CHAPTER - II

RESEARCH DESIGN

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2.1 Introduction

In recent years, the banking industry has been undergoing changes, reflecting a number of underlying developments. In the era of privatisation, liberalisation and globalization, the role of banking institutions is of prime importance.

The Co-operative banks have a history of almost 100 years. The Co-operative banks are an important constituent of the Indian Financial System, judging by the role assigned to them, the expectations they are supposed to fulfill, their number, and the number of offices they operate. The co-operative movement originated in the West, but the importance that such banks have assumed in India is rarely paralleled anywhere else in the world. Their role in rural financing continues to be important even today, and their business in the urban areas also has increased phenomenally in recent years mainly due to the sharp increase in the number of primary co-operative banks (Urban Co-operative Banks).

The Urban Co-operative credit sector is a very important segment of the overall economy of the country. Urban Co-operative Banks have done commendable job in meeting the financial and credit requirements of urban poor and weaker sections of the urban society. Urban Co-operative Banks will have to continuously Endeavour to develop their professional skills with a view to providing top class service to their customers.

In the reform process in any sector, human resources play a vital role in shaping management systems for development. But it is the men i.e. human beings who are the nucleus in the resource management since they
manage other resources optimally to achieve desired results. The importance of human resource in Urban Co-operative Banks is paramount. These commitments can only be met with proper human resource management by maintaining cordial relations with members and customers. Also in the changing economic scenario, emerging challenges. To gear up to face these challenges, Urban Co-operative Banks at various levels need to follow a sound personnel policies and procedures for their own survival.

The basic objectives of Urban Co-operative Banks are three fold: 1) Promotion of thrift among members and non-members; 2) Provision of credit on reasonable terms to persons of modest means and 3) provision of banking services to customers. In order to accomplish these objectives, various functions of personnel management have to be performed that include- qualifications for various posts should be clearly spelt out; so also the process of recruitment of the staff should be streamlined. Urban Co-operative Banks should identify the deficiencies in the various areas of their working and prepare a time bound action plan covering important aspects such as organisation, personnel, managerial capability, training, customer service, house-keeping, mechanization, financial viability and profitability for their healthy growth.

In the above context, it is pertinent to empirically examine the various issues of personnel management policies and practices in Urban Co-operative Banks. This study is an attempt in this direction.

2.2 Significance of the Study

In efficient performance of functions in any organisation or institution, its personnel play one of the key roles. Enlightened modern management personnel aims at reinforcing skills, abilities and morale of the various levels of the employees with their diverse backgrounds and needs. The Urban Co-operative Banks are facing the challenges of motivating the employees in order to achieve the objectives of the banks. The changing economic and social scenario, technological innovation, computerization and mechanization,
introduction of online-banking, retail-banking etc. have changed the expectation of the employees. And therefore, the personnel management plays a great role in Urban Co-operative Banks. The significance of personnel management in Urban Co-operative Banking is going momentum in recent years due to the vast improvement in their business transactions and increasing number of employees.

The share of Urban Co-operative Banks is around 7 per cent to 8 per cent only in comparison to total business of commercial banks, but still they occupy a significant position in the Indian banking sector.

The Urban Co-operative Banks are facing the number of problems such as profitability, increasing percentage of Non-Performing Assets (NPA), failure in recovery, decline in quality of customer service, political interference in the management of bank and such other various problems. The basic reason behind these problems is the domination of traditional approach by the Managers and lack of required abilities and skills to perform the function of personnel management policies & programmes. Apart from these aspects most importantly UCBs needs motivated personnel, trained, financial wizards, technical brilliance, administrative efficiency etc. In fact sound personnel policies and practices enable the bank management to have such human resource. The study of personnel management in Urban Co-operative Banks assumes greater significance in view of economic liberalization and need for qualitative Human Resource and a good Customer Service.

2.3 Need for the Study

Special attention is to be paid towards the studies on service oriented organisation which play vital role in liberalized economy; Urban Co-operative Banks are one such major service oriented organisation.

This study with its coverage of all Urban Co-operative Banks in Nanded District and a large sample of employees belonging to all cadres representing all banks in the district and in-depth analysis throws more light on the various
issues connected with the personnel management policies and practices in Urban Co-operative Banks.

2.4 Objectives of the Study

The primary objective of this study is to survey the personnel management practices that are prevalent in Urban Co-operative Banks of Nanded District. The study aims at:

1. To study the organisational set up for personnel management functions in the urban co-operative banks.
2. To review the personnel policies and practices relating to various functions in the area of personnel management such as manpower planning, selection and recruitment, training, promotion, transfer, salary administration, performance appraisal, grievances redressal, and employee relations.
3. To study the socio-economic background of the employees.
4. To identify exact areas in the field of customer service, warranting improvement in systems and procedures and to obtain data on the quality of customer service in urban co-operative banks.
5. To identify the problems faced in implementing the personnel policies
6. To suggest suitable measures for improving personnel management in urban co-operative banks.

2.5 Hypothesis

The study will be based on the following hypothesis:

1. The method of selection and placement of employees in the Urban Co-operative Banks needs be improved in the light of changing banking scenario.
2. The Scheme of Training and development in the Urban Co-operative Banks needs to be reformulated in light of changing banking Technologies.

3. Personnel Policies with reference to various aspects of Personnel Management in Urban Co-operative Banks need to be streamlined with a view to enhance productivity and efficiency.

2.6 Operational Definitions of Concepts

1. Personnel Management Policy
   Personnel Management policy means written guidelines on personnel functions for action issued by the Registrar of co-operative societies, Maharashtra from time to time and specified in the co-operative societies Act and Rules and special bye-law relating to the service conditions of the employees of the UCBs, which provide the bar is for action by the concerned authorities of the bank.

2. Personnel Management Practices
   Personnel Management practices means two actual implement policies by the UCBs.

3. Appraisal
   Appraisal means assessing the performance of the banks and attitudes of the employees towards personnel management policies and practices

4. Officers
   Officer means all permanent employees of the bank working in the cadres' Chief Executive Officer, General Manager, Manager, Branch manager and Accountant.

5. Clerks
   Clerks mean all permanent employees of the bank working in the cadre of senior clerks, senior clerk cashier, clearing section clerk and other section clerk.
6. **Subordinate Staff**

Subordinate Staff mean all permanent employees working as peons, driners, sweeper, watchmen attender and guards.

7. **Attitude**

Attitude denotes a persistent tendency of an individual to feel, believe and react in a particular way towards some objects.\(^5\)

In the context of this present study, the term attitude describes two feelings, beliefs and opinions of the employees towards the personnel management policies and practices of the Urban Co-operative Banks.

2.7 **Statement of the Problem**

The present study is an attempt to investigate the personnel management problems of the Urban Co-operative Banks with reference to Nanded District.

2.8 **Scope of the Study**

The present study reflects the existing personnel management policies and practices of Urban Co-operative Banks. The study is intended to cover the period of 5 years. The findings of the study would provide rich insights to the management of Urban Co-operative Banks, Managers and for the scope of further research.

2.9 **Sampling**

It is very difficult to study the personnel management policies and practices in all the Urban Co-operative Banks of the country. Urban Co-operative Banks are similar in the nature of business, operations, size, adopt similar techniques and policies & programmes of personnel management are common in most of the UCBs. For the study all the ten Urban Co-operative Banks in Nanded District are brought into the sample framework. The sample size of the banks with their branch taken 100 per cent. Further all employees are not interviewed due to the time and resource constraints. There are 412
employees in ten Urban Co-operative Banks under study, twenty five per cent (25%) sample is selected by adopting stratified random sampling technique from the lists of employees provided by the banks. The sample size is 103 out of 412 employees. The employees of the bank are categorized into three cadre's viz. Officers, Clerks and Sub-Staff. The categorized break up of these employees in sample is Officers-28, Clerks-54 and Sub-Staff-21. The bank wise distribution of employees is given in the table 2.1

To identify exact areas in the field of customer service, warranting improvement in systems and procedures and to obtain data on the quality of customer service in Urban Co-operative Banks, for this the customers are taken by adopting stratified random convenience sampling. For the study 100 customers are taken from the sample banks.

| TABLE 2.1 |
| SAMPLING |

| Sample unit | 1) Officer  
2) Clerk  
3) Subordinate |
|-------------|----------------|
| Sample size | 25% of the total (412)  
1) Officer 28  
2) Clerk 54  
3) Subordinate 21  
Sample size total 103 |
| Sampling technique | Stratified Random Sampling – Employees'  
Convenience Random Sampling- Customers. |
TABLE 2.2
BANK WISE DISTRIBUTION OF EMPLOYEES
As on 31st March 2004

<table>
<thead>
<tr>
<th>Sr, No</th>
<th>Name of the Bank</th>
<th>Year of Opening</th>
<th>Number of Branches</th>
<th>Number of Employees</th>
<th>Total Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The Nanded Merchants Co-op. Bank Ltd., Nanded.</td>
<td>1963</td>
<td>13</td>
<td>45 75 35</td>
<td>155</td>
</tr>
<tr>
<td>3.</td>
<td>Jai Shivarai Nagari Sahakari Bank Ltd., Nanded.</td>
<td>1995</td>
<td>02</td>
<td>04 32 06</td>
<td>42</td>
</tr>
<tr>
<td>4.</td>
<td>Shankar Nagari Sahakari Bank Ltd., Nanded.</td>
<td>1997</td>
<td>03</td>
<td>09 15 06</td>
<td>30</td>
</tr>
<tr>
<td>5.</td>
<td>Markhandaya Nagari Sahakari Bank Ltd., Nanded.</td>
<td>1997</td>
<td>01</td>
<td>04 06 04</td>
<td>14</td>
</tr>
<tr>
<td>6.</td>
<td>Godavari Urban Co-op. Bank Ltd., Nanded.</td>
<td>1998</td>
<td>01</td>
<td>03 03 04</td>
<td>10</td>
</tr>
<tr>
<td>7.</td>
<td>Sai Nagari Sahakari Bank Ltd., Hadgoan.</td>
<td>1999</td>
<td>01</td>
<td>03 04 02</td>
<td>09</td>
</tr>
<tr>
<td>8.</td>
<td>Loha Urban Co-op. Bank Ltd., Loha.</td>
<td>1996</td>
<td>01</td>
<td>02 06 02</td>
<td>10</td>
</tr>
<tr>
<td>9.</td>
<td>Sri Sai Urban Co-op. Bank Ltd., Mukhed.</td>
<td>1997</td>
<td>01</td>
<td>02 02 01</td>
<td>05</td>
</tr>
<tr>
<td>10.</td>
<td>Shankarrao Chavan Nagari Sahakari Bank Ltd., Kinwat.</td>
<td>1999</td>
<td>01</td>
<td>02 02 01</td>
<td>05</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>35</td>
<td>109 211 92</td>
<td>412</td>
</tr>
</tbody>
</table>

Source: Annual reports & list of employees provided by Banks.
2.10 Methodology

This is an empirical description study based upon analysis of surveyed data and therefore the research model selected here is one suitable for such type of study. The study is based on both primary and secondary data.

2.10.1 Primary Data

Primary data is collected through personnel interview and structured questionnaire from the banks, the employees of the banks. The employees of the banks are categorized into three cadre; Officers, Clerks and Sub-Staff. Data is also collected from Customers of the banks. Researcher' personal observations and discussions with top officers of the banks are also considered. The primary data is collected by using various methods; questionnaire, Interviews, discussions, observations and examination of records at the place of their organisation.

A structured questionnaire has been administered to the banks and to employees of the banks to ascertain their attitudes and opinion about the personnel management policies and practices. A structured questionnaire has been administered to the Urban Co-operative Banks customers to ascertain the various aspects on Customer-Service by the banks. A copy of the questionnaire served to the banks, employees and customers is placed as figure no 1, 2 &3 in Appendix-I, II and III respectively.

Further the technique of observation was also used as a method of data collection to find out the working conditions and environment and inter-personnel behaviour of the employees in the banks.

The researcher has also observed the whole proceedings of 56th All India Commerce Conference held at Jalgoan, three-day seminar organized by S.G.G.S College of Engineering, Nanded on “Human Resource Development & Quality Assurance Practices in Modern Organisations” and U.G.C sponsored state level conference on “Nature of Reforms in Indian Banking” held at Umarkhed, with a view to obtain the various aspects of Banks and on Human Resource Management.
2.10.2 Secondary Data

In addition to the primary data, secondary data from the published sources like annual reports of Urban Co-operative Banks, lead bank, Maharashtra state co-operative banks associations' Ltd., Government reports, various circulars and notification of DDR and statistical statements relating to Urban Co-operative Banks published by Reserve Bank of India are used for compiling the data. Further broachers, handouts issued by the training institutes are used for compiling the information pertaining to training and development aspects.

There are 16 Tahsil (talukas) in Nanded district, all the Tahsil (talukas) are having the branches of Urban Co-operative Banks, expect himayatnager.

2.11 Framework of Analysis

The data relating to personnel policies and practices collected from all Urban Co-operative Banks in Nanded district are compiled and analysed for the entire Nanded district as whole. Similarly, the data collected from the employees, customers of all Urban Co-operative Banks are used to analyse their background and their attitudes & opinions on personnel policies and practices of the banks. The independent variables considered for analysis are age, qualification, marital status, religion, type of accommodation, family income etc. Each variable has been interpreted in the form of tables and in the graph, wherever necessary.

The collected data is presented by using appropriate tables, graphs, maps and charts, supported by statistical tools such as averages, percentages, comparison, ratios, co-relation etc, Chi-square test is used to identify the possible association between the satisfaction of employees and personnel policies and practices to arrive at proper conclusion.
2.13 Limitations of the Study

As every study has its limitation, this study also has some limitations like,

1. The study is limited to the area of Nanded District.
2. This study covers only Urban Co-operative Banks in Nanded District.

There were problems in soliciting views of employees and managers through structured questionnaire as many employees tend to avoid extremes and take a neutral stand regarding many aspects. Reaching at a conclusion becomes difficult in such case. This limitation is, however, reduced through informal discussions with the employees and managers.

The scope of this research is limited to the Urban Co-operative Banks of Nanded district only. So, conclusions based on this study have their own limitations and can be made implemented elsewhere, with certain changes.

2.14 Organisation of Thesis

This dissertation consists of seven chapters divided in two parts A & B.

In Part A, there are four chapters and in Part B, there are three chapters, the details are as follows.

In Part A:

Chapter one as usual is concerned with the Banking in India, structure of co-operative banks in India, concept of personnel management, (Definition, functions, objectives, principles, personnel policies and programmes), Cooperative movement in India, definition of Urban Co-operative Banks, Urban Co-operative Banks- 100 years development.

Chapter two presents the complete research design, which includes objective of the research, hypothesis, significance of the study, research
methodology, sampling, and framework of analysis of data and organisation of thesis.

Chapter three deals with the review of literature on co-operative management, personnel management and on Urban Co-operative Banks.

Chapter four deals with the profile of Urban Co-operative Banks at National, State, and District level covering their origin, organisation-setup, branches, membership, capital structure, share capital, deposit mobilization, borrowings, advances and overdue position, volume of business and working with manpower strength.

In Part B:

Chapter five deals with the personnel management policies and practices relating to organisation, planning, recruitment, selection, training, performance appraisal, promotion, transfer, grievance, employee-management relation etc. are been reviewed.

Chapter six deals with the profiles of the bank employees, their attitude towards personnel policies, and practices and their job satisfaction and analysis of data relating to the customer services in Urban Co-operative Banks.

In the seventh chapter, a summary of the findings and suggestions is presented.
REFERENCE


4. Ibid., p. 87