



Impact of Operational Management of District Co-operative Bank in Western Maharashtra

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Abstract

This research paper investigates the impact of operational management practices on the efficiency of District Cooperative Banks in western Maharashtra. Additionally, it explores employees' perceptions regarding these practices, aiming to provide a comprehensive understanding of the operational dynamics within cooperative banking. Through Likert-based statements and one-sample t-tests, the study reveals a significant positive impact on efficiency and a positive perception among employees towards operational management practices. The findings highlight the importance of well-implemented operational strategies in enhancing workflow, customer satisfaction, and employee engagement within cooperative banks. The research suggests a need for further qualitative exploration and recommends continuous improvement initiatives for these banks. The study contributes to the literature on cooperative banking and operational management, providing valuable insights for practitioners and researchers alike.

Keywords: operational management, efficiency, employee perception, cooperative banking, District Cooperative Banks, western Maharashtra, Likert scale, qualitative exploration, continuous improvement, financial institutions.

Introduction

The cooperative banking sector plays a pivotal role in the economic landscape of India, particularly in the dynamic region of Western Maharashtra. District Cooperative Banks (DCBs) serve as crucial financial intermediaries, channelling resources to the grassroots level and fostering financial inclusion. Within this context, the operational management of District Cooperative Banks becomes a critical determinant of their effectiveness and impact on the socio-economic fabric of the region.



Western Maharashtra, renowned for its agricultural prowess and diverse economic activities, relies significantly on the functioning of District Cooperative Banks to meet the financial needs of its populace. The operational intricacies of these banks, encompassing facets such as credit disbursement, risk management, and technological integration, assume paramount importance in ensuring the financial health and resilience of the cooperative banking system.

This research endeavours to delve into the nuanced dimensions of operational management within District Cooperative Banks in Western Maharashtra. By scrutinizing the operational strategies, challenges, and innovations adopted by these banks, the study aims to contribute valuable insights to the broader discourse on cooperative banking. Through a meticulous examination of the operational intricacies, this research aspires to identify areas for enhancement, propose strategic interventions, and ultimately foster the sustainable development of District Cooperative Banks in Western Maharashtra.

Intricately interwoven with the fabric of the region's economic ecosystem, the operational management of District Cooperative Banks emerges as a focal point for academic inquiry, policy considerations, and practical interventions. As we embark on this research journey, the exploration of operational intricacies promises to unravel a tapestry of knowledge essential for advancing the cooperative banking sector and, consequently, the economic resilience of Western Maharashtra.

Review of Literature

Shah (2007) conducted a comprehensive study on Banking Sector Reforms and Co-operative Credit Institutions in Maharashtra, shedding light on the challenges faced by credit cooperatives in the state. The research revealed a sluggish growth in the membership and institutional financing of credit cooperatives, contrasting with a faster expansion in outstandings against loan advances. Furthermore, Primary Agriculture Cooperative Credit Societies (PACS) displayed a lackadaisical attitude towards SC/ST members, particularly evident in coverage, loan advance patterns, and recovery processes. Identifying issues crucial for revitalizing the rural credit delivery system through cooperatives, the study emphasized wide variations in loan advances across different districts and regions of Maharashtra. Noteworthy concerns included a decline in loan advances with the rise in GCA in the Konkan region and a substantial increase in overdues and non-performing assets (NPAs) among cooperatives in both forward and backward regions. Drawing from this literature, it becomes evident that addressing challenges such as high transaction costs, poor repayment performance, and mounting NPAs is imperative for enhancing the operational management of District Cooperative Banks in Western Maharashtra. The insights provided by Shah (2007) contribute to the foundational understanding necessary for crafting strategies to overcome these challenges and rejuvenate the rural credit delivery system through cooperative banks in the specified region.

Ganesan (2009) conducted an insightful examination of the efficiency of State Cooperative Banks (SCBs) and District Central Cooperative Banks (DCCBs) in India from 2002 to 2006. Utilizing the Data Envelopment Analysis (DEA) method, the study employed a direct



empirical approach to assess the performance of 30 SCBs and 20 DCCBs. The self-efficiency of each SCB and DCCB in every state was meticulously measured, and their performances were scrutinized region-wise. Notably, the efficiency scores were obtained for each bank within their respective peer groups. Although the study did not aim to compare the performance of SCBs and DCCBs due to their inherent differences, it focused on evaluating their technical efficiency. The scope of efficiency, however, was limited to technical aspects, providing a nuanced perspective on the operational dimensions of these cooperative banks. Ganesan's findings contribute valuable insights into the intricacies of the cooperative banking sector, providing a foundation for understanding and potentially enhancing the operational management of District Cooperative Banks in Western Maharashtra. Building upon the technical efficiency assessment framework, this literature underscores the need for a holistic examination of operational strategies to foster the sustainable development of cooperative banks in the specified region.

Shah (2007) provides a detailed assessment of the financial health of credit cooperatives in Maharashtra, India, focusing on two case studies representing forward and backward regions of the state. The analysis reveals a concerning deterioration in the financial health of Sangli District Central Cooperative Bank (SDCCB) in the forward region and significant inefficiencies in the functioning of Buldana District Central Cooperative Bank (BDCCB) in the backward region, primarily attributed to mounting non-performing assets (NPAs) or overdues. The adverse impact of high NPAs on fixed expenses has resulted in a substantial gap between the break-even levels of loan advances and deposits and the actual figures. The study underscores the root causes of this financial distress, including high transaction costs, poor repayment performance, and mounting NPAs. Additionally, it highlights a slower growth in institutional finances through credit cooperatives during the decade of economic reforms (1991-2000) due to an unfavourable policy framework. The author advocates for innovative approaches, such as linking Self-Help Groups (SHGs) and Non-Governmental Organizations (NGOs) with mainstream financial institutions, to revitalize rural credit delivery through cooperatives. Shah's insights emphasize the critical need for addressing issues like sustainability, operational efficiency, recovery performance, small farmer coverage, and balanced sectoral development to rejuvenate the rural credit delivery system through District Cooperative Banks in Western Maharashtra. This literature serves as a valuable foundation for understanding the multifaceted challenges and potential strategies relevant to the operational management of cooperative banks in the specified region.

Jadhav (2017) conducted a meticulous study on the progress of Urban Co-Operative Banks (UCBs) in Sangli District, situated in Western Maharashtra, which relies predominantly on agriculture and allied activities as the primary source of income. The district's robust rail-road connectivity with major cities and towns has spurred economic activities ranging from traditional sectors to modern IT-based ventures. This diverse economic landscape has heightened the credit needs of the citizens, met by various financial institutions including public and private sector banks, cooperative banks, and credit societies. In 2005, Sangli district boasted 32 UCBs, but due to various reasons, 10 banks closed, and 2 merged with others. Despite facing challenges and fluctuations, UCBs in Sangli district have made



significant strides in the banking sector, playing a vital role in providing credit to priority sectors, weaker sections, and small to medium income groups across urban, semi-urban, and rural areas. Recognizing the pivotal role of UCBs, the researcher embarked on a study to evaluate their performance, shedding light on their progress in catering to the credit needs of the diverse population in Sangli District. This study serves as a relevant reference point in understanding the dynamics of urban cooperative banking in Western Maharashtra, offering insights that can contribute to the broader discourse on the operational management of District Cooperative Banks in the region.

Chander and Chandel (2012) conducted a thorough comparative evaluation of the financial performance of District Central Cooperative Banks (DCCBs) in Haryana, India, emphasizing the integral role of cooperative credit institutions in the rural economy. The study, spanning twelve years (1997–98 to 2008–09), aimed to scrutinize the efficiency and viability of five DCCBs operating in the Rohtak division. Against the backdrop of the significant impact these institutions have on rural banking in Haryana, the researchers delved into their financial affairs, considering factors such as production, marketing, distribution, servicing, processing, and banking. The study uncovered a complex scenario, revealing a mix of commendable performance and areas requiring improvement among the DCCBs. While all banks excelled in liquidity, concerns arose regarding profitability, solvency, efficiency, and risk parameters. The findings indicated a challenging situation where each bank demonstrated strengths in one criterion while facing challenges in another. The overarching conclusion was that these banks grapple with financial mismanagement and underutilization of resources, prompting attention to issues like profitability and risk management. The study's insights are valuable for understanding the intricacies of the financial performance of cooperative banks, and they underscore the need for strategic interventions to enhance the operational management of District Cooperative Banks in Western Maharashtra, drawing parallels with the challenges faced by their counterparts in Haryana.

In conclusion, the reviewed literature presents a comprehensive overview of the challenges and dynamics surrounding cooperative credit institutions and banks, particularly in the context of Maharashtra, India. Shah's (2007) synthesis on banking sector reforms and cooperative credit institutions underscores the multifaceted issues such as slower growth, inefficiencies, and mounting non-performing assets, emphasizing the need for fiscal jurisprudence to rejuvenate the rural credit delivery system. Ganesan's (2009) exploration of state and district cooperative banks using Data Envelopment Analysis provides valuable insights into the efficiency of these institutions, focusing on technical aspects. Furthermore, Jadhav's (2017) study on the progress of urban cooperative banks in Sangli District and Chander and Chandel's (2012) comparative evaluation of financial performance in Haryana contribute to a nuanced understanding of cooperative banking scenarios in different regions.

Despite the wealth of information, a notable research gap emerges. The literature predominantly addresses the challenges faced by cooperative banks but offers limited insights into the specific operational management strategies needed to address these challenges effectively. A critical examination of practical approaches, innovative methodologies, and



successful interventions to enhance the operational efficiency of district cooperative banks in Western Maharashtra remains conspicuously absent. Therefore, future research endeavors should delve into this unexplored territory, providing a roadmap for implementing operational improvements and ensuring the sustained success and viability of cooperative banking institutions in the region.

Objectives of the study

1. To study the impact of operational management of District cooperative bank in western Maharashtra.
2. To understand the perception of the employees towards the operational management practices of District cooperative banks in western Maharashtra.

Hypotheses

H1: There is a significant positive impact of operational management practices on the efficiency of District cooperative bank in western Maharashtra.

H2: There is a positive perception of the employees towards the operational management practices of District cooperative banks in western Maharashtra.

Research Methodology

The research aimed to investigate the impact of operational management on District Cooperative Banks (DCBs) in Western Maharashtra and to comprehend employees' perceptions of the operational management practices within these banks. A quantitative research methodology was employed to gather and analyze data. The population consisted of 278 employees working in various District Cooperative Banks across Western Maharashtra. A structured questionnaire was designed to collect data on operational management practices and employees' perceptions. The questionnaire included both closed-ended and Likert scale questions. A systematic random sampling technique was employed to select a representative sample of employees. Data collection took place through surveys distributed among the selected employees. Descriptive statistics were utilized to understand employees' perceptions. The study provided valuable insights into the relationship between operational management practices and bank efficiency, as well as offering a nuanced understanding of employee perspectives within District Cooperative Banks in Western Maharashtra.

Data Analysis

H1: There is a significant positive impact of operational management practices on the efficiency of District cooperative bank in western Maharashtra.



Table 1. One-Sample Test – Impact of operational management on efficiency

Test Value = 3

	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
The operational management practices implemented in the District Cooperative Bank have contributed to improved workflow efficiency.	17.853	277	.000	1.23381	1.0978	1.3699
Employees perceive that effective operational management positively influences the timely delivery of banking services in the District Cooperative Bank.	11.831	277	.000	.97482	.8126	1.1370
There is a consensus among employees that streamlined operational procedures enhance overall productivity within the District Cooperative Bank.	13.531	277	.000	1.08273	.9252	1.2403
The implementation of efficient operational strategies is perceived to positively impact customer satisfaction levels within the District Cooperative Bank.	14.314	277	.000	1.09712	.9462	1.2480
Employees believe that a well-organized operational structure directly correlates with reduced errors and improved accuracy in banking transactions.	16.105	277	.000	1.19065	1.0451	1.3362

The results of the one-sample t-tests, presented in Table 1, provide compelling evidence in support of Hypothesis 1, which posits a significant positive impact of operational management practices on the efficiency of District Cooperative Banks in western Maharashtra. The first statement affirms that the operational management practices implemented in the District Cooperative Bank have substantially contributed to improved workflow efficiency. The analysis revealed a highly significant t-value of 17.853 (df=277, p=.000), indicating a mean difference of 1.23381 (95% CI: 1.0978 to 1.3699). This suggests that employees strongly perceive the positive influence of operational management practices on the efficiency of workflow within the bank.

Moving on to the second statement, the results indicate that employees perceive effective operational management as a positive influencer of the timely delivery of banking services in



the District Cooperative Bank. The t-value of 11.831 (df=277, p=.000) demonstrates a substantial mean difference of 0.97482 (95% CI: 0.8126 to 1.1370), reinforcing the notion that efficient operational management practices contribute significantly to the timely provision of banking services.

The third statement reveals a consensus among employees that streamlined operational procedures enhance overall productivity within the District Cooperative Bank. The t-value of 13.531 (df=277, p=.000) signifies a noteworthy mean difference of 1.08273 (95% CI: 0.9252 to 1.2403), underscoring the positive impact of operational management practices on the overall productivity levels within the bank.

Similarly, the fourth statement highlights that the implementation of efficient operational strategies is perceived to positively impact customer satisfaction levels within the District Cooperative Bank. The t-value of 14.314 (df=277, p=.000) indicates a substantial mean difference of 1.09712 (95% CI: 0.9462 to 1.2480), emphasizing the crucial role of operational management practices in enhancing customer satisfaction.

Lastly, the fifth statement asserts that employees believe a well-organized operational structure directly correlates with reduced errors and improved accuracy in banking transactions. The t-value of 16.105 (df=277, p=.000) reveals a significant mean difference of 1.19065 (95% CI: 1.0451 to 1.3362), reinforcing the perception that efficient operational management practices contribute significantly to error reduction and improved accuracy in banking transactions. In summary, the comprehensive findings across all statements validate the hypothesis, affirming the substantial positive impact of operational management practices on the efficiency of District Cooperative Banks in western Maharashtra.

H2: There is a positive perception of the employees towards the operational management practices of District cooperative banks in western Maharashtra.

Table 2. One-Sample Test – Perception of the employees

Test Value = 3

	t	df	Sig. (2- tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Employees feel that the operational management practices in the District Cooperative Bank align with the organizational goals and objectives.	11.496	277	.000	.89928	.7453	1.0533
There is a positive perception among employees regarding the clarity and transparency of communication within the operational management framework of the District Cooperative Bank.	12.750	277	.000	1.04317	.8821	1.2042



Employees perceive that operational management practices in the District Cooperative Bank foster a conducive and collaborative work environment.	12.128	277	.000	.89568	.7503	1.0411
Staff members believe that the operational management practices contribute to their professional growth and development within the District Cooperative Bank.	12.620	277	.000	.96763	.8167	1.1186
There is a consensus among employees that the District Cooperative Bank's operational management practices prioritize employee well-being and job satisfaction.	14.854	277	.000	1.13309	.9829	1.2833

The results of the one-sample t-tests, as presented in Table 1, strongly support Hypothesis 2, indicating a positive perception among employees towards the operational management practices of District Cooperative Banks in western Maharashtra. The first statement highlights that employees feel the operational management practices in the District Cooperative Bank align with the organizational goals and objectives. The highly significant t-value of 11.496 (df=277, p=.000) suggests a substantial mean difference of 0.89928 (95% CI: 0.7453 to 1.0533). This indicates a prevalent positive perception among employees, affirming that the operational management practices are perceived to be in alignment with the overarching organizational goals and objectives.

Moving on to the second statement, the results demonstrate a positive perception among employees regarding the clarity and transparency of communication within the operational management framework of the District Cooperative Bank. The t-value of 12.750 (df=277, p=.000) signifies a substantial mean difference of 1.04317 (95% CI: 0.8821 to 1.2042). This underscores the employees' positive perception that operational management practices promote clear and transparent communication within the bank, fostering an environment of openness and understanding.

The third statement reveals that employees perceive operational management practices in the District Cooperative Bank to foster a conducive and collaborative work environment. The t-value of 12.128 (df=277, p=.000) indicates a significant mean difference of 0.89568 (95% CI: 0.7503 to 1.0411), reinforcing the positive perception that these practices contribute to creating a collaborative and supportive atmosphere within the workplace.

Similarly, the fourth statement highlights that staff members believe operational management practices contribute to their professional growth and development within the District Cooperative Bank. The t-value of 12.620 (df=277, p=.000) reveals a substantial mean difference of 0.96763 (95% CI: 0.8167 to 1.1186), emphasizing the positive perception



among employees that these practices play a significant role in fostering their professional advancement and development.

Lastly, the fifth statement asserts that there is a consensus among employees that the District Cooperative Bank's operational management practices prioritize employee well-being and job satisfaction. The t-value of 14.854 (df=277, p=.000) demonstrates a significant mean difference of 1.13309 (95% CI: 0.9829 to 1.2833), reaffirming the employees' positive perception that these practices prioritize their well-being and contribute to job satisfaction. In summary, the comprehensive findings across all statements validate Hypothesis 2, confirming a positive perception among employees towards the operational management practices of District Cooperative Banks in western Maharashtra.

Findings

The findings of the study reveal substantial insights into the impact and perception of operational management practices within District Cooperative Banks in western Maharashtra. The study was conducted with two primary objectives: first, to assess the impact of operational management on the efficiency of these banks, and second, to understand employees' perceptions regarding operational management practices. The hypotheses were formulated to address these objectives.

Impact of Operational Management on Efficiency:

The results of one-sample t-tests provided robust evidence supporting Hypothesis 1, which posited a significant positive impact of operational management practices on the efficiency of District Cooperative Banks. Each statement addressing specific aspects of operational management demonstrated highly significant mean differences and t-values, consistently affirming the positive impact. Employees acknowledged that operational management practices contributed to improved workflow efficiency, timely delivery of banking services, overall productivity enhancement, increased customer satisfaction, and a reduction in errors, ensuring improved accuracy in transactions.

Employees' Perception towards Operational Management:

Similarly, the findings strongly supported Hypothesis 2, which proposed a positive perception among employees towards the operational management practices of District Cooperative Banks. The analysis of Likert-based statements revealed significant mean differences and t-values, indicating a prevailing positive perception among employees. The operational management practices were perceived to align with organizational goals, promote clarity and transparency in communication, foster a conducive and collaborative work environment, contribute to professional growth, and prioritize employee well-being and job satisfaction.



Conclusion

While the study successfully addressed the formulated hypotheses, it also uncovered potential areas for further exploration. The research gap lies in the need for an in-depth qualitative investigation to complement the quantitative findings. Qualitative methods, such as interviews and focus group discussions, could provide richer insights into the nuances of employees' perceptions and experiences with operational management practices. Additionally, exploring the perspectives of customers and stakeholders could offer a more comprehensive understanding of the overall impact of operational management on different facets of cooperative banking.

The positive findings suggest that District Cooperative Banks in western Maharashtra have effectively implemented operational management practices that positively influence both efficiency and employee perceptions. These banks can leverage these strengths to further enhance their operational frameworks. The emphasis should be on continuous improvement, employee training programs, and aligning operational strategies with evolving customer needs.

In conclusion, the study contributes valuable insights to the literature on cooperative banking and operational management practices. The positive impact on efficiency and the favourable employee perceptions underscores the importance of effective operational management in the success of District Cooperative Banks. The identified research gap and recommendations provide a roadmap for future studies to delve deeper into this dynamic and crucial aspect of cooperative banking in the region.

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