PROFESSIONALISATION OF MANAGEMENT AND GOVERNANCE IN COOPERATIVES

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The survival and growth of the organization depends largely on the competence and character of its management. Management is the dynamic life-giving element in every organization without management the resources of production remain a resource and can never become output. Survival of the organization depends on the quality of management because sound management helps to achieve group goals, optimum utilization of resources, fulfillment of social obligation, economic growth and meets the challenge of change. In short, management is dynamic and indispensable aspect of modern civilization. According to P.F. Drucker it is a creative factor of production without which all other factors like capital, labour etc will be latent.

THEORETICAL APPLIED APPROACHES OF MANAGEMENT

Classical approach: It focuses attention on universal application of principles of and functions of management. This approach offers a mechanistic frame work that undermines the role of human factor. It supports the entrepreneur for increasing production and profit. In contrast the cooperatives are formed for the benefits of its members with service motive and not with profit motive. Hence, the classic approach is subject to the limitation of member/citizen oriented approach.

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**Behavioral (Neo-classical) approach:** The classical approach is focused on the jobs; the behavioral approach stressed the individual performing the jobs. It attaches much importance to human element and recognizes the quality of manager and leader. The neo-classical theory is said to have a short-sighted perspective and fails to recognize the creative role of conflict. Managing conflict is the major area in the cooperatives sector and it is mainly due to government and political interference in cooperatives. Cooperative seems to be member oriented but to a certain extent it is party (political) and government based.

**System approach:** In system approach each sub-system derives strength by its association and interaction with other sub-system. As a result the collective outcome is more than the sum total of individual contribution. This theory to a certain extent covers the methods and functioning of cooperatives. Hence, the system approach of management may fit in to the cooperative system of management and at the same time, theory is more complex and difficult to understand and adopt in cooperative sector, because neither the management nor the paid executives are professional. In the present competitive environment, the third sector organization like cooperatives needs to be professionalized and it becomes very essential after adoption of the policy of liberalization, globalization and privatization.

**PROFESSIONALISATION OF MANAGEMENT**

The cooperative sector due to lack of professional approach faces the crisis of identity and struggles a lot for its survival and growth. In India no cooperative is an exception to these problems, whether be it credit, non-credit or processing cooperatives. The credit cooperatives, particularly the cooperative banking sector is unable to cope up with the recent banking sector reforms. The only solution to make the cooperative sector viable, effective, efficient and transparent is bringing professional approach through proper training and development. This professional approach will certainly bring “Paradigm Shift” in the functioning of
cooperatives and replace the traditional system of management by modern system of management and it is need of the hour.

**MEMBER ORIENTED APPROACH**
The management of cooperatives is user oriented, member oriented, development oriented with concern for community. The strength of cooperative is ‘shared values’ amongst members which includes non-material aspects of cooperatives as social entity with meta-economic goals of society, loyalty and group self-help are essentially human value inputs of management. While promoting the value and fostering normative character, a cooperative being a market player has to evolve management strategies to counter the challenges of the market. The management of cooperatives is unique because of the value base and principles upon which the edifice of the cooperatives is built.

**GOVERNANCE**
Democracy is the corner stone of a cooperative management and the governance structure is designed to give full scope for member’s participation in decision - making process. The business affairs of the cooperatives are largely managed by the Board of Directors. The Board of Directors appoints management team, who is responsible for executive management and are accountable to Board of Directors. Unfortunately, the governance in the cooperative sector is also weak due to various factors and needs to be strengthened.

**OBJECTIVES OF THE STUDY**
1. To study the existing management practices in cooperative banks and identify the gaps in professionalisation.
2. To formulate various strategies for effective governance of cooperative banks.
METHODOLOGY

The data relating to the causes for poor governance and weak professionalisation of management will be collected through a structured questionnaire covering 150 respondents across different States in India. The sample size will cover the elected representatives and the paid executives serving in the cooperative sector at district level and State level. The data required for the study will be collected from various cooperative organizations and Department of Cooperation. The study will also employ necessary statistical tools and techniques to analyze the data. The study will also help the policy makers in formulating suitable strategies to make the cooperatives more professional and strengthen the governance in cooperatives.