

CHAPTER VI

STICKINESS OF THE LEADERSHIP

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Opinions differ on the issue whether the leaders of any organization should continue in their office for a pretty long time or should make a room for newcomers after some time. Convincing arguments are thrown on both the sides. The long continuation of enlightened and active leaders in the high office is said to be congenial to the growth and strength of the organization. His dedication to the cause, ability to bring the people within the organization, his social status, his political connections, his vision, his planning, etc., work as assets for rapid development of the organization. Instances of the kind can be cited. Many helmsmen have, through their untiring efforts, brought their organizations to strength and repute. This has been the experience in both private and cooperative sectors. All the same, contenders of the other side also have their say. They maintain that prolonged continuation in office of specific persons, in course of time, makes them autocratic. They begin to use the organization for their personal gains and personal elevations at the cost of many others involved in the organization. Such has been the experience widely prevalent in cooperatives, especially sugar cooperatives. The initial vigour and efforts of the pioneers really do good for the organization, no doubt; but when the organization is well-established, the same persons

turn out to be selfish and dictatorial. Malpractices and personal politics overweigh all fairness. The helmsman becomes almost an unscrupulous despot.

By and large, cooperatives have been the victims of the experience of the latter kind. Concentration and monopolization of authority, nepotism and favouritism are not limited only in case of high offices, but have pervaded to the levels of persons findings seats on the Board of Directors. Consequently, stickiness has become a common characteristic of the persons holding offices.

In this light, it is worthwhile to examine the 'stickiness' of leadership in the UCBs of Kolhapur with reference to the four sampled banks. The study is presented with reference to the following three aspects:

- (A) representation on the Board of Directors,
- (B) occupation of the office of the chairman, and
- (C) holding the office of the vice-chairman.

Now, for this purpose, data of the personnel in offices since the inception of the banks has been culled and converted into tabular form indicating quantitatively the tendency of concentration and monopolization of authority. The analysis follows.

6.1 PERSONNEL ON BOARD OF DIRECTORS

Representation on Board of Directors of the four UCBs in Kolhapur city is considered for the entire life of each bank. Frequency distribution of each person on the Board is done in order to quantify the length of time for which each person remained as a director. And then the entire data is presented concisely with five-year time-intervals. Table 6.1 shows the details.

Table 6.1
Representation on the Board of Directors
of the sampled UCBs

Name of UCB & period	Total No. of members	Years of tenure					
		1-5	5-10	10-15	15-20	20-25	25+
1. Kolhapur (1950 to 1990)	42	14 (33)	6 (14)	5 (12)	9 (22)	5 (12)	3 (7)
2. Maratha (1933 to 1990)	88	47 (54)	19 (22)	14 (16)	4 (4)	1 (1)	3 (3)
3. Mahaveer (1937 to 1990)	72	24 (33)	28 (39)	9 (13)	5 (7)	5 (7)	1 (1)
4. Veershaiv (1942 to 1990)	57	19 (33)	15 (26)	13 (23)	5 (9)	2 (4)	3 (5)
Total	259	104 (40)	68 (26)	41 (16)	23 (9)	13 (5)	10 (4)

Note: Figures in brackets are the rounded percentages to the total.

Source: Field survey.

Table 6.1 represents classification of members of the Board of Directors on the basis of their tenure. It will

throw light on the centralization of decentralization of power in the management structure. It is observed from the Table that 104, out of 259 members, for whom information was available, held their office for 1 to 5 years, representing 40 per cent of the members. But it is interesting to note that 26 per cent of the members were in the management board for 5 to 10 years, 16 per cent in the tenure group of 10 to 15 years, 9 per cent and 5 per cent of members held their office for 15 to 20 and 20 to 25 years, respectively and finally, 10 out of 259 members (4 per cent) held their positions for more than 25 years.

Referring to each sub-group of tenure, it appears that excepting Maratha Bank, the remaining three banks had one-third of the persons on the Board of Directors upto five years only. Maratha Bank reveals more dispersal with 54 per cent of the members in this category. In the next step of the ladder (5-10 years), Mahaveer Bank had the largest percentage (39 per cent), followed by Veershaiv Bank, Maratha Bank and Kolhapur Bank in declining order.

Representation on the Board beyond 10 years is a real indication of concentration of authority - higher the proportion, more the concentration. From this point of view, within the sub-group of 10 to 15 years, Veershaiv Bank had 23 per cent. Rest of the two banks were low at 12 to 13 per cent. But this lowness was much compensated atleast by Kolhapur

Bank by registering 22 per cent of its members in the tenure sub-group of 15-20 years; Maratha Bank remained lowest. Kolhapur Bank maintained this tendency of remaining relatively high in the tenure sub-groups of 20-25 years and 25+ years. Second in order in both the respects was Veershaiv Bank.

If the percentages of each sub-group given in Table 6.1 are taken cumulatively, then it will be possible to establish meaningful conclusions about the tendency of concentration. The cumulative picture will be as shown in Table 6.2.

Table 6.2
Cumulative percentages of the tenure of members
on the Board of Directors

UCB	Cumulative percentages of tenure upto years				
	5	10	15	20	25
1. Kolhapur	33	47	59	81	93
2. Maratha	54	76	92	96	97
3. Mahaveer	33	72	85	92	99
4. Veershaiv	33	59	82	91	95

In this context, tenure upto 10 years can be considered as normal and fair. Therefore, higher the percentage in the second category (that is, upto 10 years), more the democratic representation and better the dispersion of representation. Representation beyond 10 years is the indication of graduated concentration. Lower the cumulative percentage, higher is the degree of concentration. This is just a converse of the previous norm.

Given these norms, in the first stage of upto 10 years, Maratha and Mahaveer Banks had nearly three-fourths of their members retiring from the Board of Directors within 10 years. Only one-fourth of the members continued to be there for over ten years. In between these two banks, Maratha Bank has been in the vanguard in the dispersal of membership on the Board. Veershaiv and Kolhapur Banks, on the other hand, quite vividly depict higher degree of concentration, more so in case of Kolhapur Bank. Veershaiv Bank had 41 per cent of its Board Members, clinging to their positions beyond 10 years, whereas Kolhapur Bank had 53 per cent of them. Of these two banks, Veershaiv Bank improved its position to little satisfaction between 10 and 15 years and retained only 18 per cent for a period beyond 15 years. Kolhapur Bank was slow moving and had a left out of 41 per cent members beyond 15 years.

Thus, with difference in degree, there is a tendency towards concentration of powers in the Board of Directors of the UCBs. Actual modus operandi is like this. A handful of persons are the most active ones and control the affairs of the bank. Others are their followers; they are given chance on the Board for one or two terms. They are supporters and not power-wielders. Persons continuing beyond 10 years, and more emphatically, beyond 15 years, are necessarily the power-wielders of the bank. From this angle, the four banks can be arranged in sequence with decreasing degree

of power concentration as follows: Kolhapur, Veershaiv, Mahaveer and Maratha. Leadership of the cooperative banks is in the hands of long-tenured persons. Their policies and practices mould the bank's performance.

6.2 TENURE OF THE CHAIRMEN

Normally, persons who are active in social and political life take active interest not only in building up the institutions but also in leading them for pretty longer time. Leadership of the institution is a booster for their leadership elsewhere. However, there have been persons from trading and business vocations who take interest in pioneering urban banking institutions for the sake of providing financial benefits to their fellows in different vocations. They have no interest in political leadership. They are mostly prominent personalities in their vocations. Therefore, their efforts are less motivated by the mania of acquiring and/or strengthening leadership elsewhere.

What the four sampled UCBs indicate has to be seen. Tenurewise classification of the bank chairmen is given in Table 6.3 (on the following page).

Table 6.3 shows that 59 out of 84 chairmen of the four banks 70 per cent held their office for 1 to 3 years. Thirteen per cent of the chairmen fall under the tenure group of 3 to 5 years and 11 per cent continued for 5 to 10 years.

Table 6.3
Tenurewise classification of the chairmen of
the sampled UCBs

Name of the UCB	Total no. of Chairmen	Years of tenure			
		1-3	3-5	5-10	10+
1. Kolhapur	46	40 (87)	4 (9)	2 (4)	-
2. Maratha	22	15 (68)	3 (14)	3 (14)	1 (4)
3. Mahaveer	9	2 (22)	3 (34)	2 (22)	2 (22)
4. Veershaiv	7	2 (28.5)	1 (14.5)	2 (28.5)	2 (28.5)
Total:	84	59 (70)	11 (13)	9 (11)	5 (6)

Note: Figures in brackets are the rounded percentages to the total.

Source: Field survey.

The remaining 6 per cent of the chairmen enjoyed their post for more than 10 years.

Coming to inter-bank comparison, the first indicator will be the number of persons assuming chairman's position. Here, Kolhapur Bank puts out an impressive performance with 46 persons. Maratha Bank gave chance to 22 persons whereas the remaining two banks honoured less than 10 persons. Clearly, therefore, Mahaveer and Veershaiv Banks were ruled by a handful of persons as Chairman. Kolhapur and Maratha Banks appeared to be more democratic by adopting greater velocity of rotation of persons in the chair. In this respect, particularly Kolhapur Bank reflects on exactly opposite tendency.

compared with the composition of its Board of Directors. Additionally, none from this Bank enjoyed the office for a period over 10 years. Hence, it can be said that Kolhapur Bank believed in 'multi-pillared leadership' or rather, 'group leadership'. In the same vein, it may be said that Mahaveer and Veershaiv Banks, with their narrow base of chairmen, perhaps believed in 'single-pillared' or 'individual leadership'. Both these banks had two of its chairmen in that office for over 10 years. Maratha Bank had one such.

Analysing in the light of the tenure sub-periods, majority of the chairmen of Kolhapur and Maratha Banks relinquished their office within 3 years. Opposite was the situation of Mahaveer and Veershaiv Banks. These banks had the tendency of longer duration of office for each of their chairmen. It means that they rotated members on the Board of Directors faster, but retained the leadership of a chosen few. Kolhapur and Maratha Banks behaved in the opposite manner. They were also slow in rotating their directors, but fast in changing the chairmen. Their leadership was broad-based against the narrow base of Mahaveer and Veershaiv Banks.

A cumulative percentage picture of this office is presented in Table 6.4 (on the following page).

Table 6.4
Cumulative percentages of the tenure of chairmen
of the sampled UCBs

UCB	Cumulative percentages upto years		
	3	5	10
1. Kolhapur	87	96	100
2. Maratha	68	82	96
3. Mahaveer	22	56	78
4. Veershaiv	28.5	43	71.5

Perusal of Table 6.4 clearly brings out the approach of the four banks. Kolhapur Bank, by and large, did not extend the tenure of majority of its chairmen beyond 3 years, a few enjoyed the office beyond that, but none beyond 10 years. Maratha Bank came closer to Kolhapur Bank with one difference that it had a solitary chairman in office for more than 10 years. In case of Mahaveer and Veershaiv Banks, longer duration of office appears to be a rule. Of their chairmen, 78 and 71.5 per cent, respectively, enjoyed the tenure upto 10 years, thus leaving a substantial proportion to be covered by 10+ sub-period.

In sum, regarding tenure of chairmen, the four sampled banks can be put in increasing order of concentration as follows: Kolhapur, Martha, Mahaveer and Veershaiv Banks.

6.3 TENURE OF THE VICE-CHAIRMEN

Vice-chairman represents a second-order leadership.

Sometimes, it is looked as a stepping stone to the chairmanship in due course. Of course, there is nothing wrong in this; on the contrary, such should be the practice, instead of bringing in a novice directly to the highest office. However, cooperative banks do not follow this as a rule of the thumb. These elections are often the matters of mutual adjustments on agreed basis. As a result, aspirants to the highest office, but having no chances in sight, remain content with this compromise solution. Thus, two practices are observed. One is, deliberate election to the office in order to be able to rise to the highest office in due course. The other is, election as a compromise without a chance or possibility of vertical mobility.

Whatever be the motive with which the office was filled by the UCBs in the past, analysis of the tenure of vice-chairmen would throw light on the policy adopted by the individual banks. Table 6.5 gives the details.

Table 6.5
Tenurewise classification of the vice-chairmen
of the sampled UCBs

Name of the UCB	Total No. of vice-chairmen	Years of tenure			
		1-3	3-5	5-10	10+
1. Kolhapur	23	18 (78)	5 (22)	-	-
2. Maratha	24	16 (67)	7 (29)	1 (4)	-
3. Mahaveer	14	5 (36)	5 (36)	3 (21)	1 (7)
4. Veershaiv	17	10 (59)	3 (18)	4 (23)	-
Total:	78	49 (63)	20 (26)	8 (10)	1 (1)

Note: As per Table 6.1

Source: Field survey.

It is seen from Table 6.5 that 49 out of 78 persons fall in the tenure group of 1 to 3 years representing 63 per cent of the total number of vice-chairmen. 26 per cent of the vice-chairmen served for 3 to 5 years. Remaining 10 per cent and 1 per cent were in the position for 5 to 10 and 10+ years, respectively.

As regards the number of persons occupying the office, Maratha Bank was in the forefront while Mahaveer Bank was at the bottom. Further, except Mahaveer Bank, the remaining three banks had more than 50 per cent of their vice-chairmen in the office upto 3 years only. Herein, Kolhapur Bank had the highest rotation, followed by Maratha and Veershaiv Banks. This once again establishes the pragmatic attitude of Kolhapur and Maratha Banks in giving opportunity to as many persons as possible. In the sub-period of 3 to 5 years, however, Mahaveer Bank was leading; Maratha, Kolhapur and Veershaiv came next in declining order. Then Veershaiv and Mahaveer Banks were prominent in retaining persons from 5 to 10 years as vice-chairmen. Thus, these two banks vividly revealed the tendency of concentration of authority as vice-chairman.

Cumulative percentage figures derived from Table 6.5 and presented in Table 6.6 would also reveal the tendency.

Table 6.6
Cumulative percentages of the tenure of vice-chairmen
of the sampled UCBs

UCB	Cumulative percentages upto years		
	3	5	10
1. Kolhapur	78	100	-
2. Maratha	67	96	100
3. Mahaveer	36	72	93
4. Veershaiv	59	77	100

Kolhapur Bank, in its entire life, had no vice-chairman beyond 5 years, while Maratha and Veershaiv Banks did not cross the limit of 10 years. Mahaveer Bank alone went beyond 10 years. Hence, ranking of these banks according to increasing degree of concentration is: Kolhapur, Maratha, Veershaiv and Mahaveer.

6.4 CONSOLIDATED SCENARIO

In the final analysis, survey results regarding concentration tendency in the Board of Directors and the offices of chairmen and vice-chairmen, may be consolidated in order to present an integrated scenario of each bank.

For this purpose, the method of merit-rating is adopted. Merit marks will be allotted to each bank starting with 4 marks to the bank showing relatively least concentration, and then 3, 2 and 1 mark would be allotted for increasing degree of concentration. In order to give such scores, figures

of cumulative percentages as given in Tables 6.2, 6.4 and 6.6 are used as basis. Individual marks and the score totals can be seen in Table 6.7.

Table 6.7
Consolidated scenario of the sampled UCBs

UCB	Marks with reference to			Total Score
	Board of Directors	Chairman	Vice-chairman	
1. Kolhapur	1	4	4	9
2. Maratha	4	3	3	10
3. Mahaveer	3	2	1	6
4. Veershaiv	2	1	2	5

Total score of each bank is the index of the degree of concentration of authority in such a manner that the degree of concentration is inversely related to the score. Accordingly, of the four banks, Maratha Bank comes out with the least degree of concentration, closely followed by Kolhapur Bank. Then follow Mahaveer and Veershaiv in that order revealing much higher degree of concentration of tenure.

6.5 CONCLUSION

The analysis, on the whole, reveals a tendency towards concentration of power in few hands. As such, in case of each bank, there is a band of chosen few, which is active in managing and monitoring the affairs of the bank. They can be considered as providing leadership to the bank, whatever be their ultimate motive. It is not clear, however,

whether their initiative and active participation is motivated by cooperative spirit or not. Much of the impression is that they have used cooperative as a convenient organizational form for their activity; cooperative spirit is relegated to the background.

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