

HUMAN RESOURCE PRACTICES IN NORTHERN RAILWAY PRIMARY COOPERATIVE BANK LIMITED - A CASE STUDY

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ABSTRACT

Human resource is of paramount importance for the success of any organization. Human resources are the wealth of an organization which can help it in achieving its goals. Human Resource Management reflects a new outlook which views organisation's man power as its resources and assets. Human resource is the total knowledge, abilities, skills, talents and aptitudes of an organization's work force. The values, ethics, beliefs of the individuals working in an organization also form a part of human resource. The resourcefulness of various people available to the organization can be treated as human resources. In the present complex environment, no business or organization can exist and grow without appropriate human resources. It is understood that cooperative banks approach human resource management from the working perspective and their financial performance suffers as a result. Instead of focusing on how to execute strategy through the performance of the employees the first priority is cost control and the focus often begins with the Human Resource Function.

The Northern Railway Primary Cooperative Bank Limited, Lucknow was registered as a cooperative society on 22.10.1918 under Cooperative Societies Act 11 of 1912 & later on granted a license to carry on banking business by Reserve Bank of India on 28.11.1986 for the main branch, on 27.02.1997 for Alambagh branch at Lucknow, on 27.02.1997 for Kanpur branch, on 15.07.1986 for Varanasi Branch, on 22.05.2007 for Allahabad & Moradabad branches. NRPCB Ltd. has passed through nine decades of its existence. At the same time, human resource management has been neglected field in NRPCB Ltd. 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 explore the linkage between human resource practices operation of cooperative bank in context of Northern Railway Cooperative Bank Ltd.

INTRODUCTION

The business environment is rapidly changing. Technological improvements have revolutionized production procedures. Automation has been introduced in office operations. Better Communication has revolutionized vital areas of business. There is a need to cope with new and changing situation.

The operational efficiency of employees must improve to face the situations. Human Resources practices helps in creating a sense of pride for the organization among the work force.

There are several reasons for the new approaches to the management of human resources:

(a) Infrastructural problems with growth in the

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- bank and over staffing.
- (b) The increasing competitive pressure in cooperative banking
 - (c) Organisation being market driven rather than administratively driven.

CONSTITUTIONAL CONTEXT

The recommendations of the Task Force on Revival of Cooperative Credit Institutions, the Union Government has introduced. The Constitutional (One Hundred and Sixth Amendment) Bill, 2006 in the Parliament on 22nd May, 2006. The Statement of Objects and Reasons for the introduction of the proposed Bill states that:

"The Central Government is committed to ensure that the co-operative societies in the country are functioning in a democratic, professional, autonomous and economically sound manner. With a view to bring the necessary reforms, it is proposed to incorporate a new Part in the Constitution so as to provide for certain provisions covering the vital aspects of working of co-operative societies like democratic, autonomous and professional functioning. The proposed new Part in the Constitution, Inter Alia, seeks to empower the Parliament in respect of multi-State co-operative societies and the State Legislatures in case of other co-operative societies to make appropriate law laying down the following matters, namely: -

- (a) provisions for incorporation, regulation and winding up of co-operative societies based on the principles of democratic member-control, member-economic participation and autonomous functioning;
- (b) Specifying the maximum number of directors of a co-operative society (not exceeding twenty-one members)
- (c) Providing for a fixed term of five years from the date of election in respect of the elected members of the board and its office bearers;
- (d) Providing for a maximum time limit of six months during which a board of directors of a co-operative society could be kept under suspension;
- (e) Providing for independent professional audit

- (f) Providing for right of information access to the members of the co-operative societies
- (g) Empowering the State Governments to obtain periodic reports of activities and accounts of co-operative societies;
- (h) Providing for offences relating to co-operative societies and penalties in respect of such offences.

It is expected that these provisions will not only ensure the autonomous and democratic functioning of co-operatives, but also ensure the accountability of management to the members and other stakeholders and also to provide for deterrence for violation of the provisions of the law."

HUMAN RESOURCE POLICIES

The NRPCB Ltd. have policies, the manner in which it is documented and presented to employees varies considerably. Other than the practices explicitly required by law, there is no specific rules on how to document and implement the principles and practices by NRPCB banks. Therefore, the form, substance and tone of NRPCB is policies and procedures and to tally with in its 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 NRPCB 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 NRPCB Ltd. 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 NRPCB Ltd. 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 broad decision areas viz. the acquisition, maintenance and retention 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 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 NRPCB Ltd. and deposes

government officials to manage their affairs. As the government officials do not possess adequate expertise in banking, the efficiency of the NRPCB Ltd. suffers. The political interferences in the activities of NRPCB Ltd. 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 NRPCB 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 NRPCB Ltd. 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. NRPCB Ltd. 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 NRPCB Ltd. is a widely prevalent practice. This practice is consequent upon the dependence of NRPCB Ltd. 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. Further, the cooperation banks, unlike commercial banks, have local identity and the image and have strong banks with local community. NRPCB Ltd. 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 NRPCB 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 in-take of women at both clerical and officer level in NRPCB Ltd. 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 NRPCB Ltd. 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 NRPCB Ltd. for the socio-economic development of railway employees, the need of the training has been greatly felt. Realizing the significance of training, the NRPCB Ltd. training institutions established at different levels are imparting training to the employees of NRPCB Ltd. 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.

NRPCB Ltd. 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 satisfactory 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 or personal in NRPCB Ltd. is inter co-ordinated 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 of National Council for Cooperative Training (NCCT) and State Cooperative Unions, there are certain other institutions such, Bankers' Institute of Rural Development (BIRD), International Cooperative Alliance (ICA), International Labour Organisation (ILO), National Cooperative Development Corporation (NCDC) which have training

arrangements for employees of NRPCB Ltd.

The major problems found in NRPCB Ltd. 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. In India, most persons in the NRPCB Ltd. 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.

PERFORMANCE APPRAISAL

Performance appraisal is a systematic approach is 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 in an ongoing process, a once-a-year event.

In NRPCB 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 NRPCB Ltd. is 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 NRPCB Ltd. which are classified as Grade I and II by RBI, are eligible to get increments to their employees whereas the Grade II and IV bank as classified weak bank and the

employees of this banks are not able to get any increments n their salary.

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.

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

The salary structure in the NRPCB Ltd. is not as attractive as in public and private sector banks. An adequate and sound salary structure together with other working conditions is the

sinze 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 NRPCB Ltd. staff. First, the question of parity of wages among the NRPCB Ltd. staff at all levels of employment. Second, the impact of wage revision on the financial health of NRPCB Ltd. 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

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 need 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. The 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 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.

ANALYSIS

The cooperative sector, as it exists today in most of the States, is weak and inactive. A majority of the NRPCB Ltd. look towards government patronage both for business as well as for their capital requirement. In this regard, two areas of concern stand out prominently:

- (a) Bureaucratization and Government Control - When the colonial rulers officially brought the cooperatives to India, they created the post of the "omnipotent" Registrar of

Cooperative, a position specially designed by the government with a view to operating the final levers of control over these institutions and not allowing the cooperative sector to blossom as a people's movement. The government of Independent India, while championing the cause of NRPCB, not only retained this key position but also further added a complex hierarchy of bureaucratic power centres to the existing structure. Existence of such a government controlled NRPCB infrastructure has gone against the very logic of the cooperative movement.

- (b) Politicisation of cooperative leadership - The Boards of a majority of cooperative NRPCB Ltd. is dominated by politicians. They are cooperators by default. Many of them are in bank because they want to use this position as a stepping stone for their political ambitions. And there are some who join this sector because their current political standing has gone down. Movement of the first kind may be a normal phenomenon, but politicians joining cooperatives introduces decay in the system.

Further, the NRPCB has failed to inculcate two of the very essential cooperative values. The first is that of self-help. Self-help has been envisaged as a basic tenet of cooperatives. In its very genesis the movement is opposed to both Market as well as State. It is widely perceived that these two institutions have failed to protect the interest of the common man. Both are, in a sense, forces which the cooperators inherently need to resist. Drawing support from such sources is essentially a result of the modern day political complexities. It needs to be understood that governments both in centrally planned economies and free market regimes have generally, been too eager to provide financial and other support to cooperatives and the sector has very often fallen prey to this temptation. The government thus, succeeds in establishing its dominance over them. This trend needs to be reversed. A NRPCB endeavour should necessarily depend on its own resources, however small it may be. Its growth

and expansion should be evolutionary.

The other important missing value is the member-centrality. NRPCB by their very nature is inward looking organizations. They are meant to serve the member community unlike outward looking organizations such as the corporate which operate for profits. The focus of the activities of a cooperative organization needs to be on its members. Its business is to be developed around their needs, policies are to be designed according to their views and administration is to be carried out through member participation. But, in practice, NRPCB have not adhered to the above norms. In the context of the emerging global integration, it is being felt that the pressures of globalization in the country will have to be addressed to a large extent through upscaling of self-help/cooperative groups as instruments of economic growth are therefore now being widely discussed.

CONCLUSION

Compared with all other functions, human resource management in NRPCB 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.

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