

Impact of HR Practices in Cooperative Banks in Chittoor District: An Empirical Study

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ABSTRACT

Cooperative banks were the pioneers in entire rural India. The cooperative institutions from past several years serving the individuals in the way of several credit approaches. The nationalization of commercial banks and the subsequent emergence of the regional rural banks had adopted several agency approaches for rural lending. In district wise, the cooperative banks are serving the individuals in several ways. Cooperative Banks and other agencies like SFC, MFIs, Non Formal Credit institutions and Non Banking Credit agencies are under the same stream to help the citizens of India.

Keywords: HR Practices, Cooperative Banks, Performance Appraisal And Job Satisfaction

As the self help group is the foundation of the help for the welfare and development of an individual, the Cooperative banks are formed with the same philosophy to improve the credit policies among the individuals which help to fulfill their customized needs.

Co-operative banks are small-sized units organized in the co-operative sector which operate both in urban and non-urban regions. These banks are traditionally centered on communities, localities and work place groups and they essentially lend to small borrowers and businesses. The term Urban Co-operative Banks (CBs), though not formally defined, refers to primary cooperative banks located in urban and semi-urban areas.

The culture of go-slow, restrictive practices and agitation is already showing their face in these cooperative banks. It is therefore, suspicious whether cooperative banks can continue to maintain a culture different from that of the commercial banks. In order to understand the current reality of the problems and issues germane to human resource management practices like recruitment, performance appraisal, training, promotions and other related matters of human resource management. These practices are enriching the knowledge of the employees which supports individual and organization development as well.

OBJECTIVES OF THE STUDY:

1. To study the impact of HRM Practices in employee advancement and career development opportunities in cooperative banks in Chittoor district.

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2. To examine the trends of existing policies, procedures and practices of HRM in cooperative Banks in Chittoor district.
3. To study the HRD Climate in cooperative banks in Chittoor district in Andhra Pradesh.

SCOPE OF THE STUDY

This study concentrates on the cooperative banks in Chittoor district only. The Justifications are based on the significant contribution HRM Practices followed by the cooperative banks and also about their betterment opinions. HRM practices are limited to practices that are prevalent in banking industry.

REVIEW OF LITERATURE:

Ahiya (2009) has stated about how there is a co-relation between work and the facilities provided to the employees, “Cooperatives should be utilized for enhancing the goals of full literacy, provision of drinking water, primary health, sanitation, employment of women and down trodden by developing a new and vibrant culture which respects work and ethics.” **Amin (2009)** explained in his article about the development of the manpower that, “It is known that the cooperatives are operating under changed social economical condition in wake of the economic reforms introduced since 1991. Under this scenario, cooperatives have to continuously improve their manpower development plans based on scientific assessment of their training needs.”

Pathania and Singh (1998), in their study titled, “A Study of Performance of HP State Co-operative Bank” observed that the performance of the Himachal Pradesh State Co-operative Bank Ltd. in terms of membership drive, share capital, deposit mobilization, working capital and advances has improved over the period of five years, i.e., 1991-92 to 1995-96. However, the result was indicated with the recovery performance was unsatisfactory.

Niranjanraj and Chitanbaram (2000), in their study titled, “Measuring the Performance of DCCBs” observed that suitable models should be developed to evaluate the performance of co-operative banks.

STRUCTURE OF BANKING SECTOR:

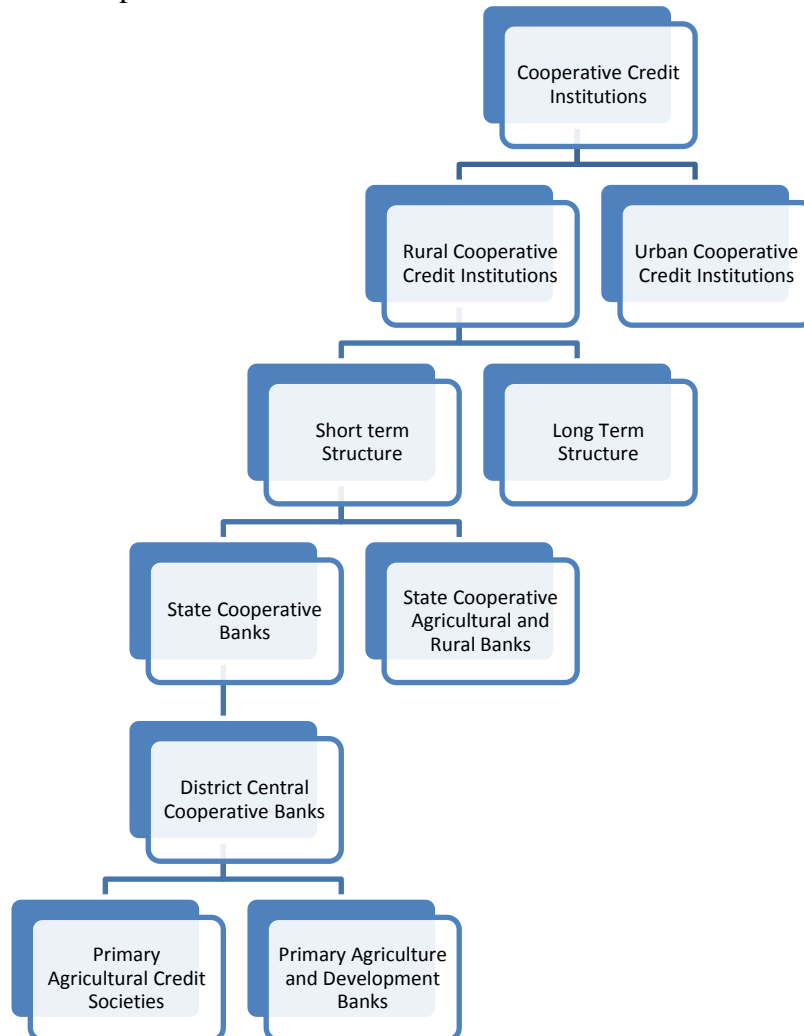
The banking sector in India is on a growing trend. It has vastly benefitted from the surge in disposable income of individuals in the country. There has also been a noticeable upsurge in transactions through ATMs, and also internet and mobile banking. Consequently, the different banks, viz public, private and foreign banks have invested considerably to increase their banking network and thus, their customer reach.

The banking industry in India has the potential to become the fifth largest banking industry in the world by 2020 and third largest by 2025 according to a KPMG-CII report. Over the next decade, the banking sector is projected to create up to two million new jobs, driven by the efforts of the RBI and the Government of India to integrate financial services into rural areas. Also, the traditional way of operations will slowly give way to modern technology.

Reforms New phase of Indian Banking System with the advent of Indian Financial & Banking Sector Reforms after 1991 To make this write-up more explanatory, we divide scenario in **Phase I, Phase II and Phase III.**

IMPACT OF HR PRACTICES IN COOPERATIVE BANKS IN CHITTOOR DISTRICT: AN EMPIRICAL STUDY

The policy of the Government towards the cooperative movement was guided by the recommendations of the Saraiya Committee, which stated that the cooperative society has an important role to play as the most suitable medium for the democratization of economic planning. Various expert committees, which examined the problem of rural credit subsequently, have come to the same conclusion, without exception, that in the Indian context, there is no alternative from the point of view of structural appropriateness, to cooperatives at the village level. The structure of cooperative credit institutions are as follows:



RESEARCH METHODOLOGY:

Research is considered as an endeavor to arrive at answers to intellectual and practical problems through the application of scientific methods to the knowable universe. It is a systematic, controlled empirical and critical investigation of hypothetical propositions about the presumed relations among natural phenomena. Research is the process of a systematic and in depth study or search of any particular topic, subject or area of investigation, backed by the collection, compilation, presentation and interpretation of relevant details or data. The study has encumbered with few tools viz.,

The researcher has done her study in Chittoor district only due the time constraint. As per the research, the study covered 31 cooperative bank branches in Chittoor district only.

ANALYSIS OF THE STUDY:

H₁: *Overall Human Resource Practices have a Positive Influence on (i) Job satisfaction and (ii) Organizational Commitment.*

Correlation analysis of HR Practices with Employee Satisfaction and Organizational Commitment

Relationship	Correlation Coefficient (r)	Significance
RS → ES	0.026	0.33
RS → OC	0.009	0.43
PA → ES	0.515**	0.00
PA → OC	0.731**	0.00
TD → ES	0.011	0.42
TD → OC	0.024	0.34
T → ES	0.635**	0.00
T → OC	0.048	0.20
P → ES	0.130**	0.01
P → OC	0.143	0.07
HRD → ES	0.133**	0.01
HRD → OC	0.037	0.26
IS → ES	0.51**	0.00
IS → OC	0.14	0.11
OP → ES	0.45*	0.01
OP → OC	0.37*	0.02

RS=Recruitment and Selection, PA = Performance Appraisal, TD = Training and Development, T = Transfers, P = Promotions, HRD = Human Resource Development Climate, IS = Incentive Schemes, OP = Overall HRM Practices, ES= Employee Satisfaction, OC = Organizational Commitment.

** Significant at 0.00 level.

* Significant at 0.05 level.

H₂ is stated as Transfer polices have a positive influence on (i) Job Satisfaction and (ii) Organizational Commitment. To understand the relationship between Transfer Polices with Job Satisfaction and Organizational Commitment, Correlation analysis is employed. Perceptions of the respondents towards transfer polices are considered as independent variable. Employees Job Satisfaction and Organizational Commitment is considered as dependent variable.

Correlation analysis as detailed in above table there is strong significant relationship between Transfer polices and (r = 0.635, p < 0.00) Employees Job Satisfaction. There is insignificant relationship between Transfer Polices and (r = 0.048, p > 0.05) Organizational Commitment.

Since there is a relationship existing between Transfer Polices and Employee Job satisfaction, further analysis is made by employing Regression Analysis. Transfer polices is considered as independent variable and Employee Job Satisfaction is considered to be dependent variable. Regression Analysis reveals that Transfer Polices is able to explain 40.3% of variance in (R² = 0.403, p < 0.05) Employee Job Satisfaction. Hence H₁ is partially accepted.

H₂: There is significant difference in perception of HR Practices among Male and Female

SL. No	Variables	Mean				F	Sig
		20-30 years	31-40 years	41-50 years	51-60 years		
1	Recruitment and Selection	3.00	3.01	2.98	2.89	1.69	.16
2	Performance Appraisal	3.25	3.35	3.30	3.31	7.57	.00
3	Training and Development	4.12	4.27	4.14	4.11	9.78	.00
4	Transfer Polices	3.48	3.62	6.52	6.37	9.57	.00
5	Promotions	3.22	3.27	3.29	3.30	1.72	.16
6	HRD Climate	3.46	3.56	3.50	3.46	4.24	.00
7	Incentives	3.14	3.20	3.17	3.13	2.30	.07
8	Overall HRM Practices	3.38	3.47	3.41	3.37	9.15	.00
9	Employee Job Satisfaction	3.47	3.49	3.50	3.41	0.49	.68
10	Organizational Commitment	3.20	3.21	3.23	3.22	0.22	.88

Analysis of Variance (ANOVA) among Age Groups towards HRM practices, Job Satisfaction and Organizational Commitment.

The Age group of 20-30 years has a Weighted Mean Score of 3.46 pertaining to the HRD Climate of the Bank, 31-40, 41-50, and 51-60 years have a Weighted Mean Score of 3.56, 3.50 and 3.46 respectively. It is observed that there is a significant difference in mean score between the Age groups pertaining to HRD Climate (F= 4.24, p < 0.05) of the organization. Furthermore it is observed that 31-40 years age group have higher satisfaction levels comparatively.

It is observed from the analysis 20-30, 31-40, 41-50, and 51-60 years of age groups have a Weighted Mean Score of 3.14, 3.20, 3.17, and 3.13 towards Incentive Schemes implemented by the Bank. It is analyzed that there is insignificant difference in opinions on Incentive Schemes (F= 2.30, p >0.05) followed by the organization among different Age Groups. Further it is observed that 31-40 years Age Group has higher levels of Satisfaction towards Incentive Polices comparatively.

It is analyzed 20-30, 31-40, 41-50 and 51-60 years of Age Group have a Weighted Mean Score of 3.38, 3.47, 3.41 and 3.37 of satisfaction towards overall Human Resource Practices followed by the organization. Further it is observed there is significant difference in opinions on Overall Human Resource Practices (F= 9.50, p < 0.00) followed by the Organization. 31-40 years Age Group has higher levels of Satisfaction towards Overall Human Resource Practices comparatively.

Employee Job Satisfaction among Age Groups are as follows, 20-30 years Age Group has a weighted mean Score of 3.47, 31-40 years of Age Group has a weighted mean score of 3.49, 41-50 years of Age Group has a weighted mean score of 3.50, and 51-60 years of Age Group has a weighted mean score of 3.41. It is observed that all the employees of different age groups have moderate level of Employee Job Satisfaction. Furthermore it is observed there is insignificant difference in mean score of various Age Groups in their opinions (F = 0.49, p > 0.05). Hence all Age Groups are indifferent in their opinion towards Job Satisfaction.

The Age group of 20-30 years has a Weighted Mean Score of 3.20 pertaining Organizational Commitment towards the Bank, 31-40, 41-50, and 51-60 years have a Weighted Mean Score of

3.21, 3.23 and 3.22 respectively. It is observed that there is an insignificant difference in mean score between the Age groups related to Organizational Commitment ($F= 0.22, p > 0.05$) towards organization. Furthermore it is observed that 41-50 years age group have higher Commitment levels towards Organization.

It is analyzed from the above discussion that **H2** is partially accepted.

H3: Higher experience group have positive perception of HR practices.

Analysis of Variance among Promotion received employees on HR Practices, Employee Satisfaction and Organizational Commitment.

SL. No	Variables	Mean Number of Promotions					F	Sig
		0	1	2	3	5		
1	Recruitment and Selection	3.00	2.99	2.99	2.97	2.76	.66	.61
2	Performance Appraisal	3.31	3.32	3.33	3.29	3.14	.91	.45
3	Training and Development	4.20	4.21	4.17	4.11	4.00	1.01	.40
4	Transfer Policies	3.55	3.59	3.52	3.50	3.40	.92	.44
5	Promotions	3.26	3.30	3.27	3.26	3.40	.53	.73
6	HRD Climate	3.52	3.52	3.53	3.48	3.36	.34	.84
7	Incentives	3.17	3.19	3.16	3.15	3.08	.25	.90
8	Overall HRM Practices	3.43	3.44	3.42	3.39	3.30	.79	.52
9	Employee Job Satisfaction	3.49	3.55	3.43	3.45	3.12	2.51	.04
10	Organizational Commitment	3.22	3.18	3.23	3.18	3.16	.42	.79

The opinion towards HRD Climate of the organization is rated with a Weighted Mean Score of 3.52 by zero promotion received employees, Weighted Mean Score of 3.52 by one promotion received employees, Weighted Mean Score of 3.53 by two promotions received employees, Weighted Mean Score of 3.48 by three promotion received employees and Weighted Mean Score of 3.36 by five promotions received employees. It is observed that there is negligible difference in mean scores between the groups. Hence there is insignificant difference in Mean Scores between different groups pertaining to HRD Climate ($F= .34, p > 0.05$). Further it is observed that employees with two promotions have positive opinion towards Recruitment and Selection methods comparatively.

It is observed from the results that employees have a Weighted Mean Score of 3.17 by zero promotion received employees, Weighted Mean Score of 3.19 by one promotion received employees, Weighted Mean Score of 3.16 by two promotions received employees, Weighted Mean Score of 3.15 by three promotion received employees and Weighted Mean Score of 3.08 by five promotions received employees towards Incentive Schemes implemented by the organization. Further it is observed that there is insignificant difference in mean score between groups pertaining to Incentive Schemes ($F = 25, p > 0.05$). Hence it can be interpreted as there is indifference in opinion between groups regarding the Incentive Schemes. It is observed that one promotion received employees have higher positive opinion towards Incentive Schemes.

Employees with zero promotions have a Weighted Mean Score of 3.43, employees with one promotion have a Weighted Mean Score of 3.44, employees with two promotions have a Weighted Mean Score of 3.42, employees with three promotions have a Weighted Mean Score of 3.39 and employees with five promotions have a Weighted Mean Score of 3.30 towards the

satisfaction levels of Overall HR practices of the organization. Further it is observed that there is insignificant difference in mean scores between the groups pertaining to Overall HR Practices ($F = .79, p > 0.05$). It is observed from the mean scores that employees with one promotion have higher positive opinion towards the Overall HR Practices.

Employees opined regarding Job Satisfaction with a Weighted Mean Score of 3.49 by zero promotion received employees, one promotion received employees have a Weighted Mean Score of 3.55, two promotion received employees have a Weighted Mean Score of 3.43, three promotion received employees have a Weighted Mean Score of 3.45 and five promotion received employees have a Weighted Mean Score of 3.12. It is observed that the employees between the groups have different in opinion regarding the Job Satisfaction ($F = 2.51, p < 0.05$). Further it is observed from the mean scores that employees with one promotion have higher positive opinion towards Job Satisfaction.

Employees with zero promotion have a Weighted Mean Score of 3.22, employees with one promotion have a Weighted Mean Score 3.18, employees with two promotions have a Weighted Mean Score of 3.23, employees with three promotions have a Weighted Mean Score of 3.18 and employees with five promotions have a Weighted Mean Score of 3.16 towards the Organizational Commitment. Further it is observed that there is insignificant difference in mean scored between the groups pertaining to Organizational Commitment ($F = .42, p > 0.05$). It is observed from the mean scores that employees with two promotions have higher Organizational Commitment.

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Conflict of Interest

The author declared no conflict of interest.

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