

CHAPTER

ONE

Objectives.

Methodology,

and Scope.

Objectives, Methodology and Scope1.1 Introduction

A Co-operative bank is for all practical purposes like any other regular bank, accepting deposits from the public, withdrawable by cheques or otherwise, for the purpose of lending and investment*. They are institutions dealing essentially in other peoples' money. Therefore, they are obliged to maintain efficiency of management constantly at all levels, in order to safeguard the interest of their members and depositors. The efficiency of co-operative banking system depends upon well qualified and trained staff. In this context William F. Glueck observed " People are the most important resource in the enterprise, since people make the decision concerning all other organisational resources. People operate the machines, borrow the money and come up with the ideas which give the enterprise its purpose. ... The personnel activities can help in many ways to ensure the enterprise will survive and prosper "1

Getting and keeping good people is critical to the success of co-operative banking. The very purpose of personnel management is to assure a steady supply of sound people who can contribute to the success of the co-operative banking system. Management of human resources - organisation training, motivation and placement on the right job - is an area which holds the key to the

success of co-operatives in the future.

Cooperative banking system includes State, district and urban co-operative banks. Urban Cooperative Banking though not of recent Origin (the First Urban Cooperative Bank was set-up at Baroda in 1889), certainly it is gaining greater response since independence. This is because, the joint stock banks are not interested in providing credit to the urban middle class people. Government's initiative in the development of co-operative sector in the country is another reason.

Urban Co-operative Banks are the banks of relatively weak urban people, i.e., Fixed incomists, salary earners, artisans, small traders and businessmen. They serve to the townsmen in respect of credit as well as other aspects of their business and life. The Urban Co-operative Banks provide support to urban people as village co-operative credit societies provide services to their members. An Urban Co-operative Bank is thus conceived as almost as urban counter-part of a village co-operative credit society. In 1931, the Central Banking Enquiry Committee pointed out that " The duty of these urban banks should be to try to do for all small trader, the small merchant and the middle class population what the commercial banks are doing for the big trader and the big merchant "2.

The progress of the urban people means the progress of the urban co-operative banks and hence,

development of urban co-operative banking becomes the subject of prime importance. The development of urban co-operative banking depends upon the development of persons working within the organisation. The development of people is not neither a natural one nor just a happening. It is a process. It requires organised calculated efforts spread over years under managerial leadership and its assessment at the regular intervals. M.N. Rudrabasavaraj observed " Development of people is a specialised function and is one of the fundamental operative functions of personnel administration ... " ³ It is an art and science of managing people, working within the organisation. The task of personnel management is to procure, develop, maintain and utilize people in a given enterprise. It is an operative managerial function. The management has to play a vital role in introducing this science of management to derive maximum output for fair returns, from the human resources at their disposal. Here, lies the need and importance of personnel management. Regardless of the nature of organisation or business, personnel function exist in every organisation.

In Urban Co-operative banks this aspect of management has been overlooked for all these years, though the Study Group on Credit Co-operative in Non-Agricultural Sectors (December 1963) has made a number of valuable suggestions for the growth and development of

urban credit sector. Not only that, but even Government had not realised its importance in the development of co-operative banks. Several Committees (e.g., Committee on Co-operative Credit, 1960; Committee on Co-operative Administration, 1963; Expert Group on Co-operative Education, Training and Research, 1974 etc.) were appointed by Central Government as well as State Governments, to look into the problems of Co-operative and to give their recommendations. However, these committees did not clearly spell out any personnel policy. In this context, the former Union Minister For Commerce, Civil Supplies and Cooperative, Mr. Mohan Dharja, rightly observed that "The Co-operative institutions in the country are yet to develop systematic personnel policies. There are no arrangements at present for long-term manpower planning and consequently for staff development. Lack of a systematic approach in recruitment of personnel, training and placement has been one of the impediments in professionalisation of management in the co-operative sector."⁴

Moreover, it is surprise that so far, no committee was appointed by Union and State Governments to study the problems of employees, and employer-employees, relations, working in different types of co-operative banks and particularly, urban co-operative banks. This subject was, therefore, thought fit and necessary to study with special reference to urban co-operative banks.

1.2 Statement of the problem

The starting pointⁱⁿ all managerial relationship with employees is the managerial policy. It incorporates the philosophy of top management. The management of people begins with ideas, implicit or explicit, as to the purpose, goals and intentions in their employment. On the basis of such objectives, policies outline the courses to be followed. On the basis of such policies programmes are developed by management to pursue the objectives. Carrying out the programmes result in certain practices. Policies declare what is intended; they describe what is proposed. Practices describe how policies are being implemented. The study of personnel policies and practices, has attracted the attention of many researchers and research organisations in Western countries, particularly, the U.S.A.⁵ In India, however, very little work in a consolidated manner has been done in the area of personnel policies and practices, particularly in urban co-operative banks,

The present study is an attempt to investigate personnel policies and practices in selected Urban Co-operative Banks in Satara City.

1.3 Objectives of the study

The objectives of the study are :

- 1) to review the existing personnel policies followed by Urban Co-operative Banks in Satara City;

- 2) to examine their (banks) personnel management practices with special reference to recruitment, Selection, placement, training and development, promotion and transfer;
- 3) to examine the pay scales, employee benefits and services, and grievances settlement procedure in the selected urban banks;
- 4) to study the employer-employee relations in the selected units;
- 5) to study employees' awareness and attitude towards personnel policies and practices;
- 6) to suggest lines of action for improving personnel management practices of the urban co-operative banks.

As M.N. Rudrabasavaraj said " The purpose of research is to improve operations, programmes, policies and practices, apart from providing information and knowledge ".⁶ Similarly, the objective of this research is, therefore, not only to present accumulated information but to provide guidelines on the basis of investigation in urban cooperative banks' personnel policies and practices, for improvement in their operations so that they will be able to serve more and more deservants smoothly, and efficiently in future.

1.4 Hypothesis

The present study seeks to test the following hypothesis :

- 1) The personnel policies and practices in the urban co-operative banks are varied from bank to bank depending upon the type of activities and the nature of the jobs to be performed;
- 2) The employees of urban co-operative banks are being appointed mainly on the recommendations of management;
- 3) The pay structure and service conditions of the employees in urban co-operative banks do not compare within same sector as well as with those in similar banks in other sectors;
- 4) The union movement in urban cooperative banks being either still in its infancy or is not sufficiently organised;
- 5) Employer-employee relation is good either due to the suppression policy of management or poor bargaining power of the employees' unions;
- 6) Majority of employees of urban banks are not satisfied with the personnel practices of their banks but they are still there because they have no other alternatives;
- 7) The employees of the urban banks are not aware with personnel management policies;
- 8) Employee-management relation is cordial because of the identity of interests; and

- 9) Traditional management practices limit the scope for productivity.

1.5 Selection of Urban Banks

Urban Co-operative Banks were selected for study belong to two types, viz. Salary Earners Societies (which meet common economic needs of salary earners) and Urban Banks (which carry on normal banking business). This was done with a view to having a comprehensive coverage of non-agricultural credit activities. However, it was not considered feasible to extend the scope of the study to the entire Satara district. It was also felt desirable to conduct micro studies on different types of Urban Co-operative Banks Operating in a particular city. That is why, Satara city had been selected for study. Urban Cooperative Banks operating in Satara city had been deliberately chosen, because there was little personal contact of the researcher with the management of the banks and that would be handy in enlisting the cooperation of the concerned in data collection and also to obtain meaningful insights.

Keeping these in view, the following six banks in Satara city were selected for study :

- 1) The Rayat Sevak Cooperative Bank Ltd., Satara.
- 2) The Prathamik Shikshak Sahakari Bank Ltd.
- 3) The Janata Sahakari Bank Ltd., Satara.
- 4) The Sainik Sahakari Bank Ltd., Satara.

- 5) The Karad Urban Co-operative Bank Ltd., Branch Satara.
- 6) S.T. Co-operative Bank Ltd., Bombay, Br. Satara.

Out of above six urban banks, first four banks had more than one branch and remaining last two banks were the branch^{es} of the Karad Urban Co-operative Bank Ltd., Karad, and S.T. Co-operative Bank Ltd., Bombay. In the case of multi-unit banks, only one bank each (located near Head Office at Satara including H.O.staff) was selected for study. Although attempt was made to correlate personnel policies and practices in the units under study with the overall bank policies. The area of operation of all selected banks was limited to Satara District except Rayat Sevak Co-operative Bank Ltd. It was operating in three districts viz; Sangli, Poona and Ahmednagar. The salient features of the selected urban co-operative banks are given below in Table 1.1

1.6 Sample under the study

The study is based on primary and secondary data. Secondary data was collected through secondary sources viz; books on personnel management and industrial relations, co-operations, various magazines, journals related to cooperation, personnel management, annual reports and other information supplied by the selected urban banks.

Table 1.1 Salient Features of the Selected Banks

Sr. No.	Organisation	Year of establishment	Type of Bank	Nature of members	Total employees	Unionism	Operational results 1987-88
1.	Rayat Sevak Co-operative Bank Ltd., Satara	1940	Employees' credit society	Secondary and college teaching & non-teaching staff	57	Single union (inactive)	Profit Rs. 40 lakhs
2.	Prathamik Shikshak Sahakari Bank Ltd., Satara	1948	Employees' credit society	Primary teachers in Satara District	112	Single union (active)	Profit Rs. 18.71 lakhs
3.	Janata Sahakari Bank Ltd., Satara	1963	Urban Bank	Traders and businessmen	130	No union	Profit Rs. 18.10 lakhs
4.	Sainik Sahakari Bank Ltd., Satara	1985	Thrift & credit society	Predominately retired militarymen & Ex-serVICEMEN	24	No union	Profit Rs. 5.40 lakhs
5.	Karad Urban Co-operative Bank Ltd., Br. Satara	1967	Urban Bank	Businessmen and traders	14	Single union	Profit Rs. 1.30 lakhs
6.	S.T. Co-operative Bank Ltd., Br. Satara	1972	Employees' credit society	S.T. employees in Satara District	16	Single union	Profit Rs. 8.30 lakhs

Primary data was collected on the basis of a random sample survey of ¹⁰⁰ employees (100 out of 146) in the six Urban Co-operative Banks. For selecting the sample all employees (146) were classified into three categories viz; Officers, Clerks, and Subordinate Staff. For the purpose of sampling, Officers include managers, assistant managers, branch managers, inspectors, development officers, accountants etc. Clerks include Office assistants, clerks, cashiers typists etc. Subordinate staff include peons, watchmen, other servicemen etc. Approximately 50 to 66 percent of the officers, 74 to 80 percent of clerks and 33 to 50 percent of the subordinate staff were selected at random sample for study. In all, 100 employees were selected to derive the necessary information. 100 employees consisted of 15 officers, 75 clerks and 10 subordinate staff. However, care was taken to include employees of different age groups, different social backgrounds and experience. Sample distribution is shown in Table 1.2

1.7 Methodology

This study is primarily based on bankwise survey through questionnaires followed by personal interviews with different categories of banks' employees, management of banks, and employees' union leaders. A pilot survey through a tentative questionnaire was conducted before finalising the actual survey. For

Table 1.2 : Sample Distribution

Sr. No.	Name of the Bank	Total Employees' employ at differ-ent Br.s plus Br'ing H.O.	Officers	Clerks	Subordinate	Total
			A.S. S.S.	A.S. S.S.	A.S. S.S.	sample stren-gth.
1.	Rayat Sevak Co-operative Bank Ltd., Satara	57	3	13	10	15
			60%		76%	50%
2.	Prathamik Shikshak Sahakari Bank Ltd., Satara	112	3	20	15	20
			60%		75%	40%
3.	Janata Sahakari Bank Ltd., Satara	130	4	31	23	30
			66%		74%	43%
4.	Sainik Sahakari Bank Ltd., Satara	24	2	16	12	15
			66%		75%	50%
5.	Karad Urban Co-operative Bank Ltd. Br. Satara	14*	1	10	8	10
			50%		80%	50%
6.	S.T. Co-operative Bank Ltd., Br. Satara	15*	2	9	7	10
			66%		77%	33%
		352	146	206	24	15
					99	75
					23	10
						100

* Employees' strength of Branch Banks.
A.S. : Actual strength
S.S. : Sample Strength.

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securing information from respondents, three sets of questionnaires were prepared viz. Questionnaire for employees, Questionnaire for management and Questionnaire for union leaders.

The questionnaires designed for employees with a view to ascertain their attitudes and opinions with respects to various elements of personnel policies and practices in the respective banks. This also included an enquiry into the degree of ^{their} awareness and satisfaction in respect of personnel policies and practices. Questionnaires for employees were included recruitment and selection, placement, training, promotion transfer, wage and salary, fringe benefits, grievance handling, job satisfaction and employee-management relations. The justification for addressing the above enquiries lay in an attempt to check on the information provided by the management, besides ascertaining the perception of employees' with regard to the management's intention as reflected in the policies and practices.

In a similar manner, information was elicited (through schedules) from management, particularly Chairman, chief executives, members of board of directors, as regards to personnel policies and practices in their banks. However, it was not possible to approach all managerial personnel of all banks and some were reluctant to give their opinions about

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personnel policies.

Representatives of employees' unions were also covered by the survey with a view to ascertaining their perception of personnel policies and practices in their banks. In all, there were four union representatives, whose responses were considered. Three unions out of four unions were inactive and only one employees' union was strong union i.e. Prathamik Shikshak Sahakari Bank Employees' Union. However, opinions of four union leaders were considered for the study. In this connection, it is pertinent to note that attitudes of union representatives are often influenced by the state of union-management relations. But in this survey, it was found that attitudes of union representatives were not influenced in determination of personnel policies and employee-management relations due to poor bargaining power of employees' unions.

1.3 Interview :

All selected urban co-operatives were visited and respondents were interviewed personally. They were interviewed thrice. First, survey was initiated to collect preliminary information such as : date of establishment, registration number, name of the founder of the bank, capital, objectives, management, organisational structure, composition of board of

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directors, financial performance, deposits, loans, net profit, employees' strength, category of employees, reserved category of employees etc. Second interview was conducted for testing the tentative questionnaire and on the basis of information received from respondents, final questionnaire was prepared, covering all aspects of personnel management. Third interview was undertaken to know perception of employees, management and union leaders about personnel policies and practices of their banks. The findings from responses to these questionnaires constitute the main content of the present work.

1.9 Data Collection : Information for the present study was collected from various sources, as given below:

- 1) On the basis of questionnaires for employees.
- 2) Managers or Branch Managers of urban co-operative banks were interviewed.
- 3) Directors of some urban banks were interviewed.
- 4) Employees' unions representatives were also interviewed.
- 5) Annual Reports of all urban co-operative banks under study for 5 years (1983-84 to 1988-89) except Sainik Sahakari Bank Ltd. were studied.
- 6) Relevant Books on Personnel Management and industrial Relation, Co-operation, and some journals were used.

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1.10 Scope of the study

Any study bearing on personnel policies and practices is likely to be subject to certain constraints in view the nature of the subject itself. Hence, researcher is selected for study personnel policies and practices in the selected Urban Co-operative Banks in Satara City, with special reference to employees' satisfaction. Researcher considered that it is not feasible to extend the scope of the study to the entire Satara district; because there are fifteen urban co-operative banks with 35 branches in Satara district and therefore, is not possible to study personnel policies and practices of all urban banks in the entire Satara district due to the limitations of time and money. Hence, scope of study is limited to six urban co-operative banks in Satara city. Moreover, out of fifteen urban banks, the head offices of four big urban co-operative banks are situated at Satara city and their financial operations are nearly fifty percent of total financial operations of all fifteen urban banks. Besides, Scope of the study is to be restricted to the personal contacts and acquaintance of the researcher with the authorities of different urban banks. In this way, the scope of study is restricted to ^{Six} selected urban co-operative banks in Satara city.

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1.11 Limitation of the study

Since the study is undertaken as a part of the fulfilment of the requirements of the degree course of 'Master of Philosophy' in commerce, the researcher has limited it to six urban co-operative banks in Satara city. The dissertation is required to be submitted to the University within a prescribed period of time, ^{and} therefore, the study is limited to certain aspects of the urban banks i.e., personnel policies and practices. Similarly, the period of study is also limited to 6 months from March 1988 to August 1988. Urban co-operative banks under study are not maintained adequate personnel records and consequently non-availability of secondary data also limited the scope of inquiry in regards to certain aspects of the study.

1.12 Organisation of the study

The study is presented in eight

Chapters as follows :

Chapter 1 Outlines the objectives, methodology and scope of the study.

Chapter 2. presents profiles of selected Urban Co-operative Banks.

Chapter 3 reviews personnel strength and profiles of the selected banks.

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- Chapter 4 studies formulation of personnel policies of the selected banks.
- Chapter 5 studies personnel policies and practices related to recruitment and selection, training and development, and promotion and transfer.
- Chapter 6 deals with personnel policies and practices related to wage and salary, employee benefits and services, employee grievance redressal, and job satisfaction.
- Chapter 7 covers discussion about employer - employee relations.
- Chapter 8 reviews summary, findings, suggestions and conclusion of the study.

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