
HUMAN RESOURCE MANAGEMENT IN PRIMARY AGRICULTURAL CREDIT COOPERATIVES: PRACTICES, ISSUES, AND CHALLENGES

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Abstract

In the state of Karnataka, Primary Agricultural Cooperative Credit Societies (PACCS) are the subject of this study's investigation on HRM practises. In recent years, the focus of research on HRM practises has evolved from individual behaviours and how they affect organisational performance to the entire HRM system. While attempting to deliver more effective service at the counters, the personnel must simultaneously contend with several regulatory requirements designed to reduce operational risk. This demonstrates unequivocally that workers of Primary Agricultural Co-operative Credit Societies play a crucial role in managing a customer's "transaction" as well as their long-term relationship going forward. The methods of human resource management are discussed in this essay since they are crucial to improving cooperative performance.

Keywords: Primary Agricultural Co-operative Credit Societies, Human Resource Management (PACCS)

Introduction

Any country's capability for developing its human resources is a major factor in its economic, social, and cultural development. Many nations have similar levels of access to natural resources, technology, and foreign help, among other things. Their development and productivity are largely dependent on the availability of capable human resources and, more crucially, the dedication of such resources. Another recent

trend is the major shift from manufacturing to service oriented firms, which has led to an increase in the value of human resources. Human resources do not experience the long terms depreciation that all other production factors do, with the right motivation and management, human resources can eventually realise their full potential. Human resources have no depreciation value.

India's Co-operative movement was founded in Karnataka. As of 30.03.2019, there were 2,29,39,000 members in 43,672 cooperative societies in Karnataka that were governed by the Registrar of Co-operative Societies. These PACCS are primarily focused on the distribution of fertilisers, insecticides, and other vital commodities, as well as agricultural finance in various forms. Additionally, they are essential to the operation of the Public Distribution System's outlets. Primary Agricultural Cooperative Credit Societies are known to approach human resource management (HRM) from the wrong angle, which negatively affects their financial performance.

Over time, Primary Agricultural Co-operative Credit Societies have ignored the field of human resources management, which has negatively impacted employee morale. In this essay, an effort has been made to study human resource management techniques and the difficulties in finding and keeping competent employees to handle the intricate business of primary agricultural cooperative credit societies.

Review of Literature

A sizable and expanding body of research shows a beneficial relationship between organisational effectiveness and the growth of human capital. The focus on human capital in enterprises reflects the idea that market value is more dependent on intangible resources, particularly human resources, than it is on tangible ones. But finding and keeping the greatest staff is only one aspect of the puzzle. The company must encourage both individual and organisational learning and foster a welcoming

environment where knowledge may be developed, shared, and utilised in order to fully utilise the strengths and skills of its staff.

Terpstra and Rozell (1993) look at the depth of recruiting, the validity of selection tests, and the usage of formal selection procedures, and they discover a positive relationship between organisational profitability and staffing selectivity that increases organisational performance (Becker and Huselid, 1992). The linking of performance evaluation to compensation plans has also helped the business become more profitable.

According to Arthur (1992, 1994), decentralised decisionmaking, thorough training, Salaried compensation, and employee participation are HR practises that are associated with better performance. In contrast, he discovers that HR methods emphasising efficiency control, and the diminution of employee talent and discretion are linked to more turnover and subpar industrial performance. Similar to this, Huselid (1995) point out that investments in activities, like incentive pay, selective staffing methods, and employee participation, lead to lower turnover, higher productivity, and improved organisational performance through their impact on employee skill development and motivation.

The performance as measured by productivity, turnover, and financial soundness improves when more high performance HRM practises are implemented. The bottom line of the results appears to be invariable with the strongest scientific support, despite comparisons between various fit technique types.

Human Resource Management is Required in the PACCS

Globally, the number of walk-in clients at bank branches has decreased as a result of technologically advanced channels including ATMs, online banking, and mobile banking. To offer error-free and risk-free banking service, it is seen that clients in India still find it challenging to use these technology-based channels and are more at

ease using traditional banking over the counter directly. While attempting to provide more effective service at the counters, the employees must simultaneously contend with a variety of regulatory requirements designed to reduce operational risk. This demonstrates unequivocally that workers of Primary Agricultural Co-operative Credit Societies play a crucial role in managing a customer's 'transaction' as well as their long-term future connection.

The new methods to staff management, infrastructure issues, overstaffing, and competitive pressure in cooperatives are all factors. The emphasis has shifted to being a market-driven organisation rather than an administratively driven one, and the value of staff quality was being highlighted.

Human Resources policy

Although the Primary Agricultural Co-operative Credit Societies have policies, there are significant differences in how they are outlined and communicated to staff. There are no particular guidelines on how Primary Agricultural Cooperative Credit Societies should record and put the concepts and practises into effect except from those that are expressly mandated by law. As a result, the Primary Agricultural Cooperative Credit Societies' policies and procedures are entirely consistent with their activities in terms of form, content, and tone. For a cooperative entity, this discretion poses both a challenge and an opportunity. The difficult part is choosing how to structure, carry out, and convey the bank's operating regulations among the nearly endless options. The foundation for supporting the Co-operative Bank's commercial goals, offering staff the necessary direction, and achieving the desired organisational culture will be laid out by a strong and relevant set of policies.

The State Cooperative Act's provisions for determining employee salaries are not standard.

Only a few States have parallel State Cooperative Acts; those in other States have restrictive clauses that limit cooperatives' ability to operate on their own. Additionally,

there is no explicit HRD policy as such, and hiring practices do not take competence and merit into consideration.

The Co-operative Act, rules, and byelaws were developed to safeguard cooperative credit organisations against certain criminal market practises and to shield them from those with vested interests.

Interests. These prevent these institutions from developing independently. The Primary Agricultural Co-operative Credit Societies maintain autonomy in personnel concerns, although being subject to the financial oversight of NABARD and the Apex Bank. This is a key point to keep in mind. The Primary Agricultural Co-operative Credit Societies ought to be dedicated to Equal Employment Opportunity (EEO) policies that offer a positive work environment devoid of any form of discrimination or harassment.

The following four major decision areas, namely the acquisition, development, rewarding, and maintenance of human resources, are the fundamental components of the human resource system. These are service companies where the use of human capital determines success or failure. The requirement of the hour is for employees at all levels to act professionally.

For any concern, professional management is crucial. However, the state governments in Karnataka frequently dissolve the elected boards of Primary Agricultural Co-operative Credit Societies and appoint government personnel to run their activities, regardless of the party in office. The effectiveness of the Primary Agricultural Co-operative Credit Societies suffers because government officials don't show enough interest in banking. Another disadvantage of poor administration is the political meddling in the affairs of Primary Agricultural Cooperative Credit Societies.

Selection and Recruitment The management of any firm may fail to choose the right man with the correct talents for development, performing the right job, in the right

environment, in the absence of scientific recruitment and selection procedures. Additionally, the hiring and selection process must be trusted by the staff. By either repositioning present employees or infusing new life into the organisational veins, recruitment offers the chance to cater to people's evolving demands.

The Primary Agricultural Co-operative Credit Societies can hire people in one of three ways:

directly; through deputation from sister cooperative institutions; or through promotion.

The State Employment Exchange, which has a restricted distribution, is the primary method of hiring. The service in Primary Agricultural Co-operative Credit Societies is thus readily available to people familiar to the top and middle executives even in the absence of widespread publicity of empty positions. If merit is not compromised, internal promotion can be a good approach. Similar to this, hiring people who share your views might backfire if it results in an environment where variety is despised. Primary Agricultural Co-operative Credit Societies typically apply exact and stringent criteria to admit members but do not demonstrate the same commitment when it comes to hiring people, despite the fact that hiring decisions involve enormous costs when one takes into account the costs of recruitment, training, salary and benefits over the course of the employee's tenure, and replacement cost.

The need for training has been felt strongly due to the enormous expansion in the complexity and scope of services, particularly in light of the task done by the Primary Agricultural Co-operative Credit Societies for the socio-economic development in urban, semi-urban, and rural areas. Any sort of business that receives training will benefit from better staff productivity, higher morale, less supervision, and greater organisational flexibility. Training is offered by Primary Agricultural Cooperative Credit Societies for a variety of reasons.

1. To instruct the staff on how to carry out their first job assignment.

2. To prepare staff members for anticipated design, procedure, and technology changes at their current workplaces or for upcoming promotions.

In Karnataka's Primary Agricultural Cooperative Credit Societies, the operational structure and administrative set-up for training staff are interconnected and classified into

senior, middle level, and junior staff. The apex organisations, the State Cooperative Unions and the District Level Unions, are in charge of making the necessary preparations for cooperative training.

The main issues with Primary Agricultural Co-operative Credit Societies are: a lack of understanding of money management, which leads to the acceptance of expensive deposits and their utilisation for low-yield purposes. Lack of experience in managing non-performing assets (NPAs), monitoring capital adequacy, investing in government securities, lending, and other more recent international regulations enforced by the RBI and NABARD are additional issues. The majority of people in India's cooperative banking industry believe that if one can find employment, they will somehow be able to run the activities of the bank..

Training often focuses on enhancing decision-making, interpersonal, and operational abilities, or some mix of these. The majority of the training courses offered by cooperative training institutions simply provide theoretical understanding of the subject. Primary Agricultural Cooperative Credit Societies are small, underfunded organisations located locally. The majority of Cooperative Bank staff struggle to follow and comprehend the notion in English, which creates a barrier. This is a challenge for national level universities who offer their training programmes in Hindi or English.

Performance Appraisal

The systematic tracking of individual performance in relation to the specified organisational objectives and the identification of areas for strength and growth is known as

s performance appraisal. For permanent staff, the appraisal is not taken seriously in Primary Agricultural Co-operative Credit Societies. Although there is currently no formal process in place, all employees support formal appraisal process in place, all employees support its adoption.

Contrary to commercial banks, Primary Agricultural Cooperative Credit Societies are assigned grades A, B, C, and D based on their financial performance and are therefore entitled to pay their staff according to that classification. Primary Agricultural Cooperative Credit Societies have not assessed the performance of its staff using any complex techniques. This is the primary cause of the employees' subpar performance in Primary Agricultural Co-operative Credit Societies.

Promotion

The position, responsibilities, and financial rewards of an employee improve as a result of upward mobility within an organisation. Provisions have been provided for staff promotion based only on seniority under the current co-operative credit society guidelines. No organisation has ever been successful in attracting and keeping essential personnel over the long term by just giving them money.

Once employees are promoted to higher positions, there is a pressing need to increase their competencies. Employees' competencies are the information, abilities, skills, personalities, and other traits that form the basis of their behaviour. Because they only reflect the performance of future employees, competencies serve as a fundamental driver for both employee success and organisational success.

Compensation

Variable compensation is one of the most crucial problems up for discussion with the Primary Agricultural Co-operative Credit Societies in Karnataka. Primary Agricultural Co-operative Credit Societies have distinct pay scales for employees in the same cadre, and these pay scales vary depending on the state. Seniority has thus been used to account for the administration of compensation. Cooperative credit

societies' pay structures are less desirable than those of public and private sector banks. The precondition for the effectiveness and efficiency of an organisation is a fair and sound compensation structure along with other favourable working circumstances.

Therefore, compensation and other reward schemes should focus on employee needs and aspirations as well as corporate goals, including the chance to work on demanding assignments, flexible work arrangements, job transfers for personal emergencies, and possibilities for training and higher education.

When choosing the pay structure for cooperative employees, there are some fundamental considerations that must be made. First, the issue of salary fairness across all work levels. The income and productivity of the society must be taken into account when revising wages upward. The importance of Primary Agricultural Cooperative Credit Societies having differentiated rewards that cover everything the company has to offer, directly or indirectly in exchange for employee contribution, is also relevant in light of the developments taking place in the financial industry.

Reward and pay are the most crucial component of HRM, yet they are currently unrelated to performance or expertise. A system of rewards and pay that will draw in, honour, and keep talent in Primary Agricultural Cooperative Credit Societies on par with other banks – particularly banks in the private sector – is urgently needed

Relationship between Employer and Employee

For the Primary Agricultural Cooperative Credit Societies to operate well, there must be a positive employer-employee relationship. Since co-operative organisations are made up of groups of people who are each motivated by different goals, no co-operative administration can carry out its duties without the full support of all employees.

The Primary Agricultural Co-operative Credit Societies' challenge is to inspire people to use their creative thinking skills in their everyday job. To ensure the

success of the institution, the government should constantly encourage the staff to use all of their talents. It takes more than just encouragement to come up with fresh concepts. When people sincerely strive to put their ideas into practise and fail, they need to be inspired to try again. Otherwise, they won't bother to stop and think, they'll just keep doing what their managers tell them to do. Success can only be attained if employees believe they are being treated fairly by the organisation and are fully aware of the goals and justifications for their accomplishment. Therefore, it is crucial that management provide an environment for employee interactions that supports various viewpoints without impairing management's capacity to run the company.

In any business, there will inevitably be conflict between the employer and the employees or among the employees. Innovation is essentially impossible without a wide variety of ideas provided by people with various backgrounds, experiences, and points of view. Conflict can also offer a chance for personal development. Since not all organisational disputes are bad, it is necessary to foster "good" disagreement between management and workers.

There is a common management misconception that when employees are unhappy with a choice made by their immediate supervisor, they will immediately approach upper management. Employees typically fear causing a rift in their daily interactions with their manager, whose judgement is most likely to be upheld for the sake of management harmony nevertheless.

Suggestions

1. Centralization of improvements or adjustments is necessary in the areas of hiring, salary fixation, compensation arrangements for medical reasons, and promotion.
2. Changes must be made in the areas of training, addressing complaints, service awards, and other motivational elements.

3. Discipline and appeal rule proceedings, deputation/transfer to District Central Co-operative Banks, and placement for dependents on compassionate grounds all require transparency.
4. The labour unions must carry out their duties impartially and with accessibility to all employees.
5. To examine HR policies and practises and to improve related operations, the State Government may establish a committee that includes workers. For a better knowledge and problem-solving process, this committee can hold employee hearings and make site visits.

Conclusion

Human resource management in Primary Agricultural Co-operative Credit Societies is more delicate, individualised, and cannot be managed using a set of established approaches compared to all other management functions. HR management is now a strategic weapon for competitive advantage rather than only a support function. In fact, gaining employee happiness before engaging in customer-centric strategic management is challenging. Customer pleasure therefore requires employee satisfaction. The correct system of HR rules and practises must be in place for a business to effectively hire, select, develop, appraise, compensate, place, promote, or fire personnel. Primary Agricultural Co-operative Credit Societies must prioritise their decisions for workforce involvement based on a detailed study of the needs of the business. Effective HRM needs the use of a sound management philosophy that respects diversity and human dignity, is dedicated to the professional development of employees, believes in the importance of their contributions, and includes them in decision-making.

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