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June 2011

HSBC STAFF PAY THE PRICE

30th June brings with it a series of job-loss announcements by hsbc, apparently coincidentally, on the day that hundreds of thousands of public sector workers take industrial action over massive job-cuts and continuing erosion of their terms and conditions, notably pensions.

Here we put the hsbc cuts in context noting, amongst other things, the major job-cuts in retail wealth, continuing off-shoring of back-office work, the impact of split consultation, selection by the bell-curve and our managerial recognition campaign.

RETAIL WEALTH

Paying the price for the bank's success through a £9m saving (which is coincidentally a similar figure to the hsbc CEO's bonus for 2011), 325 Financial Planning Managers (FPMs) in the branch network will all lose their jobs as their role is 'demised'. There may be some small chance of redeployment into 52 additional Mortgage Manager roles to be created along with the broadening of the franchise of this role to include protection. However, the reward structure for this role is as yet unclear.

The retail wealth business will also be restructured through splitting the mortgage and wealth management teams at regional level. As a result, 62 GCB5 Sales Manager roles will disappear and 49 roles at GCB4. 21 new GCB4 roles will be created.

Apart from these heavy job-losses, the union is concerned at the impact on the lowest grade staff in the branches of the bank's decision to extend the RDR level 3 mortgage franchise to all GCB8 Customer Service Officers.

FIRSTDIRECT BANKING SERVICES

Fd is continuing with a programme of job-cutting through what it calls elimination of work and off-shoring which commenced in late 2009. The June 30th figure is 20.5fte (full-time equivalent) job-losses in Banking Operations – a department of 48 staff – of which just under a half. 9.3, are caused by off-shoring. We await a full summary of the programme since 2009 but cannot accept that this proportion of jobs should be cut, least of all due to off-shoring, in times like these.

MORTGAGE SECURITY SERVICES (MSS SHEFFIELD)

MSS staff will be told today that the mortgage processing work they currently do for firstdirect may be globalised to Hyderabad. The affected work equates to 42 fte. In consultation, the bank stated that it did not anticipate that the move would bring about any redundancies as there were sufficient suitable alternative jobs in the Sheffield centre.

Up to 2009, this work was carried out at firstdirect. Off-shoring is thus the second stage of the process of integration of back-office work from fd into hsbc.

Unite made clear our concern about this two stage integration in the consultation and our disappointment that we had not been informed that off-shoring could be the second stage when the work was first moved to MSS from fd. As a precedent it is alarming and goes against the commitment given to us by the bank at the annual national consultation on jobs in May that off-shoring in 2011 would predominantly be about dealing with extra volume rather than existing UK work moving abroad.

Bernadette Fisher
National Secretary HSBC

IT

SOFTWARE DELIVERY (SwD)

67 technical/managerial grade jobs, mostly at GCB6, along with 3 GCB7 roles will be lost across the various IT centres including fd. These are in addition to the 37 vacancies which SwD has not and will not now be filling. Each grade will form a national pool for selection so we cannot yet know how many potential redundancies there will be in each site. The rationale for the losses is reduced global demand, a shift from developing software to 'deploying' it and hsbc's global impetus to cut £1bn in costs.

SYSTEMIC OVERTIME

Unite questioned the bank's rationale for cutting the numbers suggested when it became clear that both paid and unpaid overtime are recorded and factored into project planning and that the bank anticipated that as much overtime would be worked after the job cuts as before. We insisted that, just as 38 contractors had to be cut, all overtime should cease before any redundancies could be considered.

These issues were exacerbated by the fact that the standard working week in fd is 36 hours as compared to 35 in hsbc yet the SwD selection pools take no account of this or any other contractual differences between the two groups.

CONSULTATION RULES

Consultation in SwD is further complicated by the fact that it is being carried out in three separate arenas – the National Council of Managers, the Firstdirect Council and the Unite Clerical Bargaining Unit. The union is not convinced that this split consultation is permissible under the law on collective redundancies. It is certainly cumbersome in practice.

As a result we have objected to the bank's insistence on a 30 rather than 90 day consultation timescale – notably because the bank cannot know where all the redundancies will take place – and we have demanded a further, all-encompassing consultation meeting to ensure proper co-ordination over critical matters like selection criteria and how job losses are mitigated.

UNITE VIEW ON OFF-SHORING

Given the gravity of the UK's economic situation, we think it's wrong that work done to support UK customers should continue to be moved abroad. Whether or not it is a direct cause of redundancies, globalisation does mean work that could provide much needed jobs here is being lost to the UK labour market at a time when the government expects the private sector to make up for the decline in jobs in the public sector. The irony is that we are now being told by the bank that off-shoring is not being driven by cost-savings. It's hard not to look at this whole process as 'the way we now do things in hsbc' rather than 'the right thing to do' for the people and economy of the UK.

PROJECT 2011

July and August will see job-losses already announced coming to a head through the issue of 'at risk' letters or formal notice of redundancy resulting from Project 2011. These include 16 GCB7 redundancies caused by the closure of the Bootle NWNDC (north-west national data centre).

SELECTION BY THE BELL-CURVE

Members may well have seen this piece in the newspapers after the bank's AGM in May. ***(see next page)***.

Our objection to calibration is further fuelled by its impact on redundancies like those being announced on June 30th. As you would expect, appraisal ratings are critical to the redundancy selection process in an organisation such as hsbc. The basis for these ratings is a mixture of performance against objectives and peer-group comparison ie your performance relative to a comparable group of others. The latter is forced into a bell-curve by the bank to ensure that sufficient numbers of employees fall outside the predominant 3 rating and specifically into the lower 4 or 5 ratings. For this selection process, the peer group against which staff have been calibrated bears no relation to the pool for redundancy selection. Moreover, calibration is newer in fd than the rest of the bank so it has less impact on ratings for those within the pools who work in fd.

This means selection is not comparing like with like and is inherently unfair in our view.

It is interesting to note that the bank have not been able to tell us how peer groups relate to the selection pools other than to confirm that the picture is not consistent.

Unite speaks for you at the bank's AGM

Patrick Hosking | Financial Editor | The Times

Bank where 10 per cent of staff are bound to fail

HSBC has been accused of basing its appraisal system on "an outdated ideology"

It's been likened to going to the dentist. The annual staff appraisal is met with groans by employees and managers, who fear that the ritual can bring higher pay and promotion for those who get it right but reprimands and even the sack for those deemed below par.

But there is an element to the appraisal in some big companies that makes the process even more anxiety-inducing according to its critics — quotas. Some companies decree that a pre-determined proportion of their employees will automatically fail, regardless of their performance.

Anger over the process spilt into the open last week when an employee representative at HSBC, Britain's secondbiggest company, used the annual shareholders' meeting to vent his frustration. HSBC has a self-imposed target of automatically awarding "underperformer" grades to 10 per cent of its employees — a system that means 29,600 staff worldwide are so labelled each year, including 6,000 in Britain.

David Uren, an HSBC employee and Unite representative, accused Stuart Gulliver, the bank's new chief executive, of basing the appraisal system on "an outdated ideology" and urged the board to reform the process.

"This is an area where [HSBC] is getting things wrong," he told the entire board assembled in London's Barbican Centre. Suggesting that the approach was hitting morale, he pointed out how the bank's own score for employee engagement worsened from 71 per cent in 2009 to 68 per cent last year.

Staff deemed to be underperforming miss out on pay rises and bonuses worth thousands of pounds even for modestly paid branch and call-centre workers. They are also more likely to be targeted for redundancy — a particular concern for HSBC employees after the bank announced a $2.5 billion to $3.5 billion (£1.5 billion to £1.8 billion) cost-cutting programme last month.

Most British banks have similar systems and 8 per cent of all employers use quotas of some sort to appraise staff, according to a 2005 study by the Chartered Institute of Personnel and Development. Among manufacturers the proportion was 12 per cent.

At the heart of the dispute is the so-called "forced distribution" technique, whereby HSBC instructs managers to put a certain proportion of employees in each grade. One in ten must be deemed to be failing.

Forced distribution has its adherents because it obliges managers to distinguish between different employees and cuts out a tendency of line managers to be over-lenient to poor performers.

"It stops managers seeing all their ducks as swans," said Mike Emmott, an adviser at the CIPD. But it can also lead to staff being crowbarred into the wrong category and to employees feeling unfairly treated. For an employee on average pay of £22,000, the difference between being scored three and being scored four can be the forfeiture of a bonus worth £3,300 or more.Staff call the bottom grade "carparking" — a joke that describes how unwanted employees are tapped on the shoulder in the company car park and advised not to bother returning to work the next day. At the annual meeting, Mr Gulliver acknowledged that the system wasn't perfect. "We have to look at whether there's a different way of doing this," he said.

But he added: "It's very difficult in a large population to come up with a system that's going to be better. It may be the least worst system."

That view is challenged by Unite, which represents 130,000 staff in the banking industry. According to its national officer Dave Fleming, the 10 per cent failure rate doesn't make sense. "I refuse to accept that with sophisticated recruitment techniques you have that level of failure," he said.

OTHER ANNOUNCEMENTS

Other job loss announcements scheduled for June 30th are

- 13xGCB8 and 6xGCB7 job-losses due to off-shoring to Hyderabad from the PCM Client Services Team in Park St – the bank is confident these staff can be redeployed.
- 12xGCB7 and 8 roles in HSS at Canary Wharf partly due to work being moved to Edinburgh.
- Role changes – but no anticipated redundancies – amongst regional support staff as a result of the split between regional wealth and mortgages following on from RDR.
- 3xGCB7 Regional Support Officer job-losses due to the reduction in the number of regions for commercial insurance and investments (CI&I) from eight to five.

MANAGERIAL RECOGNITION

The union is in talks in relation to our claim for managerial recognition with the bank through the government's Advisory, Conciliation and Arbitration Service ACAS.

As part of these talks, we are seeking to show that we have a substantial proportion of managers in GCB4, 5 and 6 in membership. It is therefore vital that managers show their solidarity with each other and their support for the principle of effective collective consultation by signing-up to membership of the union as soon as possible.

There is a real chance that we can regain recognition for Unite for managers. Play your part by signing up today and encouraging your managerial friends and colleagues to do the same.

Unite the UNION

JOIN US NOW

If you are not yet a member, play your part in building a better future for workers in HSBC by joining on line at www.unitetheunion.org

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