorts, it should be far from a dense settlement where visitors can feel nature and freshness. The room size should be flexible and the bathroom

and toilet should be 2 to 3. And on the other hand, all-star category hotels should have good views and services and be hygienic and comfortable.

Category	No. of Hotels			No. of Rooms			No. of Beds		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
Five Star	8	8	8	1,539	1,539	1,539	2,897	2,897	2,897
Four Star	2	2	2	190	190	190	362	362	362
Three Star	13	15	15	501	596	596	957	1,107	1,107
Two Star	28	29	29	1,183	1,213	1,213	2,348	2,396	2,396
One Star	26	26	26	564	564	564	1,374	1,374	1,374
Tourist standard	387	423	442	5,903	6,650	6,985	11,525	12,805	13,362
Total	464	503	522	9,880	10,752	11,087	19,463	20,941	21,498

Table 5: Hotel Accommodations in Kathmandu Valley, 2010-2012

Source: Nepal Tourism Board, 2012

3.2.5 Tourism Associations in Nepal

3.2.5.1 Nepal Mountaineering Association (NMA): The Nepal Mountaineering Association was established on 1st November 1973. It is a non-governmental, non-profit and non-political organization working as a national alpine association of Nepal to promote mountain tourism and climbing sports and to protect and preserve the Nepalese mountain environment as well as the cultural heritage of people from those areas. This is the only organization which issues climbing permits for the country's 33 mountain peaks (NMA 2013).

3.2.5.2 Hotel Association Nepal (HAN): Nepal was established in the year 1966 with only eight hotels. Today, HAN is the most successful organization in the hospitality industry representing more than 300 hotels, resorts and guesthouses of Nepal. Within the first 10 years of its origin, HAN was capable to project itself as a pioneer in the governmental decision-making process pertaining to tourism of Nepal. The Nepalese government consulted HAN to form and implement tourism policies (HAN 2013). The list of all member hotels is mentioned in Annex of this research paper.

3.2.5.3 Nepal Tourism Board (NTB): The Nepal Tourism Board is a national organization which was established by an act of the Nepalese parliament in the year 1998. It is a form of partnership between the Nepalese government and the private sector tourism industries of Nepal. Its main objective is to develop and market Nepal as an attractive tourist destination in the world. The NTB is promoting Nepal in the national and international market and is working toward repositioning the image of the country. Financial independency of the NTB is due to the funds collected in the form of the Tourist Service Fee from departing foreigners at the Tribhuvan International Airport. The Chairperson of the NTB is a secretary at the Ministry of Culture, Tourism and Civil Aviation (NTB 2013).

3.2.5.4 Restaurant and Bar Association Nepal (REBAN): The Restaurant and Bar Association Nepal was founded in November 1995. The main objectives of the team are:

- to upgrade standards of restaurants and bars
- to establish mutual cooperation, understanding and goodwill between companies in hospitality industries
- to achieve well trained manpower and motivate them toward the cause of tourism

REBAN has been organizing different programs such as food festivals in major cities of Nepal so that people can be familiar with varieties of national and international cuisines that are available in the restaurants in Nepal. It has also been participating in festivals abroad to introduce mouth-watering authentic Nepalese cuisine (REBAN, Pokhara 2013).

3.2.5.6 Nepal Association of Tour and Travel Agents (NATTA): The Nepal Association of Tour and Travel Agents, which is in short NATTA, was founded in the year 1966 as an exploring association of professionals in the travel trade business. Before NATTA, there was no tourism ministry and department set up by the government. The aims of this association are to contribute to the rapid development of the tourist industry and trade and also to give necessary co-operation and consultation to the Nepalese government for the promotion of tourism in Nepal (NATTA, 2012).

5. Own Work

4.1 Research Site

S.N.	Name of Hotels	Star
1.	Radisson, Lazimpath, Kathmandu	***** 5 Star
2.	Hyatt Regency, Chahabil, Kathmandu	***** 5 Star
3.	Gangjong, Lazimpath, Kathmandu	*** 3 Star
4.	Manang, Thamel, Kathmandu	***3 Star
5.	Pacific Plaza, Kantipath, Kathmandu	** 2 Star
6.	Down Town, Thamel, Kathmandu	*1 Star
7.	Eden Jungle Resort, Chitwan	*1 Star
8.	Kathmandu Guest House, Thamel, Kathmandu	Guest House
9.	Singapour, Sundhara, Kathmandu	Guest House

Table 6: Name of the Participating Hotels

Source: Author's own exploration

4.2) Data Analysis and interpretation

The given table above showed the list of the hotels that participated in the survey conducted. Almost all hotels are located in Kathmandu, except Hotel Eden Jungle Resort which is situated in Chitwan National Park. Altogether nine hotels participated actively in it, which is 93.5% of the response from the total survey. According to the survey, all hotels have some kind of long or short term training programs for their staff. Different departments such as front desk, kitchen, food & beverage, housekeeping, sales & marketing, security, accounts and maintenance were taken into consideration and were approached with specific questions. Questionnaires regarding employees and their respective managers and the management systems of the hotels were asked open ended as well as close ended questions.

4.2.1 Response from participating hotels

Departments	Total number of responses	In percentage (%)
Front Office	31	17
Food & Beverage	31	17
Kitchen	25	13
Housekeeping	24	13
Sales& Marketing	19	10
Accounts	16	8
HRM	20	11
Security	11	6
Maintenance	10	5
Total	187	100

Table 7: Total response from the participating hotels

Source: Author’s own exploration

The table above shows the individual departments in the hotels that were surveyed for this thesis in order to find out the levels of employees (for example: age, education, trainings, gender) and their opinions about their management systems and managers. The following is the result in total percentages.

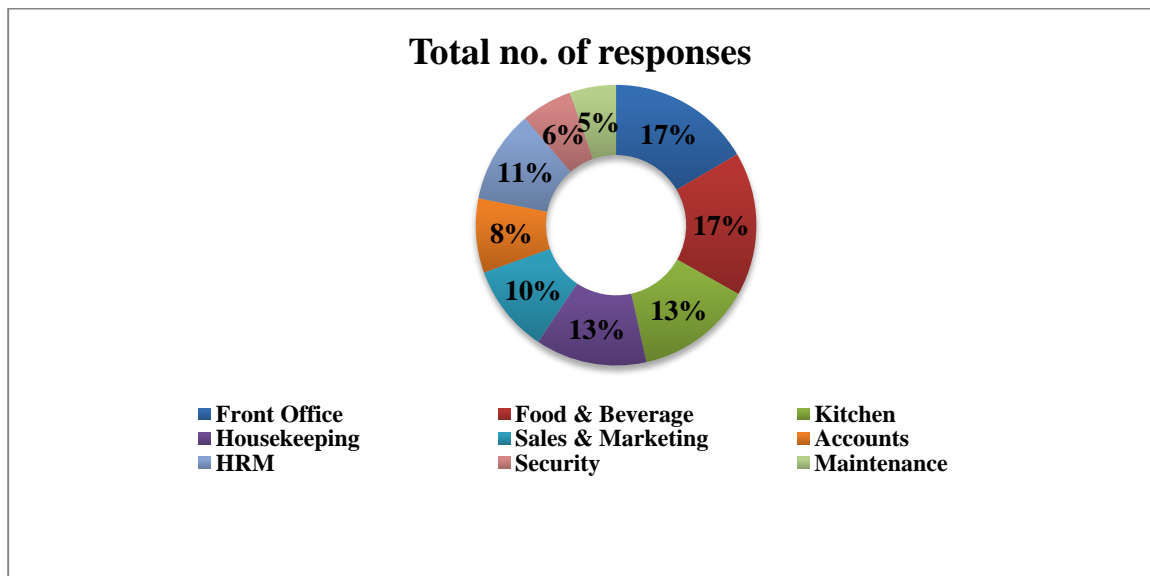


Fig 5: Total responses from the participating hotels

Source: Author’s own exploration

The above table 7 and figure 5 shows the total number of responses to the questionnaires for the departments of all the hotels. The highest response was received from front office (17%) and food and beverage (17%) followed by kitchen (13%) and housekeeping (13%), HRM (11%), sales and marketing (10%), accounts (8%), security (6%) and lastly maintenance (5%).

4.2.2 Gender: The tourism and hospitality industry is often referred to as “feminization of work” in many countries. Women are usually found working in housekeeping, front office, sales and marketing, food and beverage and kitchen

departments. The below Fig 2... shows that it is not true in the case of the Nepalese tourism and hospitality industry. Only 20% of the surveyed people who work in this industry were women and the remaining 80% of them were men. According to the author's survey, women are mostly found working as a receptionist, housekeeper and sales and marketing manager. The reason behind this might be the glamorous roles of women in Nepalese society.

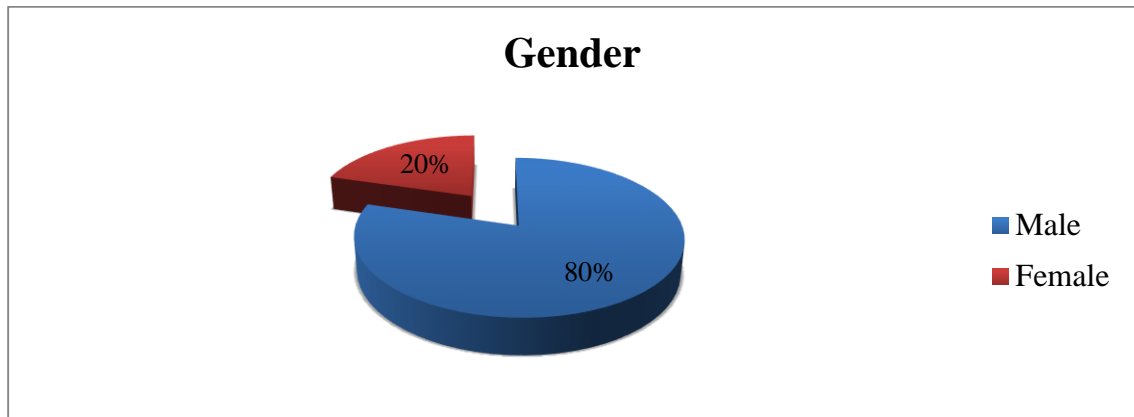


Fig 6: Gender of employees

Source: Author's own exploration

4.2.3. Age group of employees: The tourism and hospitality industry is accused of having a high proportion of young labor force which is also known as “child labor”. As child labor (under the age 18) exists in both developed and developing countries, the given result below shows about 2% of young labor force which is also illegal in Nepal, 43% of employees between the ages of 18-24, 35% of employees between the ages of 25-34 and 20% of employees 35 years old and more respectively. Every year many children run away from rural parts of Nepal to main cities in order to find a better life but many of them end up working in small and middle class hotels. And the 43% of respondents between the ages of 18-24 might be responsible for the high rate of labor turnover and employment instability as they are students and part-time working housewives.

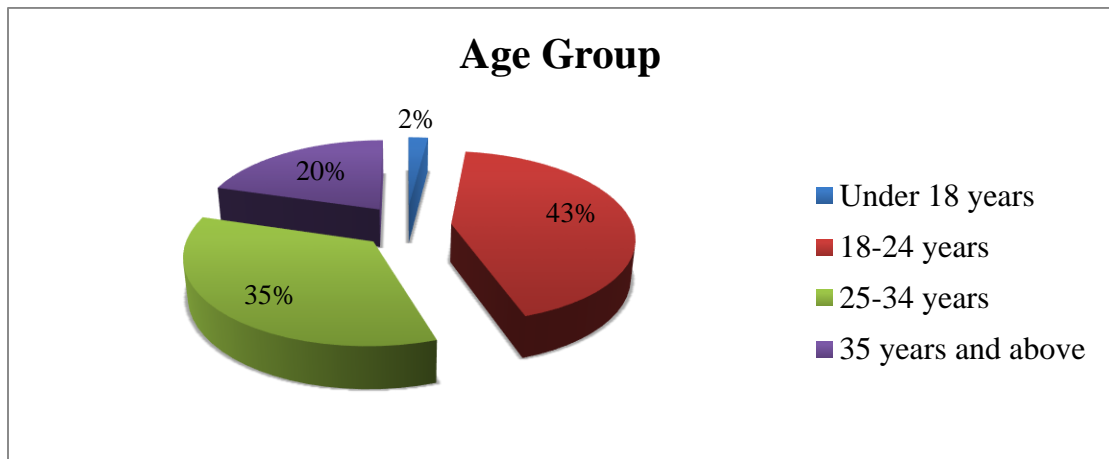


Fig 7: Age group of the employees

Source: Author's own exploration

4.2.4 Duration of work: It is believed that there is a high rate of labor turnover in the tourism industry due to factors such as low payment, seasonality of tourism demand, internal opportunity for growth, long working hours and so on. The question posed to the staff from different departments of the hotels in Nepal was how long they have been working in the tourism industry in Nepal. The outcomes were that only 49% of employees have been working for 3 years and more and the rest of the outcomes were 41% of the employees for 1-3 years, 8% of the employees for 6-12 months and 2% of the employees less than 6 months respectively. Fig 4... shows that more than 50% of the employees have not been working long in this industry and there is a higher chance of employee turnover. According to the statistical data from the Nepal Tourism Board (2012), every year thousands of Nepalese workers migrate abroad in search for employment and better opportunities. Many of them move to Dubai and Qatar to work in hotels and restaurants after gaining enough experience from Nepal. (The statistical data regarding Nepalese migration are given in the annexes.)

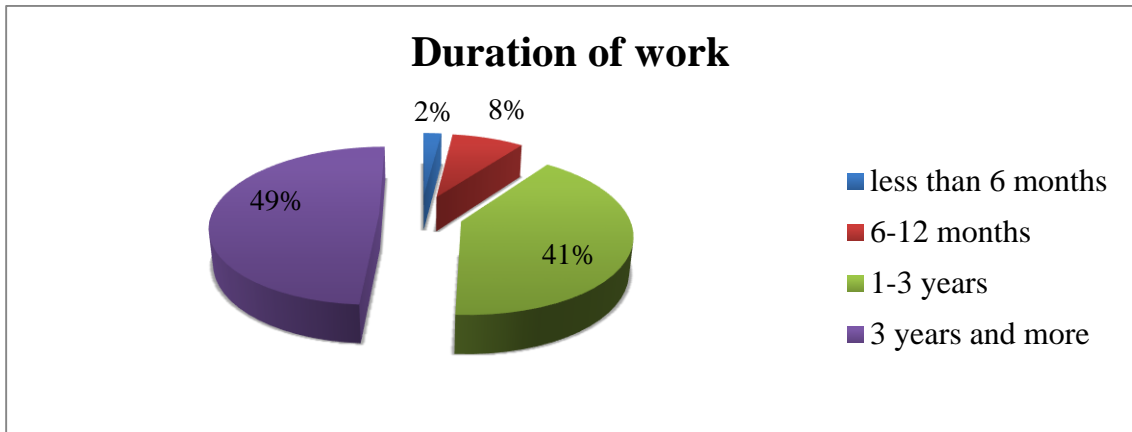


Fig 8: Duration of work

Source: Author's own exploration

4.2.5 Education level: In the tourism and hospitality industry, jobs can be learned easily and quickly by on-the-job training; hence it does not demand more knowledge and skills. According to the author's survey, the education level of staff in the Nepalese hospitality industry are as follows: 35% graduates, 37% have a high school education, 22% have a secondary education and 6% have only a primary education. Those who fall under the 35% graduates are hotel managers, supervisors and accountants. The other group making up 37% are believed to be students and school droppers and the rest of the groups work as semi- skilled and unskilled workers.

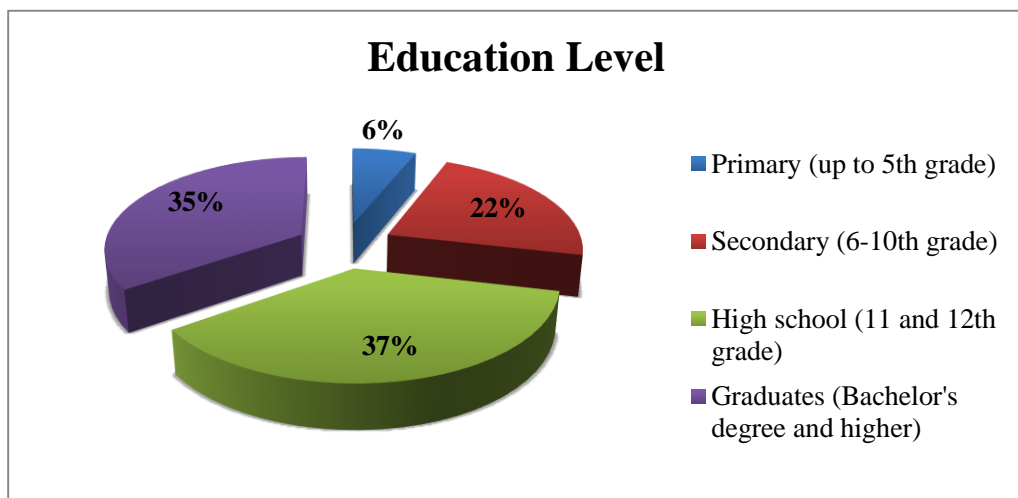


Fig 9: Education Level

Source: Author's own exploration

4.2.6 Training: Orientation and employee training is very important in order to deliver excellent service in the hospitality industry. The hospitality industry is usually criticized for its carelessness in this part of HRM. High turnovers, tight budgets and huge numbers of transitory employees are believed to be the reasons behind this. The question designed in this part was if they have participated in any training programs related to hospitality or tourism management. The results were shown in Fig.6. It shows that 45% of the staff had their training before starting their job, 35% of staff received training at their job and 14% of staff had their training before and after getting their job. But 6% of staff replied that they never had any training, which shows weak internal labor markets.

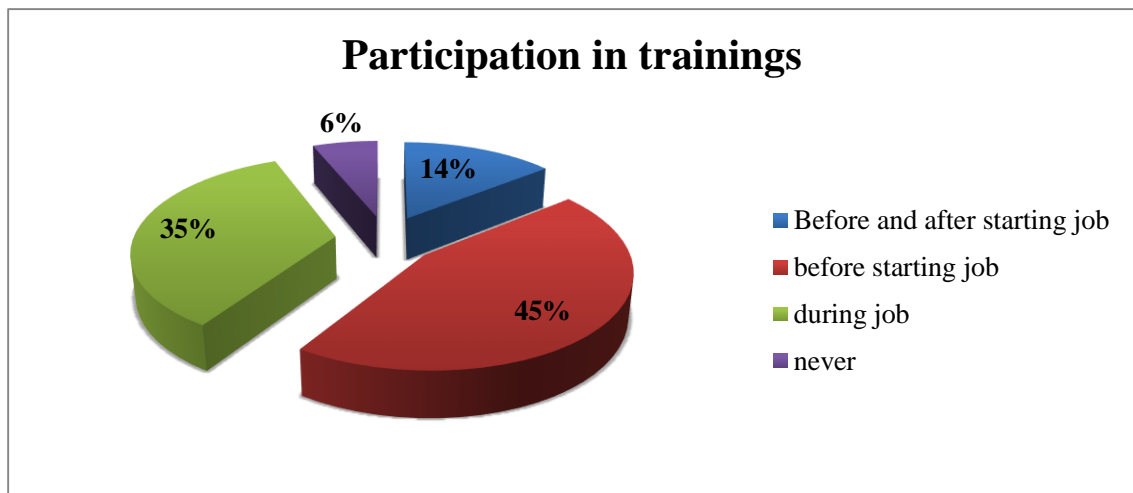


Fig 10: Participation in training programs

Source: Author's own exploration

4.2.7 Union members: In the tourism and hospitality industry, union membership has been historically low and the reasons behind this may be the fragmented and heterogeneous nature of the industry. According to the author's finding, 84% of staff responded that they are not a member of any kind of union related to the tourism industry,

whereas 16% of staff responded that they are a member of various unions like NTHWU, WTTC, NIWW and GEFONT.

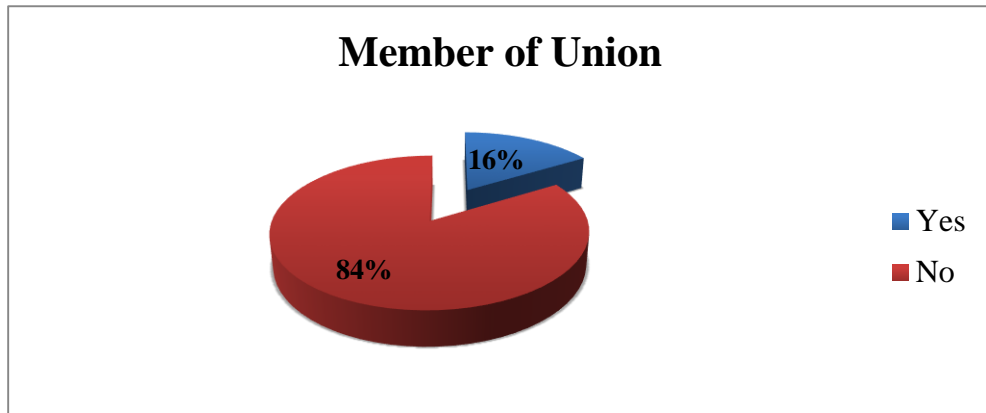


Fig 11: Membership in any union

Source: Author's own exploration

4.2.8 Management system: The employees were posed a question regarding their opinion about the management system of their current work place. Their answers were 41% (Excellent), 57% (Good) and 2% (Bad).

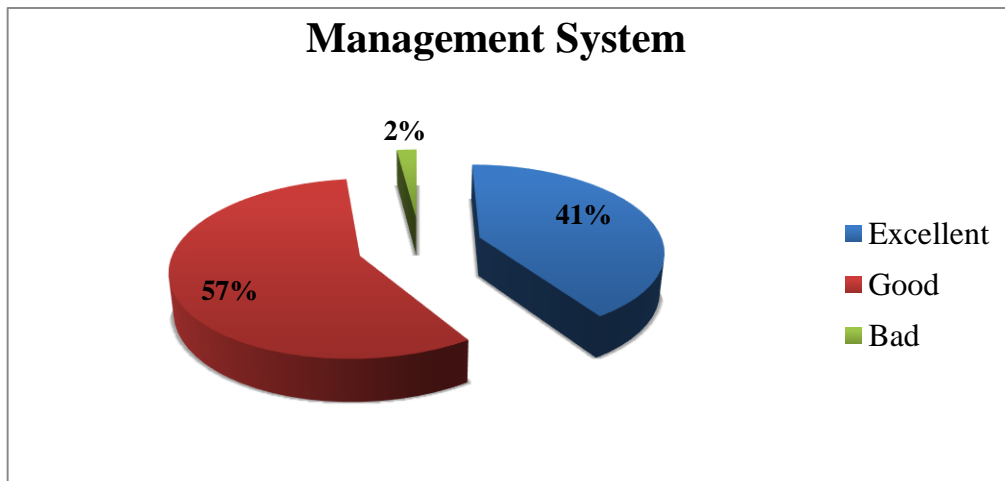


Fig 12: Employee's opinion about their management system

Source: Author's own exploration

4.2.9 Influence in decision-making: The question designed in this part was to find out whether the employees from different departments are involved while management makes decisions, and if yes then how much the employees could influence the decision-making system. The question asked to the employees was about their participation in influencing decision-making in a management system. The result shows that a huge percentage (74%) of employees responded that they could not influence decisions made by their management, 16% employees agreed that they can completely influence management decisions, 6% said they can influence very few management decisions, 2% agreed on their influence on management decisions and 2% responded they can not influence management decisions at all.

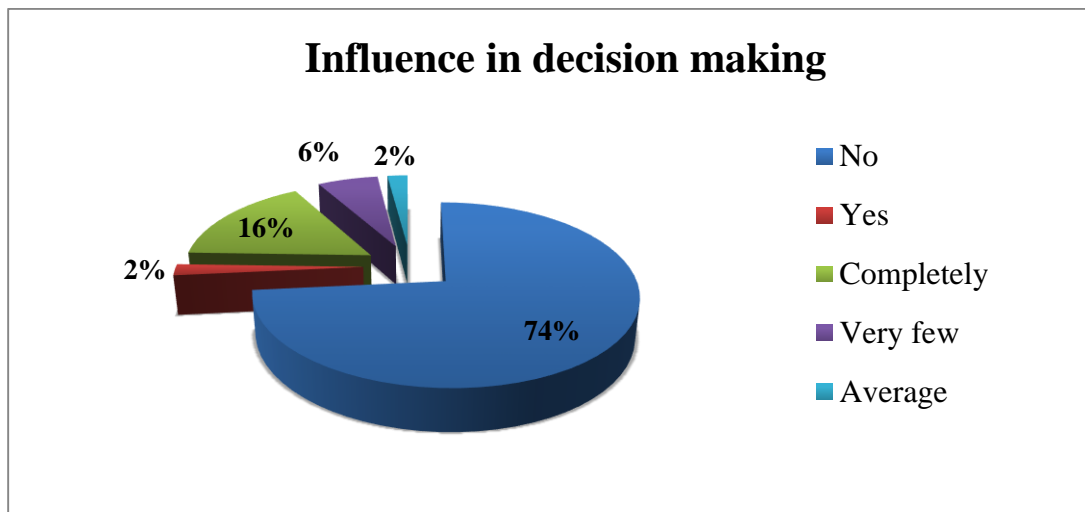


Figure 13: Influence in decision-making system

Source: Author's own exploration

4.2.10 Cooperation, collaboration and communication with other departments: The question designed in this part was to understand the strength of communication, collaboration and cooperation between different departments of the hospitality industry in Nepal. This also helped the author to gain knowledge about the management system of respective hotels as this part of HRM reflects the managers'

ability to maintain good relationships among staff. 55% of staff responded Very well, 43% responded Good and just 2% responded Bad.

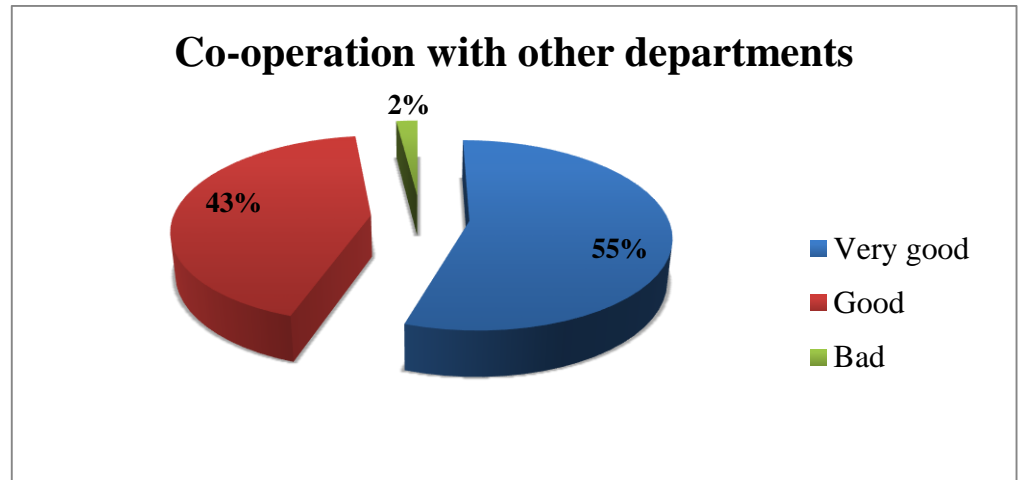


Figure 14: Co-operation with other departments

Source: Author's own exploration

4.2.11 Opinion about manager: This part of the question was targeted towards managers of hotels and their ability to handle their employees regarding their satisfaction level. The question posed was: What is their (the employees') opinion about their manager? The findings from the survey were 62% (Excellent), 21% (Bad) and 17% (Good) respectively.

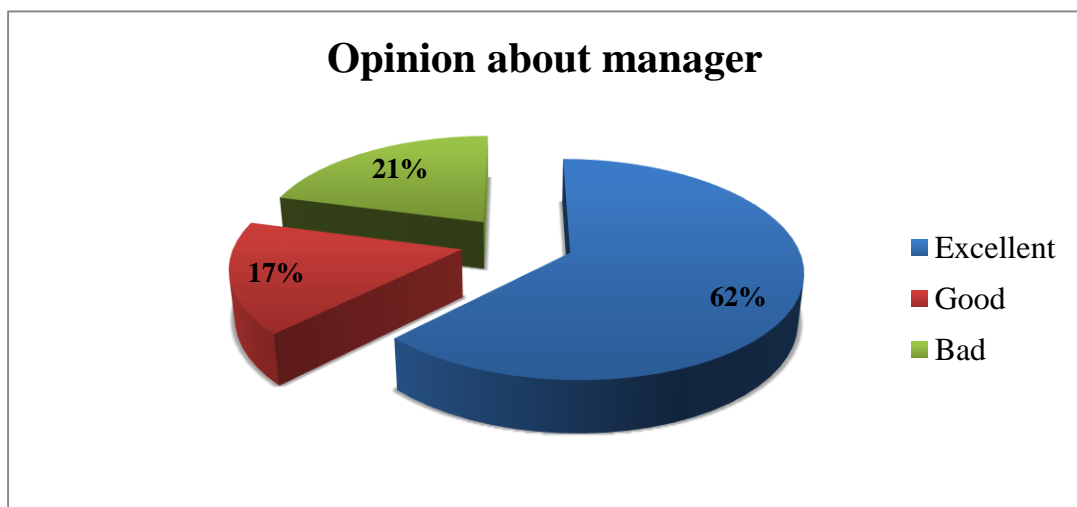


Figure 15: Employee's opinion about their managers

Source: Author's own exploration

4.2.12 Benefits : The main objective of this part was to know if the employees had any kind of benefits such as festival bonuses, free meals, accommodation and other things. The answers were 26% meals followed by 21% festival bonuses (example: Dashain and Tihar festivals), 18% tips, 13% paid leave, 11% all of them, 9% service charges, 1% education surplus and 1% annual salary increase.

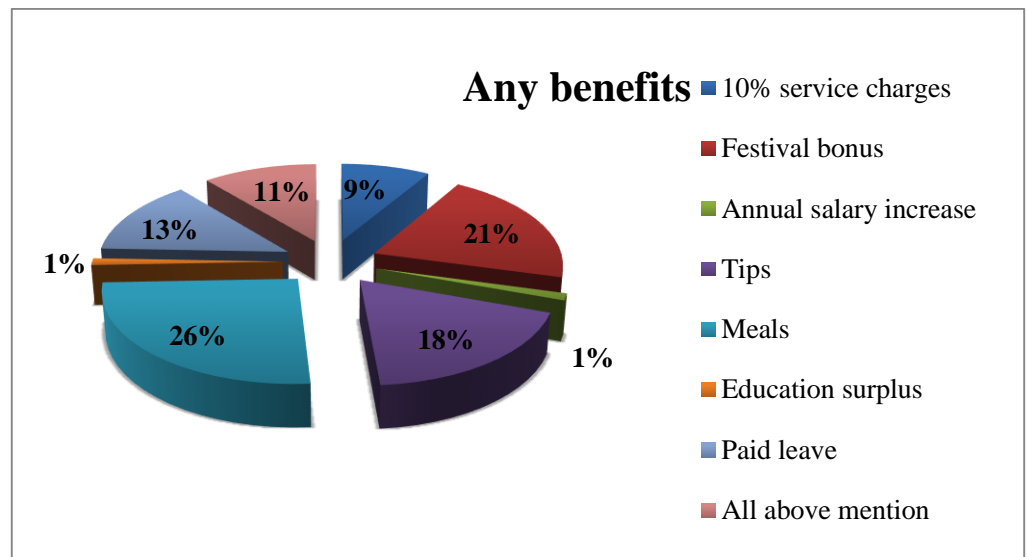


Figure 16: Benefits from work

Source: Author's own exploration

4.2.13 Satisfaction: The question designed in this part was to know the satisfaction level of the employees in the hospitality industry in Nepal. The survey question was if they were satisfied with their job. The majority of the employees replied that they were satisfied with their job, which was 96%, and only 4% replied that they were not satisfied with their job.

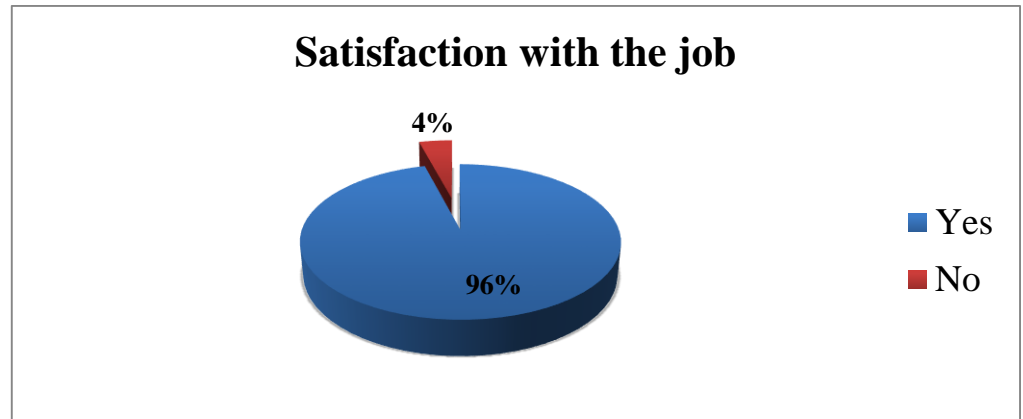


Figure 17: Job satisfaction

Source: Author's own exploration

4.2.14 Working in the tourism/ hospitality industry: Lastly, the employees were posed this question to estimate the labor turn over in upcoming years that will have a direct impact on the management system in this industry. The question was how long they are planning to work in the hospitality industry. The responses from the employees were 71% (5 years and more), 25% (2-4 years) and 4% (less than 1 year).

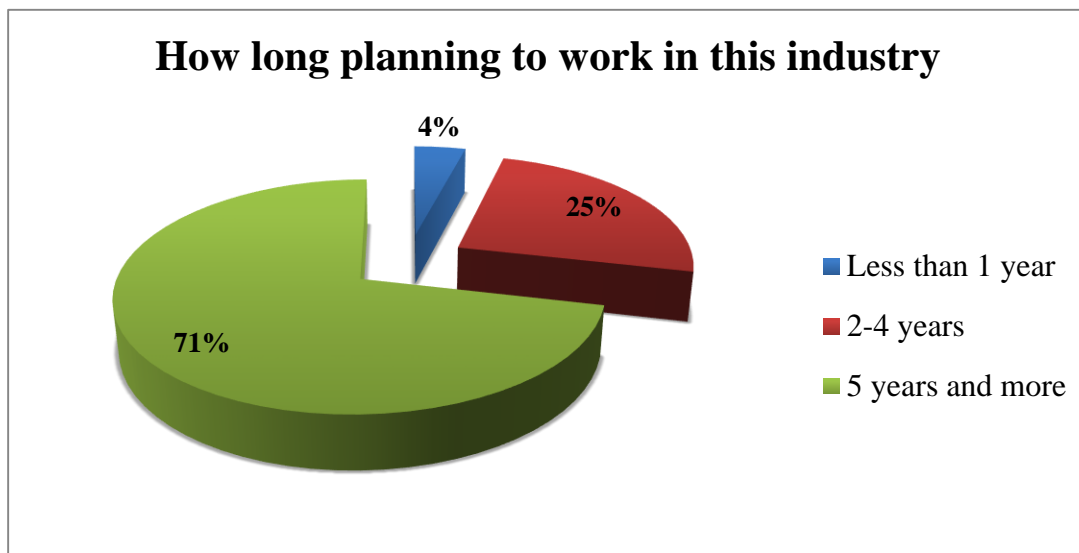


Figure 18: Future plan in the hospitality industry

Source: Author's own exploration

4.2.15 Multi Criteria Decision Analysis

The author used multi criteria decision analysis method in order to find out the best management system among the researched hotels in Nepal. The respondents for this data were the employees from the survey hotels and criterias were chosen on which basis management system could be measured. Criterion weight were given on descending order according to the important role of these criterias. The table below shows the result after the evaluation.

Criteria	Criterion weight	5 star rating	3 Star rating	2 Star rating	1 Star rating	Guest House rating	5 Star	3 Star	2 Star	1 Star	Guest House
Management system	10	17	17	19	18	18	170	170	190	180	180
Satisfaction Level	9	17	20	19	17	17	153	180	171	153	153
Influence on decision	8	13	0	0	0	0	104	0	0	0	0
Co-operation	7	19	18	17	15	14	133	126	119	105	98
Education level	6	19	16	17	14	14	114	96	102	84	84
Trainings	5	20	16	15	13	13	100	80	75	65	65
Duration of work	4	13	20	14	14	15	52	80	56	56	60
Age group	3	13	12	13	13	12	39	36	39	39	36
Σ							865	768	752	682	676

Table 8: Multi Criteria Decision Analysis
Source: Author’s own exploration

As the above table 8 shows, that the best management among the researched hotels are 5 star with highest 865 points followed by 3 star (768 points), 2 star (752 points), 1 star (682 points) and finally guest houses (676 points).

4.3) Questions and areas addressed in expert interviews

The areas that were targeted in the expert interview were:

- **Current state of tourism in Nepal**
- **Challenges that tourism management is facing in Nepal (in the hospitality industry)**
- **Managerial decision-making methods**
- **Influence of these methods on the tourism industry and the country's economy**
- **How the Nepalese hotel industry can reach an international level**
- **Regional, national and international tourism management**

The questions asked to the experts during the interview were given below:

- **How do you see the state of tourism in Nepal?**
- **What are the challenges that tourism management is facing in Nepal?**
- **What kind of managerial decision-making methods are you applying?**
- **What are the benefits and challenges associated with it?**
- **What do you think would be the influences of these methods on the tourism industry and the country's economy?**
- **Are there any differences in management style according to regional, national and international tourist groups?**
- **Do you have any training activities for your employees? What kind?**
- **What are the roles of tourism industry associations and the Nepalese government in assisting sustainable tourism development?**
- **What are the most important factors that Nepalese hotel industries should consider to meet the international market?**

4.4 Interview Analysis

The expert interview was conducted among some very experienced hotel managers in Nepal who have been working in the hospitality industry for a long time. Six of the interviews were conducted face-to-face whereas two of them were done via email, the analyses of which are presented below:

4.4.1 Current state of tourism in Nepal

The major aim behind this question was to assess the current state of tourism in Nepal so that we could get an overview on where Nepal is in the context of tourism and the positive and negative aspects of the tourism industry in Nepal. The question asked to the experts was how they see the state of tourism in Nepal. All answers were almost similar and positive.

According to Mr. Ram Dongol (Hotel Pacific), the year 2013 theme to promote tourism in Nepal by the WTD (World Tourism Day) is very inspiring and interesting. The theme “Tourism and Water: Protecting Our Common Future” is focused on raising awareness on usability of water resources. The government of Nepal has already expressed its commitment to preserve water.

Hence, Mr. Dongol stated that tourism is growing fast along with support from the government as well as associations related to Nepalese tourism and environment. And Mr. Sunil Chitrakar (Hotel DownTown) mentioned that after 2006, the tourism industry gained momentum and started a positive curve. Nepal celebrated the year 2011 as the Nepal Tourism Year with a target of attracting 1 million tourists, but succeeded in achieving 80% of the set target. In the subsequent years, the number has started to rise. In a similar way, Mr. Narendra Malla (Gangjong Hotel) added that quality accommodation and highly trained service personnel are available for tourists.

All the above-mentioned statements from the experts' interviews shed light on the importance of tourism in Nepal and also show how tourism is flourishing in Nepal. They also refer to the supportive approach from the Nepalese government especially with environment problems.

4.4.2 Challenges that the tourism industry is facing in Nepal

The main objective behind this question was to find out the challenges that the managing tourism industry in Nepal is facing. The question asked to the experts was what are the challenges that tourism management is facing in Nepal? Almost all experts agreed on the following issues:

- Unstable government
- Hung parliament
- Absence of a constitution
- Lack of clear policy for tourism
- Frequent strikes by political and trade/ labor unions
- Security

Mr. Dongol (Hotel Pacific) highlighted the issue related to transportation in Nepal. He mentioned that there is no significant development in the transportation area (especially air transportation). There is only one international airport in Nepal, which is the only quickest mode to reach Nepal. Another important challenge for the sustainable development of Nepalese tourism stated by Mr. Chitrakar (Hotel Down Town) are Brain drain and Muscle drain, which means the emigration of highly trained or qualified people from a particular country.

It is quite clear from the above statements that the major challenge the tourism industry is facing is the political situation of the country, followed by emigration and poor infrastructure issues.

4.4.3 Managerial decision-making methods

The questions designed in this part ate to gain information about what kind of decision-making methods are used by managers in the Nepalese hospitality industry to react to opportunities and threats as a decision maker. The question asked to the experts was what kind of managerial decision-making methods they are applying. The responses

from small hotels and guesthouses were not so specific. According to them, decisions are taken according to the situations that occur.

Mr. Dongol (Hotel Pacific) and Mr. Chitrakar (Hotel Downtown) emphasized that they practice decision-making methods such as personal and organizational, basic and routine, programmed and non-programmed and conceptual and behavioral.

Managerial decision-making is a quite challenging task especially in the context of developing countries like Nepal where it is very hard to use these decision-making methods in practice due to different factors like political, economical, social and others.

4.4.4 Benefits and challenges associated with it

The experts were posed questions regarding the benefits and challenges of managerial decision-making methods in Nepal. All of the experts agreed on a win-win situation where all participants benefit in one way or the other.

Mr. Chitrakar (Hotel Downtown) stated that the participation of the working class is very important and hence bottom – up inclusiveness has to be integrated in the decision-making. In the same manner, Mr. Dongol (Hotel Pacific) believes that these methods are beneficial, as it tends to have a long-term perspective for the long-term profit of the organization. On the other hand, Mr. Narendra Malla (Hotel Gangjong) elaborated that as new aspiring and promising candidates are being groomed for the tourism industry in Nepal, there is still a huge need to apply these methods in practice.

Therefore, it is very clear that application of managerial decision-making methods application is always beneficial for any type of hotel and related associations. But sometimes it is really complicated to adopt or apply in reality.

4.4.5 Influences on the tourism industry and Nepalese economy

In 4.4.3 we got an overview of managerial decision-making methods in Nepal along with its benefits and challenges. In this part we will look into the influences of these methods in the tourism industry in Nepal and also the country's economy overall. The question posed was: What do they think would be the influences of these methods on the tourism industry and the country's economy? All the participating managers strongly emphasized that decision-making methods directly affect the internal process (internal

environment of the tourism and hospitality industry) as well as competitors. As these methods are quite beneficial for the development of the tourism industry and as we already know the tourism industry is one of the major sources of the Nepalese economy, therefore development of these decision-making methods have a direct influence on Nepal's economy.

4.4.6 Regional, national and international tourist groups

This part was quite controversial as some of the experts misunderstood the question and strongly emphasized that they do not discriminate against any groups of tourists. But the main objective of this question was to be informed if managers have to make different arrangements for different tourist groups (regional, national and international) such as food preparations, room arrangements, and tour packages. Sometimes this can relate to the nation's laws and policies depending on the guests. The question was asked: Are there any differences in management style according to regional, national and international tourist groups? Many of the experts answered that it really depends on the situation.

Mr. Laxman Rai (Hotel Radisson) stated that they follow standard management styles for everyone who stays in his hotel. On the other hand, Mr. Chitrakar (Hotel Downtown) emphasized that local (national) tourists are not the prime area of concentration as of now. According to him, Nepal's tourism industry evolved with international tourists and the whole industry is pro-international tourists. Mr. Chitrakar also believes that lately the industry is addressing the local market too and has started to come up with various customized packages to meet the interest and budget of domestic tourists.

4.4.7 Training activities for employees

The question designed in this part was: Do they have any training activities for their employees? If yes, what kind? As a result, the author found out that all the hotels have long or short types of training programs for their staff. Most of them are done in the respective hotels, however government and private hotel associations provide some of them.

Mr. Narendra Malla (Hotel Gangjong) informed that they have training such as idea sharing, group discussions and other basic training. Mr. Ram Dongol (Hotel Pacific) provides scheduled training programs for their employees according to their work departments. For example: Cooking, restaurant manners, housekeeping and so on.

Similarly, Mr. Chitrakar (Hotel Downtown) has skill and knowledge-based trainings / workshops lasting 1-3 days. Mr. Chitrakar also stated that training based on attitude building is not so common in Nepal.

It should be noted that training/workshops for staff in the hospitality industry in Nepal are very basic and there are many parts which are yet to be developed such as staff's attitude and behavior training, team building workshops and many more. Hence, Mr. Chitrakar's statement sounds very reasonable for the sustainable development of the tourism industry in a developing country like Nepal.

4.4.8 Roles of tourism-related associations and the Nepalese government

The main aim of this part is to know how different tourism associations and the Nepalese government are helping the tourism industry to develop sustainably. This question directly targets tourism associations such as HAN, NTB and so on. The experts were posed questions regarding the roles of tourism industry associations and the Nepalese government in assisting sustainable tourism development.

As a summary, almost all the responses are more or less similar. Everyone highlighted that the Nepalese government along with associations like HAN, NTB, NMA and others have been organizing various events and participating in different international fairs to promote tourism and make it sustainable. They also believe that the Nepal government is applying new methods and policies to promote tourism.

4.4.9 To meet the international standard

Lastly, this part was included to know what essential factors should be developed so that the Nepalese tourism industry meets the international level. The experts were posed questions such as: What are the most important factors that the Nepalese hotel industry should consider to meet the international market?

Mr. Laxman Rai (Hotel Radisson) and Mr. Ram Dongol (Hotel Pacific) emphasized an increase in security so that visitors feel as safe as they do at home. Mr. Narendra Malla (Hotel Gangjong) and Mr. Dongol also emphasized that there needs to be improvement in training and education sectors for upcoming generations in order to achieve the international standard. On the other hand, Mr. Narendra Malla (Hotel Gangjong) believes

that the Nepalese government should focus on developing transportation facilities by maintaining the only existing international airport in Kathmandu, building other international airports in Nepal and increasing the number of flights to Nepal so that Nepal could be easily accessible from around the world. Similarly, Mr. Chitrakar (Hotel Downtown) suggested having close coordination of the private and public sector. And lastly, Mr. Suresh Shrestha's (Hotel Managa) opinion is that the attitude of management and the industry as a whole needs to be strengthened, and then after, new markets need to be explored for future expansion.

5. Conclusion:

Tourism in Nepal is flourishing along with the support from the Nepalese government and Nepalese associations related to the tourism industry. Nepal's tourism market is gradually gaining more and more awareness of the importance of the relation between environment conservation and sustainable development of tourism in Nepal. The tourism industry plays an important role in the country's economy, as it is one of the major economic contributors.

It is clear that the major challenge for the sustainable development of tourism in Nepal seems to be the unstable government. And as a result of this, almost every sector (security, transportation) of tourism is suffering. Another issue that is important but which people are not yet so concerned about is the migration of young and educated Nepalese abroad in search of better opportunities and a better quality of life. In the near future, this can be the most critical topic to discuss for the development of the country as a whole because of a lack of new ideas, innovation and young energy to support the country. Many small and middle class hotels do not have any specific decision-making methods, they rather take decisions depending on the situation. But in contrast, upper class hotels like Hyatt Regency and Radisson do follow strategic organizational decisions on the basis of the manager's status, authority and access to information. Managerial decision-making methods play a key role in improving organizational performance that is directly related to the tourism industry. The author also found out that most of the hotels are focused on international tourists and some of the experts even claimed that the whole tourism industry is pro-international tourist. However, national and regional tourism is growing slowly.

On the other hand, the result of the questionnaires revealed that there exists about 2% child labor in the surveyed hotels that reflects the level of management in the related hotels. The survey also showed that there were many students and part-time housewives working in this industry. Education levels of the employees were quite good regarding the level of work. The author also found that 6% of the employees never got any training and this is mainly in small hotels and guesthouses. The cooperation, communication and collaboration between different departments of the hotels seemed to be good as most of the staff rated "good" in the survey questions. Most of the employees answered that they are happy with the management system and their respective managers despite the fact that

74% of the employees agreed that they have no influence on management's decision-making system.

The research carried out in this paper shows the realistic situation of the tourism industry in Nepal along with its level of management system. Nepal has got a tremendous potential for tourism development with its magnificent natural beauty, rich culture, historical and traditional heritage and uniquely harmonized socio-cultural diversity. The situation of the hospitality industry largely depends on the status of tourism development in the country as hospitality is part and parcel of the tourism industry. As tourism development was worsened by the political instability and the decade-long violent conflict, the hospitality industry in Nepal suffered a lot during the period of crisis. Unfortunately, hotels have been made a breeding ground of misbehavior and political battlefields. As a result of this, the Nepalese hospitality industry is still in a recovering phase and in order to survive and thrive; this industry should prepare strategic plans by foreseeing trends and adopting appropriate strategies specific to the context and the country.

V. Recommendations:

Some of the tips that the author would like to recommend after going through the survey and expert interviews for the sustainable tourism development by using appropriate managerial decision-making methods are the following:

- Strong and necessary plans and policies regarding the development of tourism should not be only on paper but need to be applied soon.
- The political instability of the country is uncontrollable for the tourism industry; hence it should try to develop its own area by formulating appropriate strategies.
- Management should give a chance to their employees to give their opinions and ideas while making decisions, hence the distance between employers and employees should be made smaller.
- Hospitality sectors should conduct innovative training for their staff.
- The hospitality industry should focus on quality service rather than increasing the quantity of tourists.
- The government and tourism industry should join together and take initiative towards the sustainable development of tourism in Nepal.
- Information technology is a major factor influencing the scale of the economy and operational efficiency. It also provides opportunities for the hotel industry and tourism industry and should update them with ever-changing information and communication technology.

VI. Limitations

While working on this paper, the author faced many expected as well as unexpected limitations. There were not enough books written about managerial decision-making methods in the hospitality field in English. And it was even much more challenging to find a book on this topic that relates to Nepalese hospitality management.

The next limitation was an absence of significant data collected relating to employees and managers of the hospitality sector in Nepal. The electronic sources for many data were very poor as the internet facility in Nepal is still at an immature stage. The concept of managerial decision-making methods is at a very basic level.

Another limitation to this research was the poor and hesitant responses to the questionnaires and some interview questions. Some hotels only filled questionnaires but refused to answer interview questions, giving the reason that the manager was busy or on holiday. Some managers answered in a few words only, which was not clear enough to understand. Unfortunately the author got some responses only after completing the research part of this paper. In some cases it was very complicated to fix an appointment with some of the experts due to their busy schedule and the author's limited timing. Despite this, other interviews went quite well.

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VIII. Annex

Annex A)	LIST OF ALL THE MEMBER HOTELS IN NEPAL
Annex B)	FOREIGN EXCHANGE EARNINGS FROM TOURISM
Annex C)	NUMBER OF PARTICIPANTS IN ACADEMIC COURSES IN AFFILIATION
Annex D)	NUMBER OF PARTICIPANTS IN HOTEL RELATED COURSES/ TRAINING
Annex E)	NEPALESE GOING ABROAD BY SEX & PURPOSE OF VISIT
Annex F)	NEPALESE NATIONAL GOING ABROAD BY MONTH
Annex G)	ORANIZATIONAL AND MANAGEMENT STRUCTURE OF HOTELS

Annex: A

Hotel Association of Nepal (HAN)

The Hotel Association of Nepal HAN list all member hotels. Hotels are listed by the HAN's star-rating. **Non-Rated Hotels** are listed alphabetically.

Rated hotels

▶ Hotel de l' Annapurna	★★★★★
▶ Everest Hotel	★★★★★
▶ <u>Fulbari Resort</u>	★★★★★
▶ Hyatt Hotel	★★★★★
▶ <u>Soaltee Holiday Inn Crown Plaza</u>	★★★★★
▶ Hotel Yak and Yeti	★★★★★
▶ Durbar Hotel	★★★★
▶ Hotel Himalaya	★★★★
▶ Hotel Kathmandu	★★★★
▶ The Malla Hotel	★★★★
▶ Hotel Sherpa	★★★★
▶ <u>Shangri-La Kathmandu</u>	★★★★
▶ Hotel Shanker	★★★★
▶ <u>Hotel Vaishali</u>	★★★★
▶ Woodlands Dynasty Plaza	★★★★
▶ Hotel Classic Pvt.Ltd.	★★★
▶ <u>Hotel Courtyard</u>	★★★
▶ Harati, Hotel	★★★
▶ The Garden Hotel	★★★
▶ Hotel Marsyangdi	★★★
▶ Hotel Manang	★★★
▶ Hotel Mountain	★★★
▶ Marcopolo Business Hotel	★★★
▶ Aloha Inn	★★
▶ Hotel Ambassador	★★
▶ Hotel Blue Diamond	★★
▶ Hotel Gautam	★★
▶ <u>Hotel Horizon</u>	★★
▶ <u>International Guest House</u>	★★
▶ Kathmandu Guest House	★★
▶ Hotel Karnali	★★
▶ Hotel M.M. International	★★
▶ Hotel Mandap	★★
▶ Hotel Manaslu	★★
▶ Hotel Mt. Makalu	★★
▶ Hotel Mayalu	★★
▶ Hotel Norbu Linkha	★★

▶ Hotel Orchid	★★
▶ Hotel Rata	★★
▶ Summit Hotel	★★
▶ Hotel Stupa	★★
▶ Hotel Tayoma	★★
▶ <u>Tibet Guest House</u>	★★
▶ Trans Himalayan Guest House	★★
▶ Hotel Utse	★★
▶ Hotel Vajra	★★
▶ Hotel Buddha	★
▶ Central Hotel	★
▶ Hotel Excelsior	★
▶ Hotel Garuda	★
▶ Hotel Ganesh Himal	★
▶ Hotel Himalayan View	★
▶ Hotel Impala	★
▶ Hotel Melungtse	★
▶ Hotel Mt. Kailash	★
▶ Hotel Kohinoor	★
▶ Hotel Marsyangdi Mandala	★
▶ Hotel Pisang	★
▶ Panchapandap Guest House	★
▶ Hotel Rosy	★
▶ Hotel Shree Tibet	★
▶ Hotel Star	★
▶ Hotel Shakti	★
▶ Thorang Peak G. House	★
▶ Valley View Hotel	★
▶ Welcome Guest House	★

Non-rated hotels

Aquamarne

- ▶ Blue Horizon Hotel
- ▶ Brand Guest House
- ▶ Hotel Dipankar
- ▶ Hotel Gauri Shanker
- ▶ Hotel Iceland View
- ▶ Hotel Jagat
- ▶ Kathmandu Lodge
- ▶ Kathmandu Guest House
- ▶ Kathmandu Peace Guest House
- ▶ Kathmandu White Lotus G.H.

- ▶ Khangsar Guest House
- ▶ Hotel Lai Lai
- ▶ Hotel Moonlight
- ▶ Madhuban Guest House
- ▶ Hotel Mona Pvt.Ltd.
- ▶ Hotel Namaste
- ▶ Nirvana Garden Hotel
- ▶ Hotel Norling
- ▶ New Hotel Florid
- ▶ Hotel New Gajur
- ▶ Panauti Hotel
- ▶ Poon Hill Hotel
- ▶ Potala Guest House
- ▶ Pension Vasana Hotel
- ▶ Souvenir Guest House
- ▶ Sagarmatha Guest House
- ▶ Hotel Shikhar
- ▶ Hotel Sky
- ▶ Snow Lion Guest House
- ▶ Hotel Sunset View
- ▶ Sukeyasu Guest House
- ▶ Hotel Siddhartha Palace
- ▶ Hotel Sita
- ▶ Sangam Hotel
- ▶ Syangboche Panorama Hotel
- ▶ Hotel Tashi Dhelek
- ▶ Tata Guest House
- ▶ Thamel Hotel
- ▶ Hotel Tilicho
- ▶ Hotel Tenki Pvt. Ltd.
- ▶ Hotel Tower
- ▶ Hotel Victoria
- ▶ Tushita Rest House
- ▶ Tashi Dhargey
- ▶ Hotel Tibet Holiday Inn
- ▶ T.S. Hotel Green Palace

Annex: B

FOREIGN EXCHANGE EARNINGS FROM TOURISM, 2000/01-2011/12

Year	Total Foreign Exchange Earning from Tourism (Rs. in millions)	As % of Total Value of Merchandise Exports	As % of Total Value of Exports of Goods & Non Factor Services	As % of Total Foreign Exchange Earnings	As % of GDP
2000/01+	11,717.0	16.8	11.8	5.7	2.7
2001/02	8,654.3	14.9	10.6	4.8	1.9
2002/03	11,747.7	23.1	15.2	6.1	2.4
2003/04	18,147.4	32.9	20.3	8.0	3.4
2004/05	10,464.0	17.5	12.2	4.7	1.8
2005/06	9,556.0	15.5	10.9	3.6	1.5
2006/07	10,125.0	16.5	10.8	3.7	1.4
2007/08	18,653.0	30.1	17.9	5.5	2.3
2008/09	27,960.0	40.0	22.8	6.5	2.8
2009/10	28,139.0	44.5	24.6	8.1	2.4
2010/11	24,611.0	35.8	20.2	5.0	1.8
2011/12	30,703.8	37.7	20.0	4.8	2.0

Note: +Date based on new format since Fiscal Year 2000/01

Source: Nepal Rastra Bank

Annex: C

NUMBER OF PARTICIPANTS IN ACADEMIC COURSES IN AFFILIATION WITH TRIBHUVAN UNIVERSITY CONDUCTED BY NATHM, 2010-2012

Training/Course	2010			2011			2012		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Master of Hospitality Management(MHM) Program(Two Years)	0	0	0	29	11	40	21	7	28
Three Years Bachelor in Hotel Management (BHM)	41	40	81	59	61	120	61	60	121
Three Years Bachelor in Travel & Tourism	41	40	81	40	40	80	40	40	80
Total	82	80	162	128	112	240	122	107	229

Source: Nepal Academy of Tourism & Hotel Management (NATHM)

Annex: D

NUMBER OF PARTICIPANTS IN HOTEL RELATED COURSES/ TRAINING CONDUCTED BY NATHM, 2010-2012

Training/Course	2010			2011			2012		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Food Preparation & Control	31	3	34	3	4	40	3	4	36
Food & Beverage service Basic	19	2	21	6	1	24	2	0	8
Housekeeping	0	17	17	2	12	21	8	0	0
Front Office	11	7	18	3	8	27	0	0	0
Basic Food Preparation	40	0	40	9	5	27	0	1	40
Total	101	29	130	109	30	139	7	5	84

Source: Nepal Academy of Tourism & Hotel Management (NATHM)

Annex: E

NEPALESE GOING ABROAD BY SEX & PURPOSE OF VISIT, 2012

Purpose of Visit	Male		Female		Total	
	Number	Percent	Number	Percent	Number	Percent
Entertainment	25,324	3.4	13,945	11.3	39,269	4.6
Health Check	8,599	1.2	4,976	4.0	13,575	1.6
Up Business	17,794	2.4	1,524	1.2	19,318	2.2
Pilgrimage	4,086	0.6	2,347	1.9	6,433	0.7
Official	7,845	1.1	883	0.7	8,728	1.0
Conference	13,073	1.8	3,434	2.8	16,507	1.9
Study/Training	28,803	3.9	11,492	9.3	40,295	4.7
Foreign employment	504,568	68.3	33,268	27.1	537,836	62.4
Sports	1,021	0.1	218	0.2	1,239	0.1
Others	69,747	9.4	38,889	31.6	108,636	12.6
Not Specified	57,684	7.8	11,998	9.8	69,682	8.1
Total	738,544	100	122,974	100	861,518	100

Source: Nepal Academy of Tourism & Hotel Management (NATHM)

Annex: F

NEPALESE NATIONAL GOING ABROAD BY MONTH, 2000-2012

Year	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
2000	11,855	10,648	12,862	11,105	12,305	15,515	14,559	12,671	13,735	12,160	14,051	13,895	155,361
2001	14,676	13,510	14,805	13,028	15,568	16,444	20,373	19,947	17,995	15,763	18,239	19,200	199,548
2002	19,398	17,778	18,953	18,769	20,297	18,361	20,650	26,083	20,400	17,722	17,614	22,399	238,424
2003	25,600	19,296	18,809	19,495	22,639	20,143	21,450	23,608	23,449	20,012	20,200	22,824	257,525
2004	21,278	23,723	24,159	21,505	21,600	25,375	28,534	28,560	17,143	20,153	24,009	30,418	286,457
2005	32,102	21,400	28,222	26,383	31,510	31,457	33,049	31,371	33,399	28,975	33,602	41,892	373,362
2006	34,974	30,915	35,455	25,105	41,147	35,501	33,025	37,945	37,053	28,466	35,627	40,132	415,345
2007	38,693	34,958	45,129	40,201	43,000	40,212	40,376	33,298	36,228	31,858	39,500	45,159	468,612
2008	46,497	42,649	46,795	42,419	50,671	50,491	47,105	49,728	50,432	36,332	48,702	48,992	560,813
2009	47,478	42,388	46,649	46,289	46,754	45,881	46,944	51,572	46,151	50,166	59,242	59,131	588,645
2010	65,369	53,925	68,443	66,814	64,707	63,931	64,725	63,124	58,177	51,156	67,248	77,216	764,835
2011	72,095	56,636	65,281	67,250	63,409	67,910	68,202	64,330	61,434	52,959	69,196	65,252	773,954
2012	67,228	67,292	75,837	72,739	73,382	76,979	73,187	68,785	65,634	58,399	68,884	93,172	861,518
	(6.75)	(18.81)	(16.17)	(8.16)	(15.73)	(13.35)	(7.31)	(6.93)	(6.84)	(10.27)	(0.45)	(42.79)	(11.31)

Source: Nepal Academy of Tourism & Hotel Management (NATHM)

Annex: G

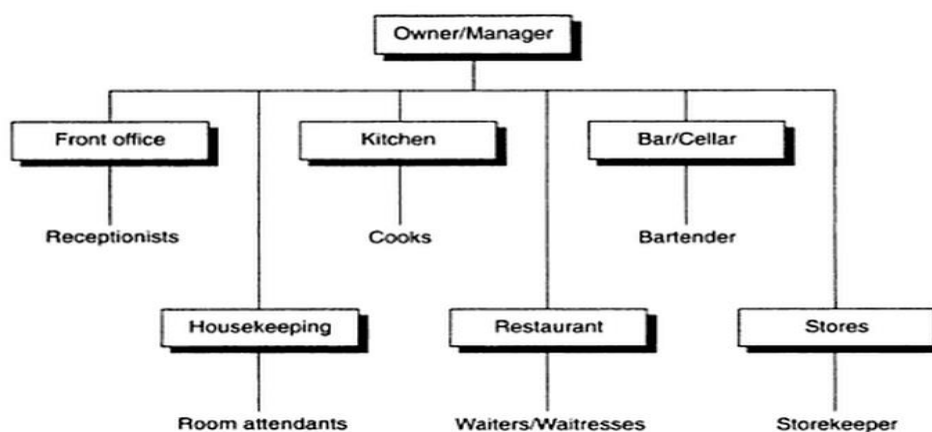
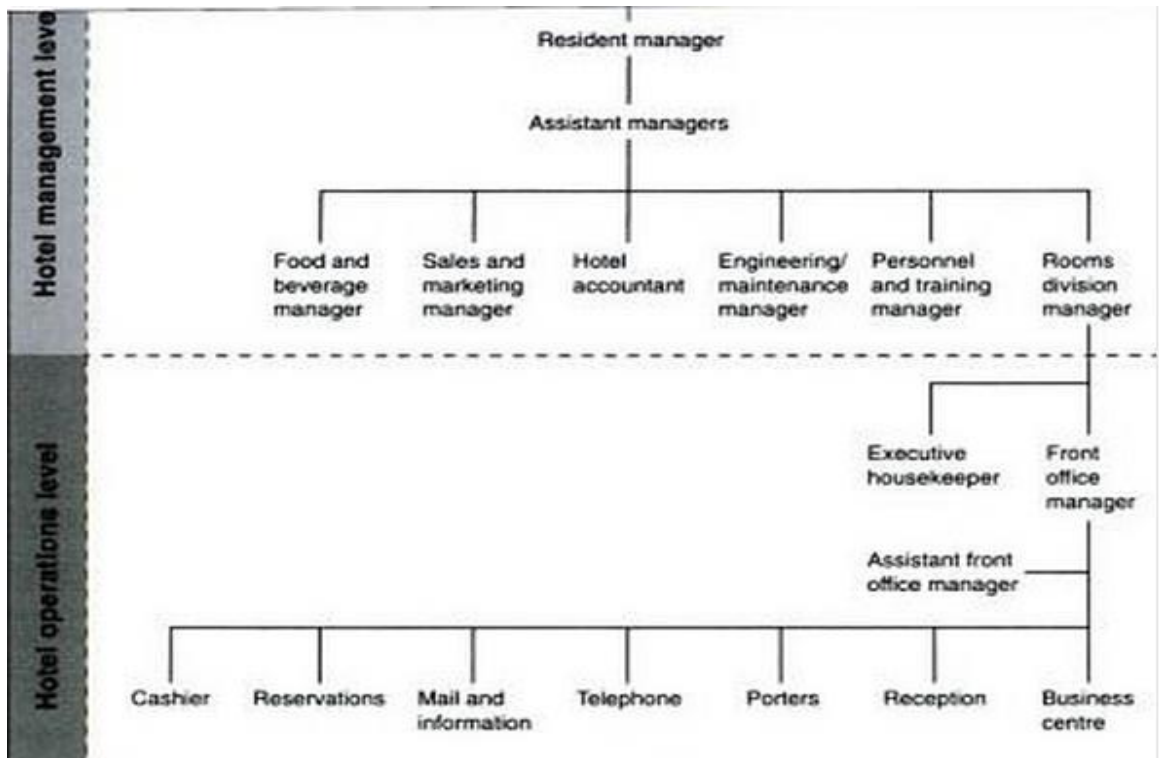
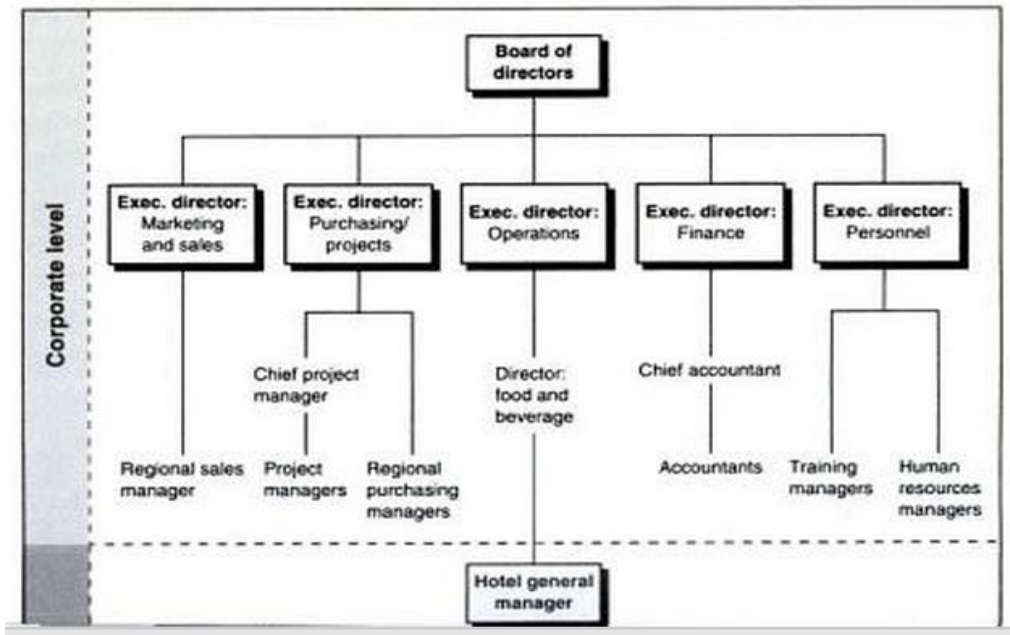


Figure: Organization of a small hotel



Source: Baker, Huyton and Bradley, 2000

Figure: Organization of a large International hotel

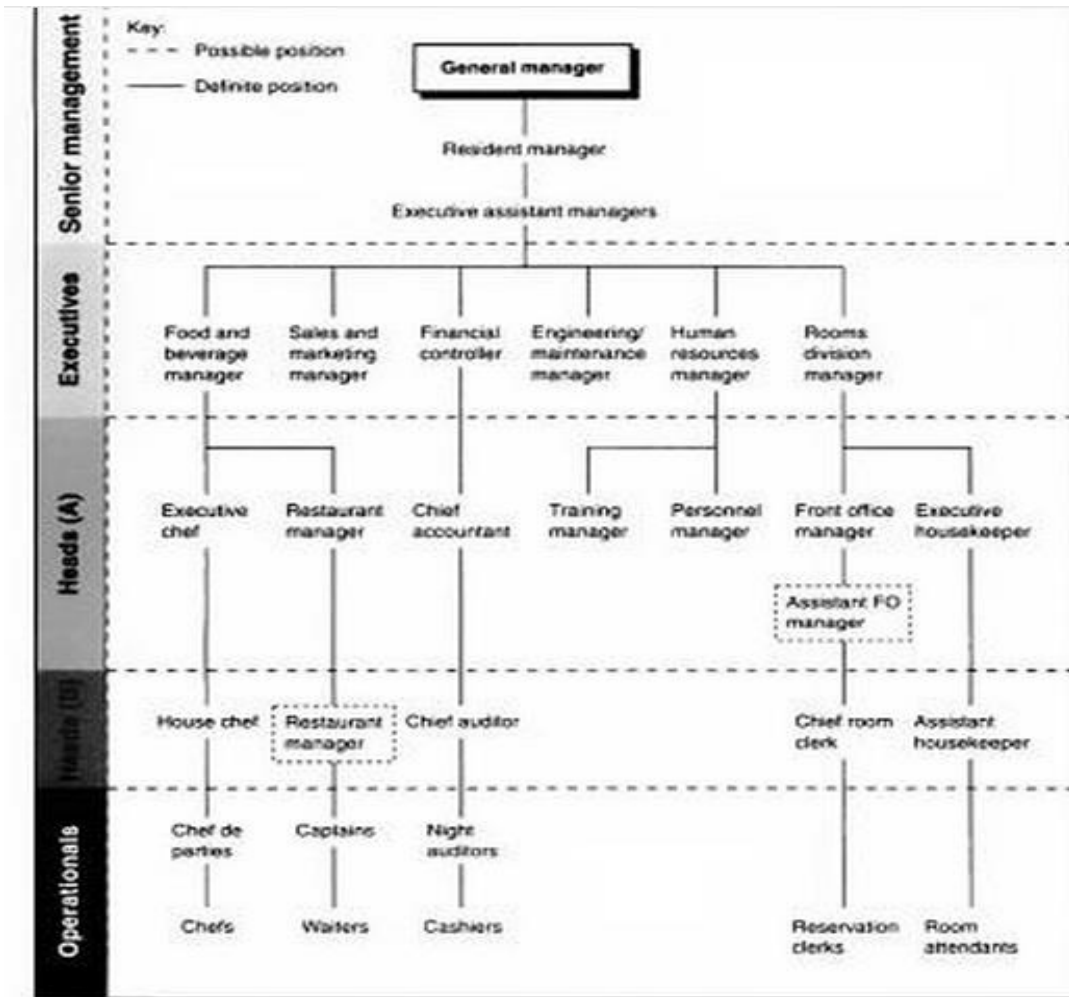


Figure: Management structure of a hotel

Source: Baker, Huyton and Bradley, 2000