



HUMAN RESOURCE DEVELOPMENT IN COOPERATIVE BANKS: A CONTEMPORARY SCENARIO

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Abstract: In the competitive environment, employees of any organization are the key factor for the success of the firm. In the sectors like health, education, media, insurance banking etc. human resource plays a prime role in successful delivery of the services. Most of the service sector insists on absorbing human resource with specific qualification, required skill set and basic hands on training. However, Cooperative banks in India do not have this privilege due to their existing structure and function. These banks in India are in existence over a century. They are progressively becoming intricate business mechanism, requiring all the tools and techniques of modern management for their success but one of the constraints in their development is the lack of trained manpower to manage affairs on efficient business lines. Recruiting, training, retaining the existing work force and promoting a culture of continuous learning are few challenges for cooperative banks even today. Since, Human Resources Development (HRD) is a key factor defining the characteristics of a successful banking institution; cooperatives also need to develop their ordinary members, the members of the Board and most importantly their employees. Therefore, in the present research paper an attempt is made to signify the need of HRD and to identify the contemporary challenges in implementing the HRD practices in cooperative banks.

Key words: Cooperative banks, Human Resources Development (HRD), challenges

I. Introduction

In the banking industry, the only sector adapting socialist pattern of economy is cooperative sector. Cooperatives are value-based, member-owned and democratically controlled organizations situated in the urban, semi-urban and most prominently in rural areas, to serve the needy people with financial assistance without much hindrance. The performance of a cooperative bank depends on the profitability. But the profitability depends on employees working in the organization and certainly the efficiency of employees is influenced by framing and following proper HRD policies. These policies of the cooperative banks are

generally determined by the respective management officials of banks. Unfortunately, in this process, neither management nor government realized the vital role of employees in developing these banks. (Dr. Mallikarjuna N. L, 2014)

In the words of **Rensis Likert**, “out of all the tasks of management, managing the human components is the central and the most important task because all else depends on how well it is done”. To stimulate the growth and survive successfully, it is obvious that all efforts should be made to develop human resources in all kinds of organizations. The cooperatives for their development will have to develop the ordinary members, the members of the Board and also the employees. Besides cooperatives also have to think to develop the prospective members who may enter the cooperative organizations in future. Thus, the task of HRD is much difficult in a cooperative organization than in a commercial bank where the main focus of development is confined largely to the employees. Hence, the present study concentrates on HRD issue recently prevailing in cooperative banks

Human Resource Development Mechanism:

In the early seventies, HR consultants, Dr. Subba Rao and Dr. Uday Pareek of Larsen &Toubro (L&T) Company studied the organization and conceptualized HRD as an integrated system and decided to separate it from Personnel. The new system clearly established the linkages between the various personnel related aspects such as performance appraisal, employee counseling, training, and so on. A high level internal team headed by a general manager, monitored the progress of implementation of the new system initially, which was subsequently handed over to the HRD Department. This pioneering work led the establishment of distinctive HRD Departments in the Bharat Earth Movers Limited in Bangalore and **State Bank of India and its Associates**. Thus, the HRD evolved indigenously in manufacturing and service industry in India.

Human resource management deals with optimum utilization of human capital whereas HRD deals with development and up-gradation of human capital. Human capital here refers to the knowledge, education, training, skills and expertise of firm's employees. HRD tries to bring about qualitative changes in the stock of human capital in accordance with the needs of the organization and corporate objectives. **McLean, G. N. and McLean, L.** define HRD, “as any process or activity that either, initially or over the long term, has potential to develop an adult's work-based knowledge, expertise, productivity and satisfaction whether for personal or team gain, or for the benefit of an organization, community, nation or ultimately the whole of humanity.” Therefore, HRD means improving the existing capabilities and acquiring the new capabilities required in. It emphasizes higher needs of motivating individuals through job enrichment, job challenge and creativity. HRD is needed by any organization that wants to be dynamic in fast changing world, which is possible through the efforts and efficiencies of their employees.

In personnel function impetus is on increasing peoples' efficiency but in HRD it is on building right type of culture in the organization. In this regard HRD is considered as the most suitable method of developing individuals in the organization because a fundamental characteristic of HRD that distinguishes it from other branches of personnel management is its essential inward look. It emphasizes upon a continuous search of limitless, intrinsic human potential. These objectives of HRD process are facilitated by different mechanisms like:

Performance appraisal	Training
Potential appraisal	Organization development
Employees' counseling	Career planning and development
Job rotation	Transfer and promotion
Interpersonal relations	Working and living conditions
Rewards and incentives	Grievance redressal

Beckhard, R an organizational development expert advocates the following essentials before any cooperatives can venture to attempt the introduction of Human Resource Development.

1. An urge and desire on the part of the personnel in the organization to find better methods.
2. Requisite skills, attitudes and abilities in the person engaged in HRD.
3. Proper support between the HRD team and the key personnel in the organization.
4. The need for suggesting the introduction of only such methods which can be implemented by the HRD section without much cost and resistance.
5. The HRD section must make all the employees in the organization understand the implications of new methods through seminars, lectures, role playing or any other methods to prevent the potential fears among the employees of the proposed changes.

So, HRD programme can be successful if the management changes its perspective from merely periodic and piecemeal attempts to changes in totality.

II. Objectives of the Study

1. To signify the mechanism of HRD for betterment of cooperative banks
2. To analyze the prevalent organizational and HRD climate in the cooperative banks
3. To identify challenges faced by cooperative banks with particular emphasis on employee development issue
4. To recommend suitable measures for improving HRD practices in cooperative banks

III. Research Methodology

This research paper is based on online resources available depicting the significance of HRD practices in banking sector. Selected review of the committee's reports, research papers, article and books related to human resource development in cooperatives is undertaken that resulted in various propositions.

IV. Review of Literature

The Expert Committee on Rural Credit (2000) – under the **Chairmanship of Prof. V.S. Vyas** made the recommendations on Human Resource Development, as many rural financial institutions suffer from poorly motivated and inadequately trained staff. The staff strength is sometimes too high and sometimes too small. The human resources requirement studies should be conducted in all States by reputed professionals. Cooperative CEOs should be professionals and not on deputation from Government.

National Cooperative Policy (2002) – emphasized that, the government recognizes the need to develop human resources, cooperative education and training, appropriate technologies and infrastructural facilities so as to promote professional management in cooperatives.

Kumar, (2003), conducted the study to analyze the impact of motivation and morale on employee's behavior and organizational efficiency in the banking sector. He found that the good work and incentives should be recognized for better performance. Job rotation is to be considered as the most important measure to increase motivation after physical facilities. He further suggested that employees are motivated by pay package, incentives and recognition. The study is concluded by saying that there is a need for more decentralization of authority and decision-making power.

The Task Force on Revival of Rural Cooperative Credit Institutions (2005) – under the chairmanship of **Prof. A. Vaidyanathan**, recommended that the mandate for appointment of persons having professional qualifications or experience as laid down by the RBI on the boards of the cooperative banks by election or by cooption with full voting rights if such persons are not elected by normal election process should be practices. And the right of appointment of the CEOs to be with the banks themselves and not the State government subject to the condition that the proposed appointee satisfies the minimum qualifications criteria laid down by the RBI.

Das Banshree, Dr. Palai N.K. and Dr. Das Kumar (2006) – paper focused on several shortcomings like: poor infrastructure, lack of quality management, over-dependence on government, dormant membership, non-conduct of elections, lack of strong human resources policy, absence of professionalism in cooperative societies in India.

Krishnaveni & Deepa (2011) claimed that while implementing HRD policies, organizations should focus not only training programmes but they should also give importance to career planning, employee participation and transparent compensation for employees. The study emphasized the creation of sense of belongingness among employees and participation thereof in decision making process of the organization.

Parikshit and Anuj, (2012), examined status of structuring of HRD climate and subsystems in Indian public sector banks. The study revealed that good HRD policies bring conducive environment for the development of the employees and the organization.

M. S. Patil (2016) revealed that the perceptions of officers and clerks of cooperative banks regarding the focus of training on knowledge, skill and attitude development differ significantly and he also addressed lack of training programmes. The study indicated that majority of the officers and clerks have neutral opinion regarding work environment in the bank which was not favorable for accomplishment of HRD objectives.

V. Organizational and HRD Climate Prevailing in the Cooperative Banks

Being the superior institutional arrangements for financing agricultural operations, cooperative banks, teaches the farming community to borrow at the right time, the right amount for the right purpose and repay the loan on the due dates. Since, the rural banks consist of farmers themselves, it knows at first hand the credit problems of the rural poor and strives to find out suitable solutions for them. No other institution can be as effective as the cooperative banks in rural areas, for the other financial institutions are run by persons who are not from the farming community and who do not have first-hand knowledge of the economic condition of farmers, their temperaments and their requirements. Therefore, we may say that cooperative banks assist in developing a healthy attitude among the rural people, which enable them to speed up their productivity. But, at the same time, its own employees' development has been a neglected field over a period of time and poor image of bank employees in the society affects their morale. Only recently has there been a greater recognition of this function of HRD in Cooperative banks. Several committees were appointed by Central as well as State Governments to look into the financial and marketing problems of cooperatives and to give recommendations, but no committee was appointed to study the HR related problems. Following observation strengthen this viewpoint.

1. Due to politicization and lack of professionalism in managerial leadership in credit cooperatives the employees have been relentlessly neglected.
2. Credit cooperatives are unable to operate as planned because majority of them do not have employees with appropriate skills.
3. Whenever a new post is created or any revision of pay scales effected, the chief executive of such bank is supposed to send effectual report to the registrar along with complete details regarding the financial implications of the resolutions of the board and justification of the same or according to the State Cooperative Act, no appointment by direct recruitment is made except by calling for applications from eligible candidates. But, in this regard, only documentation is followed as prescribed. However, favoritism, nepotism, casteism, linguism and widespread corruption are some of the factors which manipulate the HR system herein.
4. Temporarily appointed staff, loss of key staff, absence of succession planning and staff development, are some of the contemporary features of cooperative banks that pose a threat in attracting and retaining qualified employees.
5. The National Council for Cooperative Training (NCCT) is responsible for organizing, and evaluating the arrangements of training for the personnel working in the cooperative institutes at national, state and district level throughout the country. The network of cooperative member education and employees' training operating under the NCCT is considered as the most extensive and largest in the world. But, the extent of participation in training programmes by cooperative banks is very low.
6. The cooperative banks avail a self-appraisal form to their employees. Each individual employee has to submit it to the immediate superior in the prescribed format. These banks have not used any sophisticated methods to evaluate their employees' performance apart from self –appraisal report. Unlike commercial

banks, especially urban cooperative banks which are classified as Grade I and II by RBI are eligible to get increments to their employees whereas the Grade III and IV banks as classified weak banks and the employees of these banks are not able to get any increments in their salary. This is the major reason for poor performance of employees in cooperative banks.

7. As per the directions given by the Cooperative Amendment Act 2013, the Cooperative education fund should be utilized for education of the members, directors including office bearers and employees, Human resource development, technical up gradation. It should also aim at ensuring that the transparency, level of awareness, member participation and member control expected of any good cooperatives are reached out to the members, the directors and employees. But in reality, only public health awareness campaigns are arranged rarely and fund is utilized for credit assistance to the members.

Therefore, it is felt that, cooperatives approach human resource development from the wrong perspective and their financial performance suffers as a result. Instead of focusing on how to execute strategy through the performance of the employees, the first priority is cost control and the focus often begins with the HR function. (Nagaraja Pillai, Ramu 2012)

VI. Challenges in implementing robust HRD practices in Cooperatives:

In order to work on professional lines of enlightened and active membership and inspiring leadership, it is pre-requisite for cooperative sector to strengthen HRD functioning. Some of the major challenges of implementing HRD successfully in cooperative banks can be clubbed as follows:

1. Paucity of funds for HRD programmes such as workshops, seminars, trainings, appraisals, capacity building and so on.
2. Deficiency of professional and qualified senior and middle line managers.
3. Inadequate working condition which is required for the organizational efficiency and effectiveness.
4. Lack of communication between the managers and committees and among basic members
5. Scanty training infrastructure including trainers and training material. There, is a need for a clear cut training policy and a fair selection procedure and an objective mechanism of deputing the employees.

VII. Discussion

1. The cooperatives are generally headed by a committee of elected members, who are not necessarily professionals. Conscious and well specified HRD principles in crucial areas like recruitment, placement, training, performance appraisal, career progression, managerial grooming, etc., are lacking in most of the cooperatives. Therefore, the cooperatives will have to evolve sound personnel policies encompassing proper manpower planning and assessment. It is necessary to evolve scientific staffing norms. There should also be a conscious policy for developing the second line of management in all key functional areas. HRD activities in cooperatives should be much more systematically organized with a long range perspective.
2. The present study provides a clue that employees' perceptions towards the management of banks do affect the extent of HRD activities and thereby organizational performance.
3. Participation of young people in the cooperative sector is limited as current positions are occupied by senior and elder persons. More participation of youth in cooperatives can be encouraged to utilize their energetic

and youthful resources as they are in the most productive category. The participation of youth would help in easily bringing latest technology for credit cooperatives to perform better.

4. There is a need to initiate a robust training programme that motivates diverse workforce and there is a compelling need to improve the level of training which can be possible only after knowing the underlying causes of low level of participation in training programmes, determined by certain demographic variables such as age, sex, educational qualification, length of service, professional qualifications, status and mode of employment etc. which significantly affect the extent of training.
5. Most important ingredient of HRD is reward and compensation that at present does not have any linkage to skills and performance. There is an urgent need to have the system of reward and compensation in place that will attract, recognize and retain the talent in cooperative banks.

VIII. Conclusion

Successful HRD requires that banks should practice a sound management philosophy that respects human dignity and diversity and are committed to the growth of employees. The development of employees would help them through coaching, counseling, inculcating skills and bringing out a changed personal outlook. Based on a careful analysis of the needs of the business, cooperative banks must prioritize their choices around workforce engagement. The cooperative banks should believe in the values of employee's contribution and involve them in decision making and share the wealth equitably and fairly. This would enhance the performance of employees in cooperative banks resulting in increased satisfaction among customers and credibility towards these organizations.

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