



Performance and Evaluation of Merchant Cooperative Banks in Karnataka

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ABSTRACT

This study evaluates the performance of merchant cooperative banks in Karnataka, focusing on financial stability, growth patterns and operational efficiency. By analyzing data from the past decade, the research identifies key factors influencing performance, such as asset quality, capital adequacy, and management efficiency. The study employs financial ratios, trend analysis, and benchmarking against industry standards. Results highlight areas of strength and potential improvement, offering insights into strategic decision-making for enhancing competitiveness and sustainability in the banking sector. Recommendations are made for policy interventions and best practices to bolster the cooperative banking framework in Karnataka.

Key Words: Merchant Cooperative Banks, Performance Evaluation, Karnataka, Financial Stability, Operational Efficiency, Asset Quality, Capital Adequacy, Growth Trends, Banking Sector and Sustainability

Introduction

Merchant cooperative banks play a crucial role in the economic development of Karnataka, providing financial services to small businesses and communities. Despite their significance, these banks face challenges such as competition from commercial banks, regulatory changes, and technological advancements. This study aims to evaluate the performance of merchant cooperative banks in Karnataka by assessing financial stability, operational efficiency, and growth trends. By focusing on key performance indicators like asset quality, profitability, and capital adequacy, the research seeks to identify strengths and areas for improvement. Understanding these factors is essential for formulating strategies that enhance the competitiveness and sustainability of these banks.

The study's findings will provide valuable insights for policymakers, banking professionals, and stakeholders, contributing to the development of effective strategies for the cooperative banking sector in Karnataka. Many industry employees administrator measure the employee performance of each staff member on a yearly or monthly basis in direct to help them identify suggested areas for development. To execute well in such an unstable environment competitively, they need resources such as capital, methodology, material, machines, men, and management information systems. These resources should be used in a very useful way to achieve strategic objectives. Many strategies have been implemented to develop the productivity of employees, such as job and organization design, job responsibility, public relation, staffing, motivation, reward training, and development. Among these factors, training is the most significant factor to obtain the maximum output of human resources.

The training can be used to improve or develop job-related performances such as knowledge, skills, and attitudes of the employees. Training is one of the major functions of the human resource management and it is used to moderate the behavior and the level of motivation aiming the positive input for the performance and finally for the output. Training has an important role in the achievement of organizational

goal by integrating the interest of organizations that provide training to their employees increase their productivity (Stone R.2002). The training is an important function for the survival of any organization. In the banking sector employee, skill and knowledge are important assets that improve productivity and performance. The bank is a service industry the services that bank are provided are delivered into its employees and the services are consumed by its customers at the same time. The bank employees stand for services and representation to the customer the quality and value of the bank's service.

Review of Literature

A literature search was conducted which focused on training on employee performance. Shouvik Sanayal and Mohammed Wamique Hisam (2018) analyzed the impact of training and development practices on employee performance. This study adopts a descriptive research design and it imbibes both primary and secondary data. Rida Athar and Faiza Maqbool Shah (2015) studied observe that how training need establishes, how effective the training methods of banks and their influence of employee performance. Training enhances skills and abilities of employees Prasadini N. Gamage and Lionel Imbulana (2013) studied that objective of training and development is to improve employee knowledge and the skills for their better performance.

The performance is measured in terms of the improvement in productivity, absenteeism and the employee job satisfaction Esther (2018) agrees that employees are ready to integrate if they are not satisfied with the organization and this affects in retaining an employee in an organization Burhan Mohmoud Award Alomari (2017) studied highlights the importance of human resource management practices in enhancing the creativity and innovation of employees. Abdul Ghafoor Awan and Iffat Asghar (2014) agreed that successful implementation of any strategic objective depends on the inspiration and hard work of the company employees. Researches indicate that satisfied employees are the major asset and source of any bank for successful achievement of its short term and long term objectives.

Methodology

The study is being conducted on the measures of selected Merchant Cooperative Banks in Karnataka. The sample units thus account for almost taken 300 employees working in the selected Merchant Cooperative Banks in Karnataka. The data collected for the current study are primary as well as secondary in surrounds. The interview schedules were distributed to respondents and collected data are coded, edited, tabulated, and analysed with SPSS computer package, suitable necessary 300 statistical tools, simple percentage. The perspectives of the welfare measures adopted by Merchant Cooperative Banks in Karnataka, is examined from data collected from published and unpublished sources such as Books, Journals, Various study groups, Special enactments, Reserve Bank of India Bulletins, Annual reports and Reports published by the Government of India. The primary data is collected through the interview scheduled method.

Objectives

1. To evaluate the asset quality, capital adequacy, and liquidity position of merchant cooperative banks.
2. To examine cost management, resource utilization, and productivity levels.
3. To investigate patterns in profitability, market share and expansion over the past decade.
4. To compare with industry standards and peer institutions to determine competitive positioning.
5. To suggest improvements for enhancing competitiveness and sustainability in the banking sector.
6. To provide insights for policymakers to strengthen the cooperative banking framework in Karnataka.

Results and Findings

Table -1: Distribution of the Respondents by their socio demographic status of employees

Variable	Sub Group	Frequency	Percentage
Age	Below 35	89	29.66
	35 -50	101	33.66
	50 above	115	38.34
Gender	Male	187	62.33

	Female	113	37.67
Educational Status	Under graduate	137	45.67
	Post graduate	116	38.67
	Professionals	40	13.33
	Others	7	2.33
	Manager	98	32.67
Position Held	Senior Principal Banking Officer	71	23.67
	Senior Banking officer	45	15.00
	Banking Officer	32	10.67
	Personnel Secretary	40	13.33
	Others	14	4.67
	Communication	125	41.67
Departments	Human Resource	110	36.67
	Security	37	12.33
	Financial market	28	9.33

From the survey, Table-1 inferred that the demographic facts of the respondent in this study contained broad statistics of selected Merchant Cooperative Banks in Karnataka, Employees. The total sample size of the Merchant Cooperative Banks in Karnataka. Employees is $n = 300$. The majority (38.34%) of the employees belonging to the age group of below 50 above years. Regarding Gender is the great strength (62.33%) has the majority of male employees. the based on educational status, the great strength Under graduate (45.67%) of the nationalized banks employees has up to working level. This is followed by 38.67% of postgraduates. On the basis of working position, they hold 32.67% of the post of Bank Manager and 23.67% of the post of Senior Principal Banking Officer. It is followed by the selected nationalized banks with a majority of 41.67% employees in the Communication and 36.67% in the Human Resource.

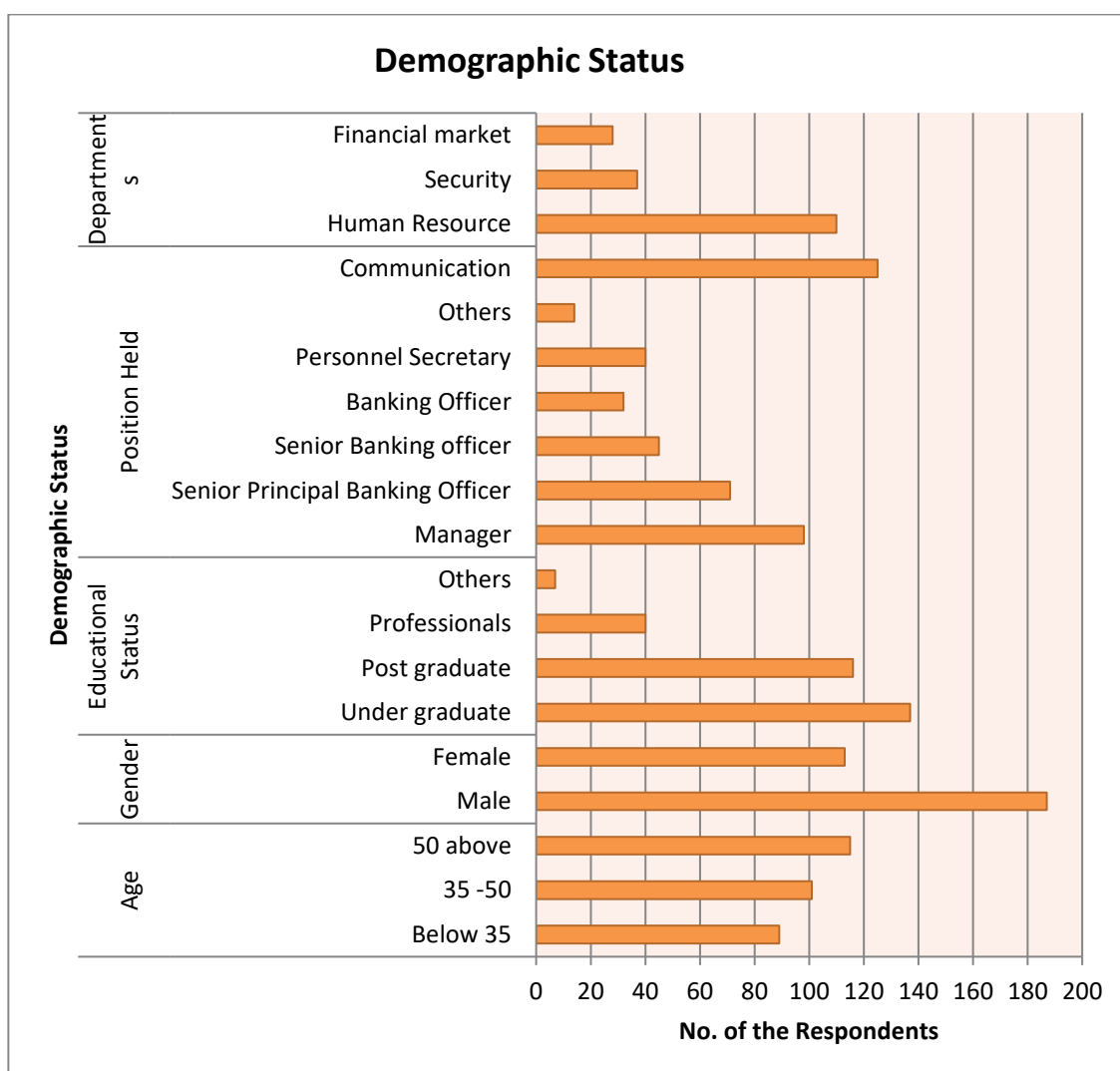
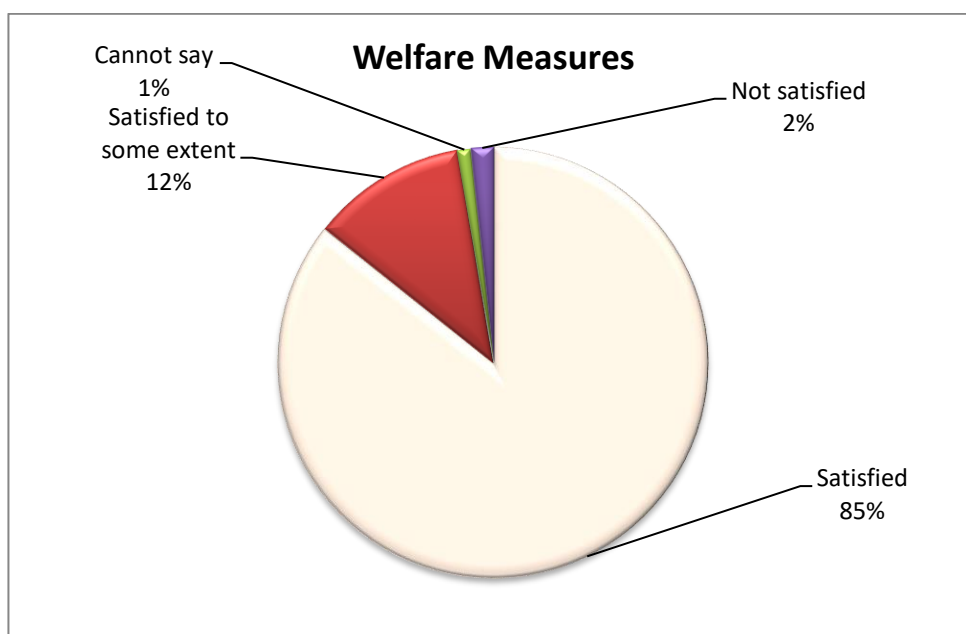


Table -2: Distributions of welfare measures provided by the Merchant Cooperative Banks in Karnataka

Welfare Measures	Frequency	Percentage
Satisfied	257	85.67
Satisfied to some extent	35	11.67
Cannot say	3	1.00
Not satisfied	5	1.67
Total	300	100.00

From the data in the table -2, that the majority of the respondents 85.67% of the respondents are satisfied to some extent with the benefits provided by selected Merchant Cooperative Banks in Karnataka followed by 11.67 % of the respondents are satisfied with the benefits and 1.67% of the respondents are not satisfied with the benefits provided by selected Merchant Cooperative Banks in Karnataka.

**Table -3:** Distribution of impact on Employee Performance

Impact On Employee Performance	Frequency	Percentage
Employee Job Satisfaction	162	54.00
Employee salary Package	125	41.67
Employee Personal Characteristics	13	4.33
Total	300	100.00

Table -3, Based on the field investigation, respondents cited the impact of employee performance (54.00%) on Employee Job Satisfaction and subsequently on Employee salary Package (41.67%) as impact on employee performance.

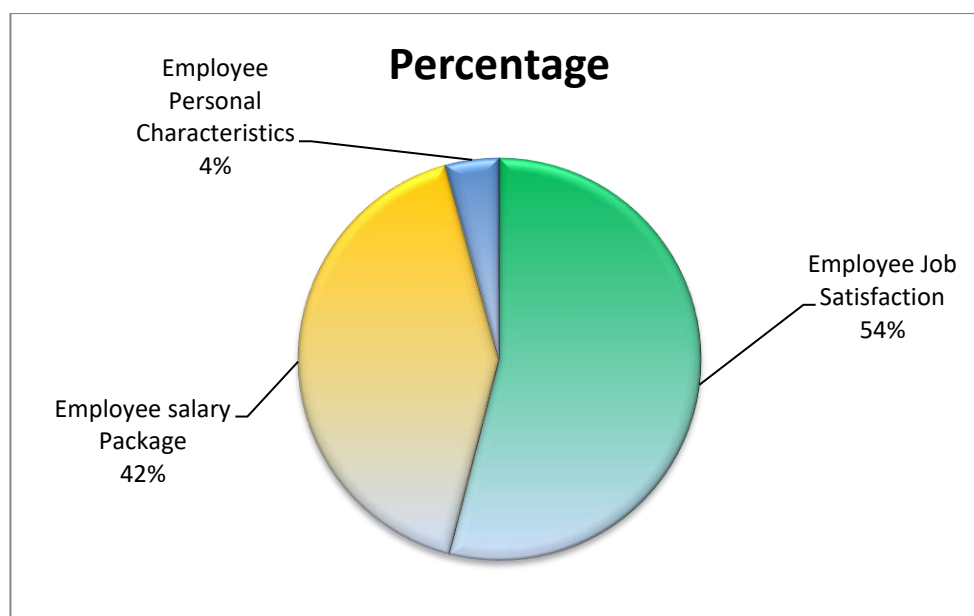


Table- 4: Satisfaction Levels of Employees towards Individual Welfare Measures Provided in Merchant Cooperative Banks in Karnataka employees

Satisfaction Levels Of Bank Employees	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied
Working Environment	139	125	34	1	1
Relationship with higher officials	136	124	37	2	1
Workers Education	156	137	5	1	1
Canteen Facilities	145	103	50	1	1
Rest Rooms	121	139	38	1	1
Medical Facilities	142	129	25	3	1
First Aid Facilities	147	117	30	4	2
Working Allowances	157	105	34	3	1

It has been observed that 157 of the respondents are aware and 1 of them is not aware of the welfare measures provided by the Karnataka Working Allowances Board. It has been observed that 156 of the respondents fall under highly satisfied Workers Education; 147 of them fall under satisfied level and 5 of them fall under neutral level First Aid Facilities. It has been observed that 145 of the respondents were highly satisfied with the relationship with their Canteen Facilities; 103 of them fall under satisfied level and 50 of them fall under neutral level.

The Medical Facilities were provided in two different ways. Individual measures and Working Environment. It has been observed that 139 of the respondents are satisfied with the Working Environment and 34 of them fall under neutral level Data has been collected to know the satisfaction of services provided in Working Environment. It has been observed that 16% of the respondents are satisfied with the Relationship with higher officials; 136 of them fall under satisfied level; 124 of them fall under 37 neutral level. It has been observed that 49% of the respondents are satisfied with Rest Rooms facility; 139 of them fall under satisfied level; 38 of them fall under Neutral level.

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Rows	0	7	0	0	1	2.35926
Columns	147154.5	4	36788.63	305.7075	1.17E-2	2.714076
Error	3369.5	28	120.3393			
Total	150524	39				

The two way anova model is applied for further discussion. At one point, the computed Anova value $F = 0$ and the probability value is observed to be greater than 0.05, at 5% level of significance. Hence there is no significant difference between the Satisfaction Levels of Employees towards Individual Welfare Measures Provided in nationalized bank employees of respondents. At another point, the computed Anova value $F = 305707$, the observed probability value is greater than 0.05, at 5% level of significance. Hence there is no variance among the Satisfaction Levels of Employees towards Individual Welfare Measures Provided in nationalized bank employees of respondents is statistically identified as no significant.

Table -5: Satisfaction Levels of Employees towards Family Welfare Measures Provided in Merchant Cooperative Banks in Karnataka employees

Satisfaction Levels of Bank Employees	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied
Education for children	135	120	40	3	2
Medical allowances	130	125	40	3	2
School/College Facilities	127	127	44	1	1
Death Benefit Scheme	125	132	39	2	2
Family Benefit Fund	133	125	40	1	1
Family Bus Pass	131	130	37	1	1
Marriage Allowances	143	125	30	1	1
Funeral Expenses	128	122	45	3	2
Post-Retirement Benefits for employees	127	129	39	3	2

The State Government is offering many welfare measures for the employee's children. It has been observed that 135 of the respondents were highly satisfied with education for children; 120 of them fall under satisfied level and 40 of them fall under neutral level. Public Sector Transport Corporation offers separate medical allowances for their employees. It has been observed that 130 of the respondents were highly satisfied with medical allowances; 125 of them fall under satisfied level and 40 of them fall under neutral level. The employee's children were allowed to do their studies on special concession. It has been observed that 127 of the respondents were satisfied with their school /college facility and 127 of them fall under neutral level. It has been found that 133 of the respondents were highly satisfied with death benefit scheme; 125 of them fall under satisfied level and 37 of them fall under neutral level.

Public Sector Transport Corporation also offers family benefit fund to their employees. It has been found that 133 of the respondents were highly satisfied with family benefit fund; 125 of them fall under satisfied level and 39 of them fall under neutral level. It has been found that 131 of the respondents were highly satisfied with family bus pass; 130 of them fall under satisfied level and 37 of them fall under neutral level. Marriage Allowances are also provided to employee's children. It has been found that 143 of the respondents were highly satisfied with marriage allowances; 125 of them fall under satisfied level and 30 of them fall under neutral level. It has been found that 128 of the respondents were highly satisfied with funeral expenses; 122 of them fall under satisfied level and 45 of them fall under neutral level. As other job security measures; Public Sector Transport Corporation also offers Post Retirement benefits and Pension schemes to their employees. It has been discussed in the following tables. It has been found that 127 of the respondents were satisfied with post-retirement benefits and 39 of them fall under neutral level. Pensions are provided to employees for those who have worked for a long period in the corporation. It has been found that 127 of the respondents were satisfied with pension scheme and 39 of them fall under neutral level.

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Rows	0	8	0	0	1	2.244396
Columns	149566.9	4	37391.72	2313.884	6.68	2.668437
Error	517.1111	32	16.15972			
Total	150084	44				

The two way Anova model is applied for further discussion. At one point, the computed Anova value $F = 0$ and the probability value is observed to greater than 0.05, at 5% level of significance. Hence there is no significance difference between the Satisfaction Levels of Employees towards Family Welfare Measures Provided in nationalized bank employees of respondents. At another point, the computed Anova value $F = 2313.884$, the observed probability value is greater than 0.05, at 5% level of significance. Hence there is no variance among the Satisfaction Levels of Employees towards Family Welfare Measures Provided in nationalized bank employees of respondents is statistically identified as no significant.

Conclusion

The performance evaluation of merchant cooperative banks in Karnataka reveals a mixed picture. While these banks demonstrate strengths in community engagement and financial inclusion, challenges remain in operational efficiency and adapting to technological advancements. Key findings highlight the need for improved asset management and strategic cost reduction to enhance profitability. Strengthening governance and adopting digital solutions are essential for maintaining competitiveness in a rapidly changing banking landscape.

The study underscores the importance of targeted policy interventions and continuous performance monitoring to ensure the long-term sustainability and growth of merchant cooperative banks. By implementing the recommended strategies, these banks can better serve their communities and contribute to the economic development of Karnataka.

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