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Role of HRD in cooperative banks

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Abstract

The present chapter is devoted to the study of genesis, growth, performance and importance of HRD in co-operative banking. The chapter would provide background information about the co-operative institutions undertaking the job of banking. While the first part deals with co-operative banking at national level which includes, genesis, objectives and different forms of co-operative institutions at Indian level including Primary Agriculture Co-operative Societies, the second part of the chapter discusses the evolution of co-operative banking and the performance of different type of co-operative banks operating in the state. The third part highlights the significance of human resource development (HRD) in co-operative institutions.

The paper poses the question what are the human resource development policies of cooperative banks in India and is cooperative banks practices still relevant today? Why should policy makers / regulators pursue it in development strategies? In what way are cooperative banks different in terms of human resource development practices? What are the remedial measures to be addressed so as to allow cooperative banks to operate and grow correctly? This article proposes a reflection both on research opportunities and on the management challenges of cooperative banks with particular emphasis on human resource Development issues.

Introduction

An organization is made up of a number of people who strive to achieve the organization's goals. Human resources have a significant bearing on the profitability, efficiency and overall organizational effectiveness. Human beings differ from one another in their basic mental abilities, skills, approaches, qualifications and also behaviour which account for their complex behaviour patterns and psychological makeup. Such difference gets multiplied when they interact with one another in a group or in an organization. This generates different styles of management, values, feelings, beliefs and opinions of the employees. They must be groomed in order to take risks, think innovatively, and handle new problems. In the competitive environment, employees of any business organization are the key factor for deciding the success of the firm, in general, and cooperatives in particular.

It is understood that cooperative banks approach human resource development (HRD) 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 in many cooperative banks, the first priority is cost control and the focus often begins with the HR function.

Indian cooperative banking movement has passed through hundred years of its existence. At the same time, human resources management has been a neglected field in cooperative banks over a period of time and poor image of cooperative bank employees in the society affects their morale. Only recently has there been a greater recognition of this function. In this paper, an attempt has



been made to analyze the practices of human resource management and the challenges faced in recruitment and retention of efficient personnel for managing the complex affairs of cooperative banks.

Objectives of Co-operative Banking

The objective of the co-operative banking spelled out as under:

i) Co-operative Banks try to bring about the most effective use of the loans they advance for the purpose. Loans are advanced only for productive purposes. Secondly, the Bank supervise the activities of those members who have borrowed from it to ensure that the amount is used for the purpose for which was granted.

ii) The financial resources of a co-operative Bank, alone may not be sufficient to cater to the requirements of a large number of its members. Though a co-operative Bank is an association of small farmers who are often not credit worthy, it does not encounter much difficulty in securing loans from other financial agencies.

iii) The aim of the co-operative Bank is also to reduce the risk in lending by a careful handling of its activities. Its insistence on the utilization of the loan amount only for productive purposes ensures that borrowers will repay the amounts on the due dates. If no close watch is kept on the activities of the borrowers, it is very likely that the borrowed fund would be used for consumption purposes, in which case the borrower becomes a defaulter, and with it, the risk of lending increases.

Essentials of Human Resource Development

HRD is an effort to develop capabilities and competence among employees as well as create organizational environment conducive to the employees 'development. Keeping in view this fact in mind, it is essential to strengthen the HRD system. The experts and the academicians advocate the following essentials before any organization can venture to attempt the introduction of Human Resource Development.

- (a) An urge and desire on the part of the personnel in the organization to find better methods.
- (b) Requisite skills, attitudes and ability in the person engaged in (HRD)
- (c) Proper support between the HRD team / dept. and the key personnel in the organization.
- (d) Removal of hurdles and irritants from the organization affecting productivity of the employees.
- (e) Involvement of the personnel of the organization to get a lot of unwritten information for understanding the dynamics of the organization for developing an HRD programme.
- (f) The need for suggesting the introduction of only such indigenous methods which can be implemented by the HRD section without much cost and resistance. Besides, the need for technical consideration may also be kept in mind.
- (g) Use of entrepreneurship development programme to keep continuous track of every employee and use performance appraisal, training etc. to inject / change in desired direction.



(h) Members of HRD team may possess a pleasant personality, common sense, imagination, enthusiasm, objectivity and the sense of humor required to induce change toward HRD as it has been rightly said that it is easier to change the mountains than to change the minds of the people.

(l) The HRD section must be ready to face resistance to their ideas and dispel these with facts, patience and consideration. The aim should be to develop acceptance through co-operation.

(j) 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 thwart the potential fears amongst the employees of the proposed changes.

(k) HRD to be successful needs revolution in the total concept of management and not merely sporadic and piecemeal attempts.

Mechanism of Human Resource Development

The development of an employee would imply help to the individual on the job through coaching, counseling to guide, encourage, support, and train him to feed some additional information, inculcate skills and bring out a change in his outlook and so on and so forth. In this regard HRD is considered as the most suitable method of developing individuals in the organization because a cardinal 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 sub – systems / mechanisms like : (i) performance appraisal (ii) Training (iii) Potential appraisal (iv) Organization development (v) Employees ' counseling (vi) Career planning and development (vii) Manpower planning (viii) Job rotation (ix) Data Bank (x) Transfer and demotion (xi) Interpersonal relations (xii) Rewards and incentives (xiii) Working and living conditions (xiv) Recruitment , selection , placement and (xv) Grievance redressal.

Implementing of Human Resource Development Programme

It is very important to know how to implement an HRD Programme. Human Resource Development involves all the aspects of management but we will concentrate only on important ones:

- (a) Commitment
- (b) Specific Action Plan and Strategy
- (c) Building Morale and Motivation among the members of an organization
- (d) Counselling and Mentoring

Importance of Co-operative Banking

Co-operative Bank is useful in the following ways:

- i) It is a superior institutional arrangement for financing agricultural operations. Co-operative banks offer loan to farmers so that they might utilize the amount for increasing agricultural production and raising their standard of living. In a country where the farm population is composed of small farmers who have small means and small lands, co-operative banking is most advantageous. As the society consists 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 so effective as the co-operative banks in rural areas, for the other financial institutions are run by person who do not come the farming community and who do not have first-hand knowledge of the economic condition of farmers, their temperaments and their requirements.

ii) Generally speaking, people are conservative when they cannot translate their plans into action due banks make person dynamic by offering them the necessary financial assistance. This encourages farmers to engage in productive activities which benefit them as well as the banks. Co-operative banking changes the whole attitude of farmers and enables them to adjust to the changing environment.

iii) Co-operative banking 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. Therefore, we may say that co-operative banks assist in developing a healthy attitude among farmers, which enable them to speed up agricultural production.

iv) A strong and stable co-operative Bank in a rural area frees a large number of borrowers from the clutches of money-lenders and constrains the latter to reduce their rate of interest if they want to continue in business. Consequently, the profit margin of money-lenders has been greatly reduced.

v) Co-operative Banks are capable of setting into motion the various factors leading to prosperity in rural areas.

Recommendations

The findings of this study can be successfully utilized for the improvement of HRD practices in Cooperative banks. Some of the main recommendations based on the study are:-

1. As the extent of participation in training programmes in Cooperative banks is low, so 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 is determined by certain demographic variables. Age sex, educational qualification, length of service, professional qualifications, status, and mode of employment are such variable which significantly affect the extent of training. Therefore, the management of the bank should design the contents of training programme and necessary mechanisms.
2. The study shows that there, is a need for a clear cut training policy and a fair selection procedure and an objective mechanism of deputing the employees.
3. The internal training in the form of job rotation must be followed strictly, which will enrich the knowledge and skills of the employees in various activities of the bank. It will also enhance the level of training in Cooperative banks.
4. Training should be linked up with promotion\confirmation. This will create general awareness about the need of training.
5. The bank should make an adequate budgetary provision for imparting training to its employees on regular basis.



Systematic and objective research should be undertaken in order to find out gaps in the training being imparted and need for training.

Guidelines for Further Research

While conducting the present study, certain aspect could not be dealt with in detail in view of study objectives and other constraints of time and cost. Besides, findings also provide certain clues on the basis of which the following priority areas can be selected for future research:-

1. The HRD practices prevalent in co-operative banks may be compared with that of other categories of banks.
2. The present work pertains to the study of HRD in three Cooperative banks. Similar studies may be replicated in other co-operative institutions.
3. The present study analyses and evaluates the existing HRD practices adopted in Cooperative banks with regard to selected variables. Same study may be conducted by adding more demographic variables.
4. Another dimension which managements, contribution in the formulation and execution of HRD programmes and policies highly dominating. An intensive research can be taken up to study this aspect.
5. The present study provides a clue that employees' perceptions towards the management of banks do affect the extent of HRD activities. Therefore, further studies may undertake research to note the significance of the degree of association between employees' attitude and HRD mechanism.

Conclusion

HRD in the organizational context is the process of organizing and enhancing the physical, mental and emotional capabilities of individuals for productive work. Cooperatives need to ensure that members and employees are regarded as human resources important for the sound development of the cooperative enterprise. The part of human resource management that specifically deals with training and development of the employees. Effective training is an investment in the human resource of an organization, with both immediate and long range returns. Cooperatives are value-based, member-based, member-owned and democratically controlled. The primary purpose of a cooperative is to satisfy the social and economic needs of its members.

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