

# Challenges Faced by Human Resource Management in Cooperative societies

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## **Introduction**

Human is the most important and complex resource of an organisation. Each and every business activity requires involvement of human; the epi- center of all business activities like production, marketing, finance is human. There are varied factors that contribute to the success and survival of an organisation like capital, infrastructure, man power and various other resources. The optimum utilization of all other resources is possible only when human resource is managed in an efficient manner; say the production management, marketing management, finance management, materials management of an organisation can be managed properly only when the right person is placed at the right position. The employee of an organization plays a key role in attaining the organisational goal and efficiency. The attributes, like skills, qualification etc of an individual differs from other. An organisation has to adopt these groups of different individuals to attain the set organisational objectives. The human resource management deals with integrating these groups of different individuals to attain specified organisational goal. Management of money, material is less complex process when it is compared to managing the human resource: as management of human resource involves dealing with virtues, qualities, different opinions, and certain other uncontrollable factors that's why Human Resource Management is often termed as 'An art'.

The changing economic scenario has affected the tools and techniques used in managing the human resource of an organization. To survive the cut throat competition, every organisation has to adopt itself to the new system of managing its resources. Especially in cooperative organisations the employees are the last factor in the priority list of the management.

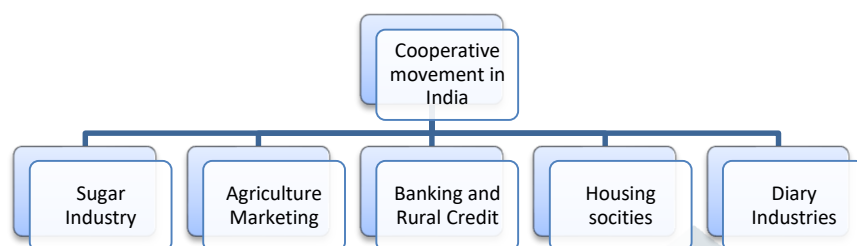
The cooperative organization has proved its potentials by actively contributing to recent changes in the sector and to the new competitive pressure which poses serious challenges. The cooperatives have stand through the changing market scenario challenges and cut throat competitions due to globalization and privatization in the economy. However when it comes about managing human resources, still efforts are being made by cooperative management, to promote professionalism in cooperative management, among members and cooperative personnel. If the administrative personnel of the cooperatives are professionally proficient, the objectives of cooperative organizations would be attained quickly and at a minimum cost (N. Ramu 2007).

Cost cutting is the main factor which forces the management to forgo to cater the need of its employees as to compromise with the quality of products or services hampers the goodwill of the organisation. This notion of the top management has led to failure of many cooperative organisations at its budding stage. No organisation can satisfy its customer unless the employees of the organisation are satisfied with their employer; employee satisfaction mends the way to customer satisfaction.

## ***Importance of cooperative sector in India***

The prime motto of instituting cooperative sector in India was to prevent concentration of pecuniary power, wider dispersal of ownership of productive resources, active involvement of people in developmental programs, liquidation of poverty and unemployment. An institution started for the betterment of society by the society.

**Below diagram shows the sectors cooperative sector has an active participation:**



**The share of Co-operatives in National economy is as follows:**

Rural Network (villages covered)	100%
Agricultural Credit disbursed by Co-op	46.15%
Fertilizer disbursed (6.049 million Tonnes) -	36.22%
Fertilizer production (3.293 M.T. - N&P)	
Nutrient Sugar produced (10.400 million tonnes) -	27.65%
Capacity Utilization of Sugar Mills -	111.5%
Wheat Procurement (4.50 million toones)	31.8%
Animal Feed Production/Supply -	50%
Retail Fair Price Shops (Rural + Urban) -	22% 5
Milk Procurement to Total Production -	7.44%
Milk Procurement to Marketable surplus -	10.5%
Oil Marketed (Branded) -	50%
Spindlage in Co-operatives	- 9.5%

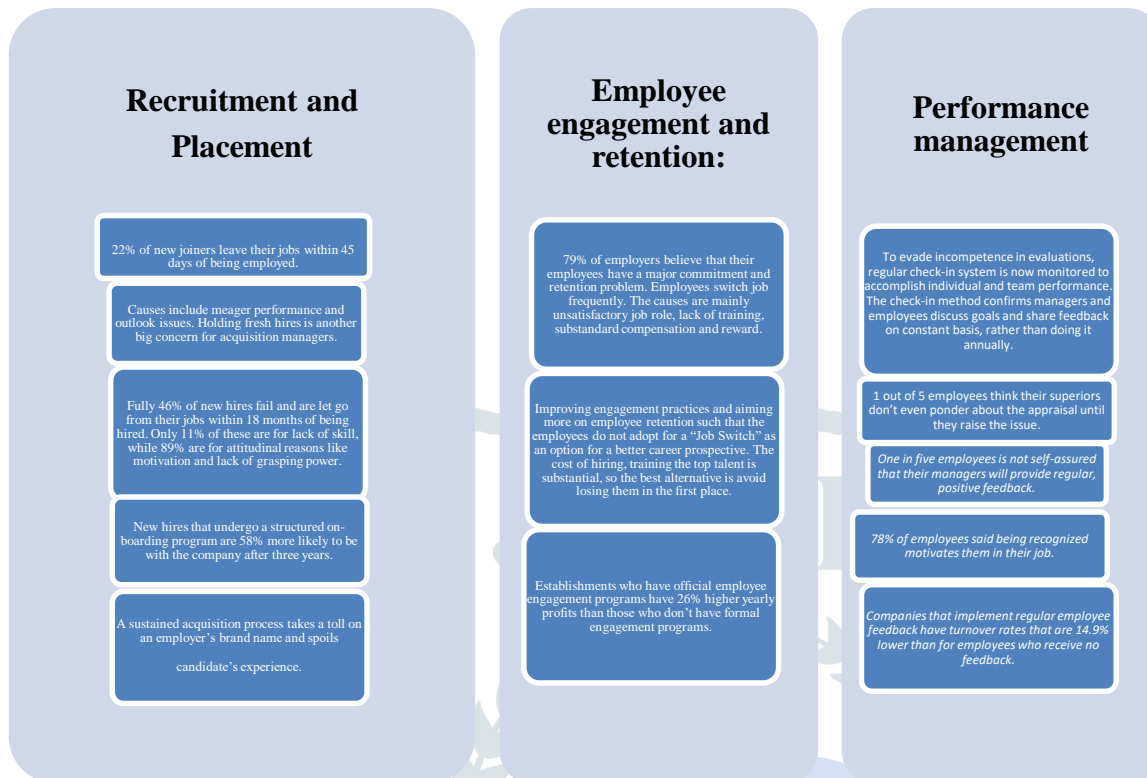
(3.518 million)	
Cotton Marketed / Procurement –	NA
Cotton yarn/Fabrics Production -	23.0%
Handlooms in Co-operatives -	55.0%
Fishermen in Co-operatives (Active) -	21%
Storage Facility (Village level PACS) -	65.0%
Rubber processed and marketed -	95.0%
Direct employment generated -	1.07 million
Self-Employment generated for persons -	14.39 million
Salt Manufactured (18,266 Metric Tonnes) -	7.6%

The statistics here indicates that modern cooperative movement has made tremendous progress in every walk of its activities and occupies a major place in the share of the national economy

**Major Cooperative organizations in India:**



## An analysis of HRM challenges:



## Human Resource Management: A Need of Cooperative sector

HRM helps in crafting a bond between the employer and the employees. It helps employees to understand individual and organisational goals. The success of every organisation depends upon the value of the persons hired in the organisation. HRM helps in placing the right person for the right job. The lack of updated HRM practices is a major setback in cooperative organisations. The employees are uneducated and unskilled in context to the modern HRM practices. Instead of recruiting officials at higher level from various background who are unaware of the HRM practices and policies, people having in-depth knowledge of professional management techniques should be hired so that the vision and mission behind initiating the cooperative movement be passed on to the coming generation in an intact manner (D. Maharani 2014).

## HRM & Cooperative Sectors

Absence of professionalism in human resource management of many organizations has led to fall of many cooperative sectors. If well-defined human resource management principles are adopted in crucial areas like recruitment, career planning, training, placement that can benefit the performance of the organization favorably (Soni *et.al* 2014)

Even with tremendous financial support from the central and state government many cooperatives fail to thrive. This itself is a proof that only sound financial support is not the only factor for a successful business for instance, **Pratibha Mahila Sahakari Bank**: the downfall and closure of the bank has a link to the poor human resource management of the organisation. Lack of professionalism in hiring and placing the right person at the right place gave rise to such a scandal.

If proper human resource management procedures, policies and techniques have been followed in the organisation, a grave situation could have been handled so diligently.

To avoid such situations, HRM plays a vital role, as it focuses on “How one has to be hired?”, “Who is been hired?” and “Where the one hired has to be placed?”

When two associations of people join hands together tendencies are more that it becomes a fertile ground for disputes. A proper human resource management can help in confronting such situation very efficiently. Often in cooperative sectors members or the employees hired are from rural background, at times they fail to understand the modern business tactics, in such circumstances an efficient HR manager acts as a mediator.

To sustain the cut throat market condition, it's the need of hour that cooperative sectors too switch from obsolete techniques. In order to compete with the giant cooperate conglomerates, cooperative sectors need to train its employees make aware about the current market scenario. All this comes under the scope of training and development which is a major function of human resource management. The top two obstacles encountered during the major organisational changes are communication breakdown and employee resistance (Society for Human Resource Management 2007).

#### **HRM can be used effectively in cooperatives for following purposes:**

- **Human Resource Planning**

The key goal of Human resource planning is to safeguard the best fit among the employees and jobs while avoiding manpower shortages or surplus. In cooperative sectors lack of proper HRP is one of the major challenges faced. HRP can lead to developments in yield when it's sustained by efforts to explain job roles, to offer training and development for workers and to engage in broad performance appraisal. Planning can be expressed as defining expectations as objectives; HRP demands a pre- determined blue print.

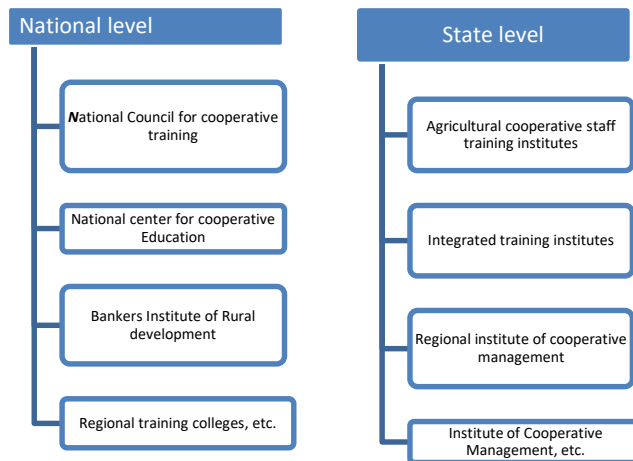
- **Recruitment and Selection.**

The step following human resource planning is to acquire people necessary to ensure the constant operation of the business. Selecting the right person and placing him or her at the right place is an important factor which acts as a key to the success of a business. Proper advertisement has to be given if there is a vacant position available; often in cooperative sectors vacancies are not known to the general public. Thus in the absence of wide publicity of vacant post, the jobs are easily available to the acquaintances of top and middle management. A major problem of most of the cooperative sector is that they are not able to attract highly professionally qualified candidate because of the poor salary structure.

- **Training and Growth**

Training is an essential component in order to achieve desired goals of an organisation. Training is required for new employees so as to get acquainted with the procedures of the job entrusted to them at the same time it's require for the old employees to get aware about the updated trends of the market.

### There are various institution involved in cooperative training:



- **Performance Review:**

Performance review or better termed as performance appraisal is a systemized approach to track individual performance alongside the set objectives of the organisation. It also enables in detecting strength and opportunities for development. “Unlike commercial banks cooperative banks especially urban cooperative banks which are classified as Grade I and II by RBI are eligible to get increments in their employees whereas the Grade III and IV banks are classified as weak banks and the employees of these banks are not able to get any increments in their salary.” (N. Ramu, 2008). Absence of sophisticated methods to evaluate employees performance has led to a poor performance of employees in cooperative sectors.

- **Rewards and Compensation**

One of the major challenges of cooperative sectors are the rewards and monetary packages offered to the candidate. An individual work for better living standards, often cooperative sectors fail to offer sound perks and monetary benefits to its employees. Compensation acts as a mean for employee retention. Cooperative sectors fail to hire talented and professionally qualified candidate because of the poor salary structure. A pay structure based on the expertise, ability and position is essential. Reward and compensation has become the foremost part of HRM. In cooperative sectors there is a crucial requirement to have the structure of reward compensation in place that will entice, identify and retain the talent in cooperative sectors on the lines comparable with other business conglomerates.

#### Following measures can benefit the cooperative institutions favorably.

- There should be well defined recruiting and staffing policy.
- Manpower planning must be done in advance so that the contingencies can be dealt accordingly.
- The effectiveness of human resource management should be evaluated periodically.
- Professionally qualified HR managers should be hired.
- The HR policies of successful business organizations should be studied and followed.
- The members should be made aware about the importance of separate human resource department.

The cooperative sector should focus more on the employee betterment as they are the worthless asset of any organisation. A skilled workforce is hard to hire, the cooperative sectors should take measures to retain its

employees in the long run. A lower employee turnover ratio plays an important role in an organisations performance. The employees should be trained periodically; proper education should be given if required. As it's quoted that highly motivated, developed and satisfied employees is required to aid an organisation to achieve its objectives, to acquire a highly motivated, developed and satisfied workforce strong human resource management is a mandate.

### Conclusion

A cooperative organisation is a self-directed association of persons integrated willingly to meet their common economic, social and cultural needs through jointly- owned democratically controlled enterprise. The Eleventh Fifth Year Plan focused on advancement of skills and these skills have to be relevant to the emerging inclusive economic growth of rural India (Soni et al 2013). Cooperative sectors are association created by the common man for the common man's betterment, since its inception there is need to create awareness about the importance of sophisticated human resource management principles.

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