

# [Report examines first direct a division of hsbc plc](https://assignbuster.com/report-examines-first-direct-a-division-of-hsbc-plc/)

## 1. Introduction

This report examines First Direct a division of HSBC Plc. It begins with an assessment of the management style prevalent within the organisation and follows with an analysis of the organisational structure and its relationship to the culture of the organisation. It then goes on to discuss how the approach to managing the organisation affects the performance of its staff.

First Direct was established in 1989 as the UK’s first 24-hour telephone banking service. From the outset it has operated 24/7 365 days a year and to this day has never been closed. In 1998 First Direct launched firstdirect. com. This was followed in 1999 by its text message banking and by 2000 its Internet banking services were fully operational. 21 years later it is still going strong and now has over 1. 2 million customers all of whom have current accounts.

Earlier this year First Direct received the Which? Award for Best Financial Services Provider. Furthermore it has received consistently good scoring in the Which? customer satisfaction surveys. In 2009 it gained an impressive third place in the UK’S top ten call centres for customer service with a customer service rating of 93. 52% (Call Centre Helper, 2010).

3, 200 people are employed at First Directs two sites which are based in Leeds, West Yorkshire and Hamilton, South Lanarkshire.

First Direct’s mission statement is “ pioneering amazing service” and it has six core values as outlined below which define how it runs its business.

Respect – for individuals

Right first time – efficiency and accuracy

Responsive – to customer needs and each other

Contribution – by individuals and teams to First Direct

Openness – with each other and customers

Kaizen – continuous improvement

## 2. Leadership

There is much debate surrounding the difference between leadership and management. Northouse (2009) defines leadership as “ a process whereby an individual influences a group of individuals to achieve a common goal”. Whereas Koontz & Weihrich (2008) define management as “ the process of designing and maintaining an environment for efficiently accomplishing selected aims”.

According to Bennis & Nanus (1995) there is a far simpler answer to what could be considered as an extremely complicated question. They suggest that “ managers are people who do things right and leaders are people who do the right thing”.

More often than not the management style prevalent within call centres can be seen as fairly bureaucratic and as a result the attrition rate is often very high. Even so this does not appear to be the case at First Direct as the management style prevalent within the company can be seen as democratic and with an attrition rate of only 14. 2% a year it can be seen that this style appears to work very effectively. First Direct aims to be a destination employer and the average length of time that employees stay within the company is around six years (Personneltoday, 2007).

In the example of Blake and Mouton’s Managerial grid as seen in figure 1 management at First Direct would be positioned within the team management section of the grid. This section of the grid has high concerns for both people and production. Managers within this area work to motivate employees. They explore alternatives in an open and assertive manner and are flexible and responsive to change.

An example of this as highlighted in the case study is that the management at First Direct maintain the right balance between people and production and although the nature of the job itself focuses on high productivity employees are also of equal importance hence if an employee feels valued they will in return work to the best of their ability.

As seen in figure 2 Hersey and Blanchard suggest that there are four styles of leadership telling, selling, participating and delegating. The style chosen will depend upon the employee’s ability and motivation. Using this model it can be seen that at First Direct the delegating leadership style is prevalent. Even so there are also elements of the participating leadership style to be seen within the company.

An example of this as highlighted in the case study is that the management at First Direct encourage high levels of involvement and engage with employees at all levels.

They like to know what employees think and everyone’s views are taken into account when making decisions.

Other aspects of management styles that can be seen at first direct are the open communication management style and contemporary leadership.

## 3. Structure and Culture

Robbins & Judge (2008) define organizational structure as “ how job tasks are formally divided, grouped, and coordinated”.

There are 6 key elements that define an organisations structure which are as follows:

Work specialisation

Departmentalisation

Chain of command

Span of control

Centralisation and decentralisation

Formalisation

First Direct has a flat structure with fewer layers resulting in a wide span of control. The decision making is decentralised and distributed within the departments and employees have varying degrees of autonomy and responsibility. Even so due to the nature of the business certain practices and procedures have to be adhered to.

Daft & Marcic (2008) define culture as “ the set of key values beliefs, understandings and norms shared by members of an organization”. At First Direct they have a work hard, play hard culture and their culture is based on their six core values as outlined in section 1. Structure and culture go hand in hand.

## 4. Motivation and Performance

Daft (2007) defines motivation as “ the forces either internal or external to a person that arouse enthusiasm and persistence to pursue a certain course of action”.

Employees at First Direct are motivated in a number of different ways. Firstly information flow is very open and all employees feel engaged and valued. Secondly performance is rewarded. There are several examples of why motivation is important to a company. Firstly an employee must be motivated in order to stay within an organisation. Secondly if motivation is lacking in an employee then their quality of work will deteriorate.

Podmoroff (2007) States that “ the best companies have productive people who are satisfied with their work environment and who are committed to the company’s success”.

McGregor’s theory X and theory Y and Maslows Hierarchy of needs as shown in figure 3 and 4 respectively demonstrate that praise, respect, recognition, empowerment and a sense of belonging are far more powerful motivators than money as although money is a motivator it only lasts for a short period. People seek and stay at organisations that match their needs and as highlighted in the case study it can be seen that at First Direct these needs are been met.

## Conclusion

It appears that First Direct have just the right balance between leadership, culture and structure and motivation and performance and the key to its successful business lies within each and every employee.

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