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 management (HRM) 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.

Need for HRM
World over, the technology driven channels such as, ATM, net banking and mobile banking have reduced walk-in-customers at the bank branches. However, in India, it is observed that the customers still find it difficult to use these technology based channels and they are more comfortable in traditional banking over the counter personally to ensure error-free and risk-free banking service. While struggling to provide better and efficient service at the counters, the staff is also confronted with various regulatory norms to mitigate risks in operations. This clearly establishes that employees of cooperative banks play a vital role in managing not only the ‘transaction’ of a customer but also future long-term relationship with them.

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There are several reasons for the new approaches to the management of staff. Firstly, infrastructural problems with growth in the bank and over staffing. Secondly, the increasing competitive pressure in cooperative banking had led to greater attention to controlling labour costs and increasing labour productivity. Thirdly, the nature of change had moved the emphasis towards being a market-driven rather than an administratively driven organization and the importance of staff quality was being emphasized.

**Human Resource Policies**

Although all cooperative banks have policies, the manner in which they are documented and presented to employees varies considerably. Other than the practices explicitly required by law, there are no specific rules on how to document and implement the principles and practices by cooperative banks. Therefore, the form, substance and tone of cooperative banks’ policies and procedures are totally within their activities. This discretion presents both a challenge and opportunity for a cooperative institution. The challenge is deciding among almost infinite choices on how to define, structure, implement and communicate the bank’s rules of operation. As for the opportunity, a sound and appropriate set of policies will lay the groundwork to support the cooperative bank’s business objectives, provide employees with the necessary guidance and achieve the desired organizational culture.

Having a set of written policies enhances employees’ understanding of bank rules and expectations and encourages communications between employees and supervisors and among workers in general. But in practice, there is no specific written document of HR policies in many cooperative banks. It is neither necessary nor desirable to have every rule and practice documented, but it is advisable to take the time to formalize the important ones. In addition, having certain policies in writing – such as rules prohibiting unlawful discrimination and harassment – may save an organization a lot of time and money in the event of a lawsuit.

There is no uniformity in the provisions of State Cooperative Acts. Barring a few states which have promulgated parallel State Cooperative Acts, the acts in other states have restrictive provisions which affect autonomous functioning of cooperatives. Further, there is no specific HRD policy as such and recruitment of staff is not based on merit and competence. The Cooperative Act, rules and bye-laws were created to protect the cooperative bank from certain nefarious activities prevalent in the market and also save it from the people who have vested interests. These hamper the autonomous growth of these institutions. One important factor to be noted is that though the cooperative banks come under the financial discipline of the RBI, NABARD and the Apex Bank, they enjoy autonomy in personnel matters.

The cooperative banks should be committed to Equal Employment Opportunity (EEO) policies that provide a healthy work environment, free of discrimination and harassment of any kind.

**Elements of Human Resource Management**

The basic elements of the human resource system include the following four broad decision areas viz., the acquisition, development, rewarding and maintenance of human resources. No organization can exist unless the human capital is of a quality capable of properly exploiting the material resources to generate surplus for survival, growth and diversification into new fields keeping in view the environment in which it operates. This is true of banking and marketing organizations, where physical capital is only a fraction of the total resources mobilized by the organization. These are service organizations where human capital makes the difference between success and failure.

Professional attitude of employees at all levels is the need of the hour. Professional management is essential for any banking system and hence RBI insists on it. But, on many occasions, the state government dissolves the elected boards of cooperative banks and deputes government officials to manage their affairs. As the government officials do not possess adequate expertise in banking, the efficiency of the cooperative banks suffers. The political interferences in the activities of cooperative banks are another drawback for the absence of good governance.

**Recruitment and Selection**

Once the human resource planning is complete, the next step is to acquire personnel necessary to ensure the continued operation of the organization. In the absence of scientific recruitment and selection procedures, the management of any organization may fail to select the right man with the right skills for development, doing the right job, in the right environment. Moreover, the employees must have faith in the system of recruitment and selection. Recruitment provides the opportunity to cater to changing
needs of people by either repositioning current employees or injecting fresh blood into the organizational veins.

There are three modes of recruitment in the cooperative banks, namely.

a) By direct recruitment

b) By taking persons on deputation from Government or from sister cooperative institutions

c) By promotion

The main sources of recruitment is newspaper advertisement but in cooperative organization, information in respect of vacant posts is conveyed through the system of circular to the State Employment Exchange which receives a restricted distribution. Thus, in the absence of a wide publicity of vacant posts, the service in cooperative banks is easily available to the persons known to the top and middle executives.

Internal promotion can be a good practice if merit is not sacrificed. Similarly, recruiting like-minded people can become a bad practice if it leads to organizational behaviour where diversity is resented. Cooperative banks typically apply precise and rigorous guidelines to admit members but do not show the same commitment when it comes to recruiting people, despite the fact that hiring decision involves enormous costs when one takes into account the recruitment costs, training costs, salary and benefit over the tenure of employee and replacement cost.

Deputation of government officers to hold the key posts in cooperative banks is a widely prevalent practice. This practice is consequent upon the dependence of cooperative banks on the government for financial and managerial assistance. The practice of deputation affects the bank employees in certain respects, particularly, the promotion prospects at the higher echelons. The informal discussion with the employees of cooperative banks in Tamil Nadu revealed that they are not in favour deputation of officers by government. Further, the cooperative banks, unlike commercial banks, have local identity and the image and have strong banks with local community. Cooperative banks prefer to recruit local candidate particularly for managerial cadre post due to the fact that they are well-adjusted to the local environment. A drawback of cooperatives banks is that they are not able to attract professionally qualified candidate because of the poor salary structure. The only way to attract professionals would be when compensation needs to be internally consistent and externally competitive.

It is observed that the in-take of women at both clerical and officer level in cooperative banks is quite insignificant. The reason for lower share of women work-force as compared with their male counterparts might be due to lack of trained women in the field of cooperation and also the attitude of the management towards employing women in their institutions. At present, the pace of recruitment in Indian cooperative banking sector has slowed down and for a long time, there has been almost negligible recruitment. The recruitment of persons in cooperative banks assumes special importance because, apart from being competent on the special jobs, they must also be well versed in human dealings and public relations.

Training and Development

Designing and implementing effective training and development systems is a particular challenge because all the costs are borne in the present, while all the benefits will accrue in the future. With the significant increase in the complexity and magnitude of banking service especially in view of the task undertaken by the cooperative banks for the socio-economic development in urban, semi-urban and rural areas, the need of the training has been greatly felt. Realizing the significance of training, the cooperative training institutions established at different levels are imparting training to the employees of cooperative banks. The outcome of the training to any type of organization includes increased productivity of employees, heightened morale, reduced supervision, and increased organizational stability and flexibility. Poor quality training or a focus on the wrong development areas will be a total waste of time and money. It leaves the organization in no better position than if there had been no training at all.

Cooperative banks provide training for many reasons:

1. To teach the employees perform in their initial job assignment.

2. To improve the current performance of employees who may not be working as effectively as desired

3. To prepare employees for future promotions or for upcoming changes in design, processes and technology in their present jobs.
Training normally concentrates on the improvement of operative skills (the basic skill related to the successful completion of the task), interpersonal skills (how to relate satisfactorily to others), decision–making skills (how to arrive at the most satisfactory course of action) or a combination of these.

The operational structure and administrative set-up established for training of personnel in cooperative banks in India is inter-coordinated and divided into three cadres viz., Senior, Middle and Junior. The National Cooperative Union of India (NCUI), the national level apex organization and State Cooperative Unions (SCUS), the state level apex organizations are responsible for making adequate arrangements for cooperative training. Though training is principally the responsibility of National Council for Cooperative Training (NCCT) and State Cooperative Unions, there are certain other institutions such as College of Agricultural Banking (CAB), Bankers’ Institute of Rural Development (BIRD), International Cooperative Alliance (ICA), International Labour Organization (ILO), National Cooperative Development Corporation (NCDC) which have training arrangements for employees of cooperative banks.

The major problems found in cooperative banks are lack of knowledge of funds management resulting in acceptance of high cost deposits and their disposition in low return uses. Another problem is lack of expertise in lending, observing capital adequacy, investment in government securities, managing non-performing assets (NPAs), and other newer international rules imposed by the RBI and NABARD. In India, most persons in the cooperative banking sector feel that somehow if one can get a job he/she can automatically manage the affairs of the bank.

Most of the training programmes organized by the cooperative training institutions impart only theoretical knowledge of the subject. Cooperative banks are localized institutions with poor funds and some of the technical courses offered by the national training institutions are high cost oriented. Language is another problem. National or state level institutions offer their training programme in common language i.e. English and majority of the cooperative bank employees are not able follow and understand the concept.

**Performance Appraisal**

Performance appraisal is a systematic approach to tracking individual performance against the targeted objectives of the organization and identifying strength and opportunities for improvement. It involves more than giving an annual performance review. While a periodic formal review may be part of the performance appraisal process, good performance management is an ongoing process, a once-a-year event.

In cooperative banks, probationer’s performance has been monitored and appraised informally. Clerical employees’ diaries, entries to the service register and review of work done periodically are the methods used for appraisal of probationers. However, appraisal is not implemented seriously for permanent employees. All the employees are in favour of introduction of performance appraisal though there is no systematic appraisal followed, right now.

Generally, the cooperative banks in India are able to get self appraisal form from their employees. Each individual employee has to submit a self appraisal to the immediate superior in the prescribed format. Unlike commercial banks, cooperative 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. Cooperative banks have not used any sophisticated methods to evaluate their employees’ performance. This is the major reason for poor performance of employees in cooperative banks.

**Promotion**

The upward mobility in an organization brings about positive change in the status, responsibility and monetary benefits of an employee. It is obvious that promotion opportunities increase in the banks because of the unionism and bank’s expansion programme. Before organizing trade unions among the employees, avenues of promotion were relatively fewer and there was a feeling amongst the employees that promotions were given because of employer’s perception of an employee’s merit rather than real merit. But, after formation of trade unions among the employees, the union insists on having seniority as the main criterion for promotions. In case of individuals whose seniority was equal, merit was considered as the criterion for promotion.

As per cooperative society rules in force, provisions have been made for promotion on the grounds of merits and ability
of the employees, their seniority being taken into account only when merit and ability are approximately equal. Recognition of employees is the most important instrument for motivating and increasing performance. No organization has been able to attract and retain key people in the long run by throwing money at them. Recognition and rewards are important. Introduction of mergers and acquisitions process between and among cooperative banks have created focus on competencies that enable employees to self-manage work in teams, think globally, boldly, and unconventionally and deploy the power of intuition and emotional intelligence.

Once the employees are promoted to higher levels, improvement of their competencies is an urgent need. Employees’ competencies are the knowledge, skills, abilities, personality and characteristics that serve as the foundation for employees’ behaviour. Competencies are a foundational drive of employees as well as organization success because they only represent potential employees’ performance.

**Compensation**

One of the most important issues before the cooperative banks in India is compensation in these banks vary. The salary structure of cooperative banks was different from bank to bank even for the same cadre and salary structure of cooperative banks was not uniform. Thus, seniority has accounted for the compensation administration. Aremuneration system based on the skill and ability of workers is important. But the cooperative banks cannot attract the talented and motivated personnel unless they establish their image of model employee because an organization which cannot pay its personnel adequately has no right to exist in the competitive world. The salary structure in the cooperative banking sector is not as attractive as in public and private sector banks. An adequate and sound salary structure together with other working conditions is the sine qua non for the organizational efficiency and effectiveness. Therefore, pay and other reward strategies should revolve not only around business goals but also around the employee’s needs and aspirations, such as the opportunity to work on challenging assignments, flexible work options, work transfer to take care of personal emergencies and opportunities for training and higher studies.

There are certain basic issues, which need to be kept in mind while determining the wage structure of cooperative bank staff. First, the question of parity of wages among the cooperative bank staff at all levels of employment. Second, the impact of wage revision on the financial health of cooperative banks has to be examined. The upward wage revision needs to be linked with the income and efficiency of the bank. Third, in view of the changes happening in the financial sector, the relevance of cooperative banks to have differential rewards encompass everything that the organization has to offer, directly or indirectly in return for employee contribution. They include extrinsic elements, such as pay, incentives and benefits as well as intrinsic elements such as pride in work, praise, social network and self-actualization.

Most important ingredient of HRM is reward and compensation, which 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 on the lines comparable with other banks, particularly banks in private sector.

**Employer - Employee Relationship**

A harmonious employer-employee relationship is essential for the effective functioning of the cooperative banks. Since cooperative organizations consist of groups of human beings, each of whom is activated by varying motives, no cooperative administration can fulfill its obligations if it is not supported wholeheartedly by the employee at all levels.

The challenge for the banks is to encourage people to unleash their power of thinking and apply it to their daily work. The employer should always encourage the employees to bring out their fullest talent for the success of the institution. Mere encouragement to generate new ideas is not enough. When people make genuine attempts to implement their ideas and fail, they need to be encouraged, not discouraged, to try further. Otherwise, they will never bother to think and try again; they will merely follow their managers. Success can only be achieved if staff feel they are being treated correctly by the bank and fully understand the bank’s objectives and rational for their achievement. It is
essential, therefore, that management develops an employee relations climate which facilitates these attitudes without reducing management’s ability to manage the business”.

The conflict between employer and employee or among the employees is inevitable in any organization. Some amount of conflict is not only desirable, it’s also necessary. Without a broad range of ideas presented by persons with diverse backgrounds, experiences and points of view, innovation is virtually impossible. Conflict can also present an opportunity for personal growth. When the managers learn the skills to work out differences and to develop approaches that take into account the needs of others, it will become more effective. There is a need to develop ‘healthy’ conflict between the management and employees as not all organizational conflicts are undesirable.

While healthy conflict revolves around the vigorous exchange of ideas in the best interest of the organization, unhealthy conflict is based on anger, frustration and personal animosity. They key to effective conflict management is to create an environment that encourages workers to challenge ideas and forbids them from attacking people.

There is a classic management delusion that employees readily approach the higher management when they are dissatisfied with the decision of their immediate supervisor. The reality is that employees are generally apprehensive of upsetting their day-to-day relationship with their manager whose decision is most likely to be upheld anyway for the sake of managerial unity. Unfortunately, those who question the manager are often labeled as whingers and even though the company policy might be to seek frank employee feedback, the practice might shut them up from speaking out openly. When whingers turn as whistle blowers and expose the management practice in public, it might be too late for the management to prevent the potential damage to its images. Executives must set standards at the top. If middle managers feel disrespected, attracted or stifled by senior management, chances are that they will pass this negative attitude down to the employees they supervise. Since a positive relationship with the immediate supervisor is a very important element of job satisfaction, retention should be regarded as an important yardstick in measuring effectiveness.

**Conclusion**

Compared with all other management functions, human resource management in cooperative banks is more sensitive, personalized, context-dependent and cannot be managed through a set of predefined techniques. HR management is no longer just a support function but a strategic tool for competitive advantage. In fact, it is difficult to practice customer-centric strategic management without first achieving employee satisfaction. Thus, employee satisfaction is a prerequisite to customer satisfaction. Effective organization depends on having the right system of HR policies and practices in place to recruit, select, develop, appraise, compensate and place, promote or send away employees. Based on a careful analysis of the needs of the business, cooperative banks must prioritize their choices around workforce engagement. Successful HRM requires that the banks practice a sound management philosophy that respects human dignity and diversity and are committed to the growth of employees, believe in the value of employee’s contribution and involve them in decision - making and share the wealth equitably and fairly.