

## **A Research Study on Employee Appraisal System Case of Hong Kong and Shanghai Banking Corporation (Hsbc Bank)**

Dr.Lalita Mishra <sup>[PH.D, UGC NET QUALIFIED]</sup>

*Guest Lecturer K.R.G. Govt. Pg College*

**ABSTRACT:** *The research study is based upon the employee appraisal system in Hong Kong and Shanghai Banking Corporation which is formerly known as HSBC Bank. The industry which is considered for this research study is financial services industry which is important to know in the present scenario of developed and developing nations. HSBC is a very big corporation which is one of the best financial service providers across the world (Arminio, 2001). The headquarter of Hong Kong and Shanghai Banking Corporation is in London. It is also said that the Hong Kong and Shanghai Banking Corporation is one of the top most corporations and on the top position in regards to the services of financial and banking services. The ranking which is given to the company is the 8<sup>th</sup> rank which is on quite a leading position for the company. It has also been rewarded as the 6<sup>th</sup> largest service corporations in terms of financial services. Therefore, it is very crucial to evaluate the system in a proper manner for each individual so as to achieve core objectives of the organization (Tolar, 1992). Hong Kong and Shanghai Banking Corporation is basically working on a large scale and they always support their internal employees in every sense of the organization. The major factor of growth of the company is the employee satisfaction and therefore, this research study is being conducted for the similar reason of employee appraisal system. The aspect of human resources is the most important and vital part of banking and service sector. The well efficient work force is needed in the industry so as to grow in the competitive world.*

### **I. INTRODUCTION**

In today's scenario, human resources are to be considered as a very important asset of the company and the importance of human resources is very well known to the organization. The organization should know that the power of human resources is more important than the technical and infrastructure knowhow of the company. The competitors can have a competitive edge by having the command on performance appraisal and management system. It can be said that the viewpoint of organization is to achieve the established goal of the organization and the work force have to compete in this environment.

### **II. ORGANIZATION BACKGROUND - HSBC**

The organization has a very strong base and now, it has their branches in 88 countries. And the offices of HSBC are 800 across the world. The bank is handling a large amount of customers and servicing them from a long period of time as they are having around 100 million customers. The wealth of the company is measured to be around \$2.418 trillion in 2010 on the scale of economy. The sharing ratio of the company is 50% in Europe and Asia and US share 25-25 percent respectively. (Jon Menon, 2009). The company being in a banking industry base and in the banking industry, the expectations of customers increase up to a large extent and the scope of improvement is also a matter for the improvement and development of the organization. The development of the industry will ultimately develop the nation across the globe (Winston, 1999). The bank is called as HSBC and originally named as Hong Kong and Shanghai. In 1991, the HSBC had their holdings plc in London as well. The stock exchanges and then after, the Hong Kong Stock Exchange have rated HSBC in their stock list and now, it has also been rated in the New York Stock Exchange. The HSBC Corporation has also been awarded as the leading capitalized companies from the London Stock Exchange and it has been proved as a big achievement for the company (Gote D, 1996)

### **III. AIMS AND OBJECTIVES:**

The major objective of the research study is to study the overall system of performance management and appraisal system for the HSBC Bank. The proper record of the bank in context to employee satisfaction level, workforce etc has to be maintained so as to evaluate the performance of the organization. The objective of the research study is to suggest some changes which are considered to be feasible for the employees and the

organization as well in a better manner. The appraisal system required some changes that have to be suggested through the research study (McDade S A, 1987). There will be comparative analysis which is to be conducted for the of the appraisal system of HSBC Bank with some competitors within the industry and then after, the effectiveness of HSBC Bank is to be analyzed in a critical manner over other organization. After the study on this particular topic, there has to be some amendments which are required in the current appraisal system which is followed in HSBC. (Swansone R A, 1994). The aim and objectives of the research study are as follows:

- ▶ What is the current strategy of the HSBC Corporation for evaluation of performance within the organization?
- ▶ To reframe the various outcomes of the appraisal system which is currently being used by the organization for the development of work force satisfaction?
- ▶ To explore the viewpoint of on the overall appraisal system and what are their expectations from the system?
- ▶ To know the further improvements in the overall appraisal system of HSBC?

#### **IV. LITERATURE REVIEW**

The performance evaluation has to be done for every organization and the proper evaluation for the employees is necessary for the better performance of employees within the organization. The human resources are very critical for any organization and the management performance can be improved by the accomplishment of objective of the organization through the performance of employees within the organization. The correct evaluation of the performance of employees can be done by the performance management system and performance evaluation system which can be used effectively in the organization (Stone, 2005). The main objective of performance management system is to utilize the resources of the company and better implementation of performance appraisal system so as to spread the awareness of performance in the employees. The performance measure of the employees also indicates the path to the movement of employees so as to achieve the objectives of the organization. The problem areas of the employees will be known to the employees by the feedback given to the employees so that they can work upon it and work hard to improve the overall efficiency of the organization. This particular process will help the employees in knowing their problems as well as to know their potentialities which will help them in achieve the desired improvements and also, the goals of the organization can be achieved in a better manner (Trott, 2003) The training and development activities are also to be carried out for the performance assessment of the employee's performance and at the same time, various rewards and incentives can be provided to the employees for the achievement of employees on the basis of performance evaluation. The employee will be encouraged to work in a better manner and give the best to the organization. The rewards can be provided in any form such as salary increment, promotion, recognition, etc. There are various performance evaluation techniques which can be provided by the managers at the top level management. The performance of employees has to be judged on an individual basis for the better improvement in the performance of employees. The evaluation of performance has to be done a then, the decisions have to be taken for the improvement in the achievement of the organizational goal. (Kalsicas, 2009)

According to Bobko & Collela (1990) the standards of performance evaluation are very external to the organization and the evaluative purpose for the employees of the organization is to be considered for the performance appraisal management system. The goals of employees and organization are interrelated to the organization. In the performance appraisal system, there are several aspects of employee reaction and performance of employees (Aryee, 2001) which can hamper the overall system of performance management system.

#### **V. RESEARCH METHODOLOGY**

As it is the most important tool for the research and serves the utmost important part of the research study. The planning of the research is done for the frame of thoughts of research and various methods of research. The chapter basically provides the explanation of various issues which can be faced during the research study. The topic has to be focused on the research objective and the process of research require an extensive data for the proper analysis of data and secondary data has to be analyzed in a proper manner and simultaneously, the trend of previous year has to be checked at the same time. The next year analysis has to be done by the previous analysis and interpretations.

#### **VI. DATA COLLECTION**

In this research study, the interview is selected as the primary source of data collection and interview is considered as the major source of data collection in sense of reliability and validity of collected data within the research study. The research topic is particularly related to the HR department of banking sector and the HSBC (Hong Kong and Shanghai Bank Corporation) and Barclay's PLC are selected as the part of analysis. They both

are the major players of the industry. So, the data will be easily available and can be referred at the same time of research. The researcher will get the data on right time and accurate data will be gained which is relevant to the research study through questionnaire. (Winston, 1999)

In this research study, the primary data will get collected by the researcher through the interview technique and as the interview is considered to be the most effective technique of primary data collection because of its wide reach over the various respondents. It also has some limitation which is to be followed while conducting the interview. As the interview technique provides the reliable data for the research, it is most commonly used by various researchers for the research study. In order to avoid the limitations of face to face interview, the telephonic interviews can also be conducted for the responses of participants and telephonic interviews will also provide some more benefits within the research. Thus it is said that the telephonic interviews will not have so many constraints of resources and allocation of resources can be done in a better manner. (Henderson, 1984)

The secondary source of data can be collected through publications, journals, newspaper, government records and statistical studies done previously by the researchers. In this research study, the topic is highly related with the human resource and their performance appraisal and management systems. (Kessler H W, 2001)

**Pilot Test :**

- ▶ The time and money factor will not affect the research study.
- ▶ Sample size which is being selected for the research study will be assumed as the whole population.
- ▶ The error free answers will be provided by the sampling technique selected for the research study
- ▶ The accuracy and correctness of the data is ample for the research study.

## **VII. DATA FINDINGS AND ANALYSIS**

The data findings and analysis is a very major part of the research study. This process has some specific goals for the completion of study. The data analysis is done on the basis of research methodologies which have been adopted in the earlier part of the study. The proper information and data is to be present for the better analysis and study of the research topic. The Data analysis is the part which is helpful for concluding the topic of research and make relevant findings for the proper and reliable study (Crowther and Lancaster, 2009). The main purpose of this chapter is to analyze both quantitative and qualitative data in systematic manner so that it can lead to find the information which will be proved useful for all the people related with this report. The data which is being used in this part of the research is collected through survey as well as through the analysis of various descriptive methods, which includes the questions related to the research and analysis of the objective of the research study.

## **VIII. QUANTITATIVE DATA ANALYSIS**

The Descriptive data analysis will help in the findings and analysis part and at the same time, it will also support the objective of questions asked to the respondents and the respective answers which was given by the respondents for further analysis of the research study (Murdo, 2005) The desired output can be gained for the analysis of questionnaire and the output will be helpful for the research study. The main objective of collecting this information is to know the different responses of the customer and the specific customer can be tracked on the basis of their needs which can be resolved according to the specific customers.

**Question 1** The main objective of this particular question is to find that the customer coming to the branch is a regular customer or just a window banking customer. The regular customer will definitely have some of the product knowledge about the bank and the window banking customer will not have the knowledge about the products and offerings of the bank.

**Question 2** The main objective for this design of question is to find the choice of the customers in a proper manner in sense of their choice of products and services being offered by the organization. As the choice of the customers means a lot to the company and henceforth, the company can offer the further products and services to the particular set of customers.

**Question 3** The main objective of this question is to find out the use of mobile and internet segment of the company. The revenue of the company comes from the cash part from the side of customer and the cash processes of the company should be very clear to the customer and should be at the most easiest part of the banking organization. As the customer will find the delight in these kind of services or the customer will switch the company in near future.

**Question 4** The main objective of this question is to find the coverage area of branch as type company is an branch which covers the most of the population of that particular area and location. The customer base of HSBC should be covered by the location of the branch so as to improve the geographical concern of the population and the most accessible location of the branch will automatically help in the improved condition of the company. HSBC also provides the facilities that they give their location in main city on its brochure but not use to with

small location. So, this question is very useful for the company and it may find that whether customers are facing any problem in find the location of the branch.

**Question 5** This question carries a heavy weight as compared to the other questions of the questionnaire as the question is related to the direct point of the customers and the company representative is directly related to the customer. The output of this question will clear the further analysis of the assistance of the staff for customer and the need of training which is to be given to the staff of the organization. The direct contact with the representative of the company will impact the customer perspective about the company.

**Question 6** The Objective of this question is to find out the satisfaction of the customers from the product and services of the organization. As the satisfaction is the major point of concern for the customers as well as the organization, it is to be considered on priority basis and then, the best product and service has to be checked out for the customer which is best option available in the branch.

### IX. QUALITATIVE DATA ANALYSIS

As it is very clear that this research study will be a mix of quantitative and qualitative data so that the output of this study will meet the goal of this study. The responses of the quantitative data were not proper from the side of respondents and therefore, there was a need to conduct the qualitative data as well for the better analysis of research study. There were some respondents who have already familiar with these kind of research and they were known about the responses of this kind of study. Therefore, their attitude has affected the finding of this study. So the survey also consist the open ended question and the answer of these question which were asked face to face from the researcher to the customer and then, the customer has responded to that questions in a written form for the analysis of the research study.

**Question 1** The major objective of this question is to find that which products and services of the organization is likely to be good for the customers and the output of this question will help in observing the problems of products and services of the organization. The information about the reason of why customer is not using the particular product and service of the branch and then after, the branch can work on the solution to make the product and service of the branch more useful and attractive for the customer.

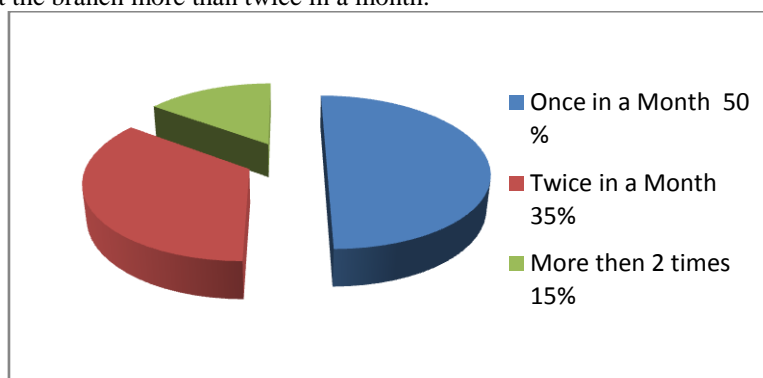
**Question 2** The output of this question will be very useful for the company as the company will know about the satisfaction level of the customers with the product and service offerings provided by HSBC and the suggestions will also be provided by the customers. As HSBC deals in three different areas which are money, internet and financial services and it can be said that every service is related to each other in some or the other sense. So, it is important to know the popularity of one service being provided by the organization. The organization will have an understanding of different segments of HSBC before making a decision to enter into a particular segment.

**Question 3** The major objective of this question is to find the overall customer experience of the customer about the company and the product and services offered at the organization. The company will know about the improvement areas of the company and simultaneously, can work for the improvement of the overall experience of the customers.

### X. ANALYSIS OF SURVEY

**Question 1** What is the frequency of the utilization of services from HSBC in a month?

It can be seen from the graph that 50% of the customer use the services in a month and there are 35% of the customer who uses the services twice in the month because the customer faces the problems in cash facility and internet connectivity problems. The customers who belongs to the financial segment uses very regular investment guidance for the services a branch. And rest of the 15% of the customer use the services more the twice in a month and these customers are mostly from the financial segment as the customer shows interest in share market or short term investment and therefore, they need proper guidance from the bank. Therefore, they visit the branch more than twice in a month.

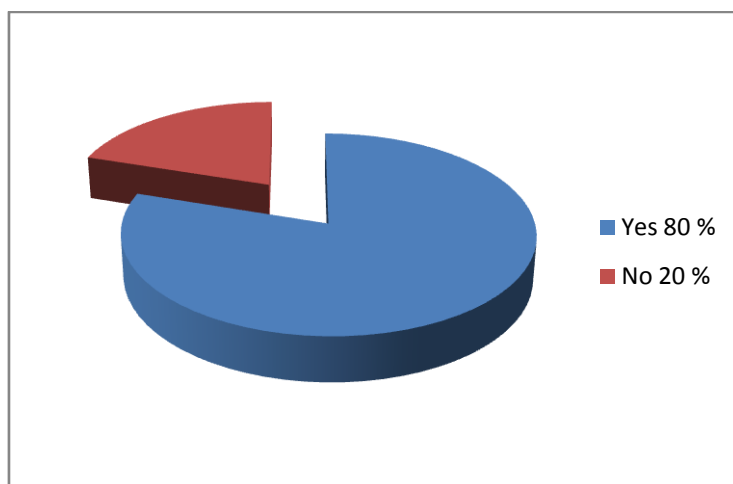


**Question 2** What kind of services you mainly use from HSBC?

There were 200 respondents from which 40% of are uses Monetary services, 35% of are using internet services and rest of 25% are using financial services. The output of question indicates that it is useful for the customers and the feedback for the monetary segment is very useful as the output has already indicated that the company needs to work on financial market because only 25% of the respondents are from financial market.

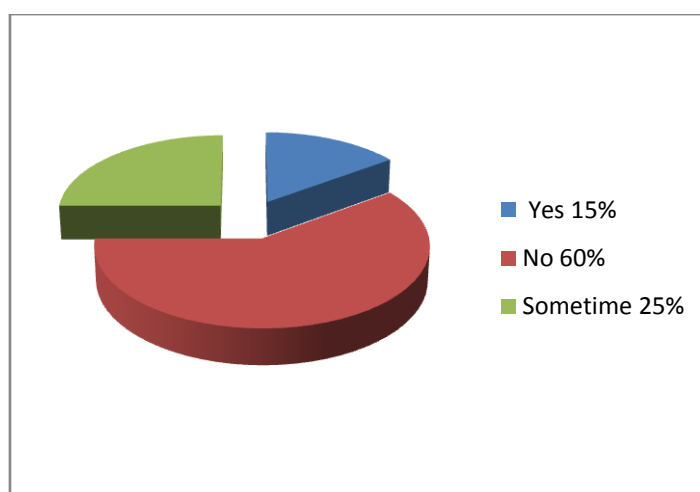
**Question 3** Are you satisfied with the various other services of HSBC such as cash counter process?

There were 80% of the customers who are satisfied with the cash counter process of the company and rests of the 20% are not satisfied with the cash counter process. The dissatisfied customers have said that there is a let billing process at the branch and therefore, they get late in submitting the monthly bills and then after, has to pay late fees. That's why the customer is dissatisfied with the cash counter process.



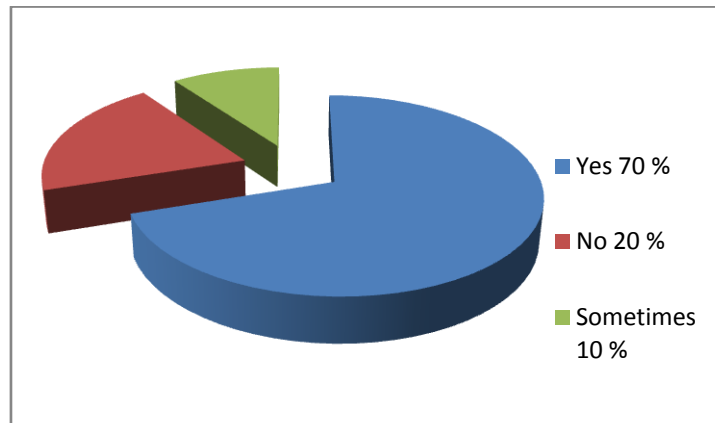
**Question 4** Is the location of the branch is accessible to you?

The HSBC has around 1000s branches all over the globe and therefore, there is an amount of negligible customer who found problems in finding the location of the branch. There are only 15 % of customers who are facing problem to find the location of branch and it can be said that the customer belongs to this category resides in very small cities. The 60% of the customers are satisfied and have no problem in finding the branch in local city as well as unknown city. The rest of the 25% of customers face this kind of problem and that is in unknown city and mostly in small city.



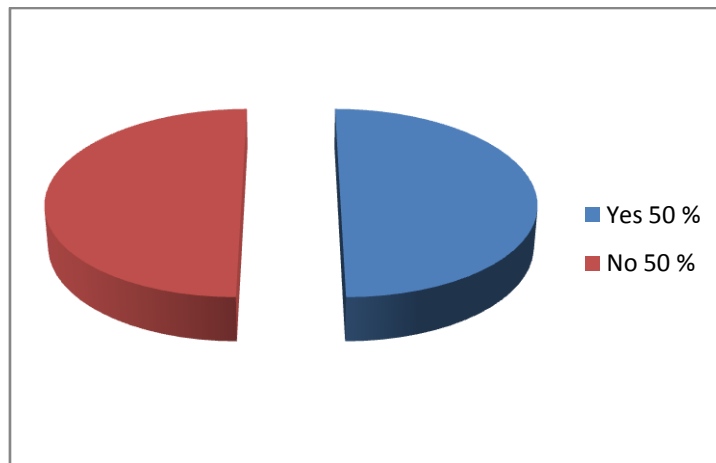
**Question 5** Is the staff of HSBC friendly with you?

The staff assistance is a very important tool for the retention of the customers and in this survey, it is found that the 70% of the customers are satisfied with the assistance of the staff and 20% of the customers are not satisfied with the staff assistance as they have not felt the approach of staff to be valid and good approach for the customers and at the same time, the customers need to wait for the solution of their problem. The rest of the 10% customers said that sometimes, they face this problem and the company assists the customers only in special cases.



**Question 6** Does HSBC have good technique of selling the product and product knowledge?

It is observed that the 50% of the respondents are not satisfied with the product knowledge of the company and it is a very crucial point for the company because they need to conduct various number of trainings for their employees for the improvement in the product knowledge of the employees and the service knowledge can also be enhanced at the same time. After this input if the customer is not satisfied then the company has to work on other aspects so as to resolve this problem.



**Qualitative data analysis**

**Question 1** Which services would you like to have in the product offerings of the HSBC and why?

This question results in the liking and disliking of the customers about the products and services offered by the organization. The most of the respondents said that they don't like the financial services from HSBC as this service of HSBC is new in the market and their advisors do not have good product knowledge about the same. So, it is important to know the preferences of the customers for the company and as of now, the company need to work on the financial sector segment and make it same popular as the other segment.

**Question 2** Suggestion for the improvement in the bank?

The output of this question is very important as the company is willing to ask the area of improvement for the company. As it has been indicated that 70% of customer said that the company should work on its ambience in the office and 30% of the customers found that the company should work on their official website for increasing more attractiveness of the customers towards the company and its products and services.

**Question 3** Overall experiences about the HSBC branch.

The output of this question is very important as the 75% of the respondents said that the overall experience is good and will be the regular customer for the same organization and 25% of the respondents said that their overall experience was not very good and they will search for the better alternatives at the marketplace in the future.

## **XI. RECOMMENDATION**

In the present scenario, there is a cutthroat competition in the business and everywhere, especially in the banking sector. So, the price can be considered as the important factor for the price war and face the high competition in this world. But there is also a common perception that customers will not go almost anywhere just to save a buck. So, it is also necessary to avoid getting beat up on price and the price factor cannot be used as a single factor to survive in the competitive market. There has to be some more competitive edges which are to be utilized for the market place such as better customer service and satisfied customers. The customer should be pleased and delighted with the overall services of the organization. The consumers will pay for good service with both their cash and their time. The startup entrepreneur is liable to deliver the superior services so as to attract the customer and keep the customers satisfied with the retention of the old customers with the acquisition of new customers as well. According to the survey, 17 percent of the total customers will bolt after a single service faux pas. The next 40 percent of the customers will jump ship after two instances of poor service and rest of the customers which accounts for the 28 percent are out the door after three chances of services.

## **XII. CONCLUSION**

HSBC is a very big brand in banking industry and yes bank is also running successfully at a big level in the United Kingdom as well as across the world. In the Banking industry HSBC has its own significance and it provides financial services to all over the world in developing as well as developed countries. The leading corporation such as HSBC is at a very large extent of banking industry and it has its headquarter in the London. The Hong Kong and Shanghai Banking Corporation is in the top list of banking services industry according to the forbes magazine and it is also one of the largest leading company and on the 8th position in all over the world.

The work force and the organization have a combined effort for the completion of the desired work and success of the organization within the industry. In today's scenario, the human resources have to be very committed for the organization and the organization need to be committed for the employee and their overall manpower of the company. The management of the company has to participate with the work force so as to achieve the objectives and goal of the organization. In this system of employee management system, more preference has to be given for the actions for the authority of the employees rather than fulfillment of task from the side of employees. The various techniques of performance appraisal can be deployed in the corporation for the betterment of the company and wellness of the organization. In the service industry, performance appraisal is considered as a very crucial function to exist in the organization. Even the process of performance appraisal has to be very structured and formal so as to implement it in a good manner for the organization (Cooper, 2003)

The process of performance appraisal is to be a continuous and ongoing activity and should be conducted on regular basis. The session of the performance appraisal have to be an informal session for the betterment in the understanding of the session for the employees of the organization. When the process of appraisal is conducted for a decided and specified time that is called formal appraisal. The predetermined goal of an organization can be achieved through the efforts of human resources and the performance evaluation and feedback with the employees can help in gaining the results for the organization as a whole. The main job of human resources is to judge the behavior of employees and overall performance within the organization so as to ensure the accomplishment of tasks. The job performance system can be implied in qualitative and quantitative manner as the requirements of the appraisal differs from organization to organization and employees. The HRD has to evaluate the present work culture of the organization and at the same time, the scope for further improvement has to be analyzed by the human resources (Creamer D G, 2001). The acts of employees can decide the expectations of the management. The process of performance appraisal has to be carried out for the benefits of management and at the same time, it also motivates employees for the action required by the management of the organization. The performance appraisal plays a very vital role in the organization in achieving the goals of the organization.

## **EVALUATION OF RESULTS**

In this case, HSBC requires an appropriate coordination between the training and development and human resource management so as to achieve the purpose of the research study. The performance management of the company plays an important role for the implementation of further plans within the organization. There are so many motivational theories which can be allied to the research study and the particular working of training and development department is correlated with the performance management in the organization. HSBC executes these theories in the whole world. The proper significance of these two factors can be understood by the data analysis part of the research study. There is a requirement of performance appraisal and management for the company but at the same time, it also has the requirement for money to invest into the methods of appraisal and training development programs. (Pulacos E D, 2003)



### **Recommendations Based on results**

The core issue which has been realized on the basis of results of the case is to satisfy the customer in each and every manner. The customer can be satisfied by following the below mentioned guidelines. They are:

- ▶ **Knowledgeable and available staff:** While a customer is making the buying decision, they want knowledgeable assistance, available when they want it. Customers place a high value on accurate information and want to be served by employees who know the product inside and out.
- ▶ **Friendly people:** Customers not only want product-savvy sales people, they want them to be friendly and courteous. Your staff should value each customer more than any individual sale.
- ▶ **Good value:** This is where price factors in. But customers surveyed see price as only one component of the bigger picture of “value” that includes the service, information and follow-up they also receive.
- ▶ **Convenience:** The service rule here is simple: make it easy! Says Gross, “Customers want merchandise that is well organized, attractively displayed and easy to find. That’s how today’s customers define convenience, and the easier you can make the shopping, the more money you will be lugging to the bank.”
- ▶ **A fast finish:** This final item is where too many businesses fall flat, right at the finish line. While customers are in the process of deciding to buy or not, they are proceeding on your time. They want thoughtful help making the right decisions. But once the buying decision is made, get out of their way because now you are working on their time, and they want to complete the transaction and be on their way as quickly as possible. At the cash register, there is no time for making additional suggestions.
- ▶ **Encourage face-to-face dealings:** This is the most daunting and downright scary part of interacting with a customer. If you’re not used to this sort of thing it can be a pretty nerve-wracking experience. Rest assured, though, it does get easier over time. It’s important to meet your customers face to face at least once or even twice during the course of a project. My experience has shown that a client finds it easier to relate to and work with someone they’ve actually met in person, rather than a voice on the phone or someone typing into an email or messenger program. When you do meet them, be calm, confident and above all, take time to ask them what they need. I believe that if a potential client spends over half the meeting doing the talking, you’re well on your way to a sale.

### **Future Work**

The future research work can be conducted to examine the employee appraisal system and various implications for the commercial banks such as HSBC and Barclay’s PLC bank for Indian emerging market in which the research study can act as a base for the future conduct of research study. The case can be useful for the research study of various companies. In such research the success and effect of employee appraisal system will require to examine using attrition rate and other related data of the organization.

### **REFERENCES**

- [1]. Elwood F. Holton II, James W. Trott, Jr. (1996). "Trends Toward a Closer Integration of Vocational Education and Human Resources Development", *Journal of Vocational and Technical Education*, Vol. 12, No. 2, p7
- [2]. Kelly D. (2001). Dual Perceptions of HRD: Issues for Policy: SME's, Other Constituencies, and the Contested Definitions of Human Resource Development, <http://ro.uow.edu.au/artspapers/26>
- [3]. Kelly D. (2006). Human Resource Development: For Enterprise and Human Development, <http://ro.uow.edu.au/artspapers/114>.
- [4]. Nadler L Ed. (1984). *The Handbook of Human Resources Development*, John Wiley and Sons, New York.
- [5]. Xavier University HRD Program. <http://www.xavier.edu/hrd>
- [6]. University of Arkansas at Fayetteville. <http://www.uark.edu>
- [7]. Swanson, Richard A., Elwood F. Holton III (2011). "Foundations of Human Resource Development"
- [8]. Swanson, Richard A. (2008). "A Brief on the Foundations of Human Resource Development"
- [9]. , Bloomberg L.P., 2 March 2009
- [10]. Seib, Christine (10 October 2008). "HSBC quick to comply with refinancing demands". *The Times* (London).
- [11]. Benjamin Scent HSBC seeking to build 'war chest', *The Standard*, 4 March 2009.
- [12]. Benjamin Scent 'Plunge probe' *The Standard*, 10 March 2009.
- [13]. Wilson, Harry; Farrell, Sean; Aldrick, Philip (22 September 2010). "HSBC investors against Michael Geoghegan becoming chairman". *The Daily Telegraph* (London).
- [14]. Antony Barnett and Christopher Thompson (28 January 2007). "Barclays' millions help to prop up Mugabe regime". *Guardian*(UK). Retrieved 18 April 2011.
- [15]. Macleod, Murdo. "Barclay's 'helping to fund Mugabe regime'". *Edinburgh: News.scotsman.com*. Retrieved 18 April 2011.
- [16]. Macleod, Murdo. "Barclays 'helping to fund Mugabe regime'". *Scotlandonsunday.scotsman.com*. Retrieved 18 April 2011.
- [17]. Robert Mugabe henchmen backed by Barclays<sup>[dead link]</sup>
- [18]. Vol. 135 No.5, pp. 485–98.
- [19]. Raymond Markey, Ann Hodgkinson, Jo Kowalczyk (2002), “Gender, part-time employment and employee participation in Australian workplaces” *Employee Relations*, Vol. 24 Iss. 2 Pp. 129 – 150
- [20]. Wood, J, Wallace, J, Zeffane, R, CHampan, J, Fromholtz, M, Morrison V( 2004), *Organisational Behaviour:A global perspective*, 3rd edition, John Wiley and Sons, QLD, Australia.p 355-357.
- [21]. Stone, R, (2005), *Human Resource Management*, 5th edition, John Wiley and Sons, QLD Australia.p 412-414