

## SKILL DEVELOPMENT IN CO-OPERATIVE BANKS ISSUES AND CHALLENGES

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***Abstract :**Co-operative banking system is in existence since 100 years. But Human Resources in this banking field have been under developed. Human Resources Development is a key factor defining the characteristics of a successful banking institution. Employing and retaining skilled workers and specialists, re- training the existing work force and promoting a culture of continues learning would be a challenge for the banking institutions. 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.*

***Keywords:** Co-Operative Banks, Skills, Issues and Challenges.*

### **Introduction**

For the co-operative banks in India, co-operatives are organized groups of people and jointly managed and democratically controlled enterprises. They exist to serve their members and depositors and produce better benefits and services for them. Professionalism in co-operative banks reflects the co-existence of high level of skills and standards in performing, duties entrusted to an individual. Co-operative bank needs current and future development in information technology. It is indeed necessary for cooperative banks to devote adequate attention for maximizing their returns on every unit of resources through effective services. Co-operative banks have completed 100 years of existence in India. They play a very important role in the financial system. The cooperative banks in India form an integral part of our money market today.

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.

### **Objectives and Research Methodology of Study**

The study is based on secondary data which is collected from the newspapers, journals, websites, etc. the study was planned with following objectives:

- 1.To study state of skills available in Co-operative banks.
- 2.To study issues and challenges in skill development of co-operative banks.
3. To study the scope of improvement of such skills.

### **Issues and Challenges**

- **Technology**

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.

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.

#### • **Recruitment and Selection**

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.

**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.

**All the recruitments in the bank should be made by placing Advertisements in news paper instead of other agencies like Employment Exchange or on personal approach.**

In Co-operative banks being dependent on government for financial and managerial assistance, governments depute their officers. The practice of deputation affects the bank employees in respect of employees' promotion. Co-operative banks have Local identity and image. Co-operative banks prefer to recruit local candidates particularly for managerial post because they are well aware of local environment. 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 behavior 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.

#### • **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.

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 co-ordinated and divided into three cadres viz., Senior, Middle and Junior.

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.

Most of the training programmers 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. Languages of training is English which is other problem for employees.

- **Remuneration**

Salary structure of co-operative banks is not as attractive as private or public sector banks. A remuneration system based on the skill and ability of workers is important. 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 etc.

- **Employer - Employee Relationship**

A harmonious employer-employee relationship is essential for the effective functioning of the cooperative banks. 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.

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.

- **Professional attitude**

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 deposes 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.

### **Conclusion :**

Human resource management in cooperative banks is more sensitive, personalized, context-dependent and cannot be managed through a set of predefined techniques. 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. . Skill Development is a key factor defining the characteristics of a successful banking institution. Employing and retaining skilled workers and specialists, re- training the existing work force and promoting a culture of continues learning would be a challenge for the banking institutions.

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