

The Blow That Shook The Bank

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Abstract

The incidents narrated below are typical of what happens in a large organization which has unionized employees. The case tries to show the importance of having in place executives who are culturally sensitive and who realize that unions have to be carefully handled. Peripherally, it also examines the importance of being able to perform quick negotiations and come to grips with crises management, and how sometimes it could be beneficial to concede a minor point, than stick (without applying the mind) to the rules which are laid down. The incidents are based on a real life incident which happened a few years ago. They also reveal the importance of sensitizing cross posted international officers to the realities of the workplace in the different countries in which they are based. What is applicable in Singapore will not apply in India; here unions are very powerful and they have to be handled correctly if the organization wants to avoid crises in day to day operations. Very often, unions can also make or mar the careers of officers. But above all, the incidents in the case go to prove that people management skills are perhaps at the top of the pyramid in terms of getting work to flow smoothly in an organization.

Key Words: *accelerated negotiation, confrontation, crisis management, unions*

Background

The main branch of the Hongkong and Shanghai Banking Corporation (HSBC) in Kolkata is situated in Netaji Subhas Road, in the heart of the commercial district. At the time of the incidents narrated in this case, the workforce in the branch consisted of over 400 employees, of whom there were 12 executives (including the Manager), 30 staff officers and 325 clerical, and 50 sub-staff. All the clerical staff were members of the bank's union which was affiliated to the Bank

Employees Federation of India (BEFI), which was backed by the Communist Party of India - Marxist.

Relationships between the management and the unionized staff were very good, except for occasional hiccups which were usually sorted across the table with the leader of the union, Tushar Chakraborty. From the management's side, day to day interactions with the union were handled by the Manager – Operations, Christopher Robinson, assisted by the Personnel Officer, Murari Bose. Tushar was a mature union leader and could by and large be expected to see the bigger picture which was in the interests of both the unionized staff and the management. The meetings were therefore, mainly cordial and conducted with a measure of goodwill.

Robinson was an International Officer, which meant that he could be transferred to any of the bank's locations in any part of the world. Bose was a regional officer which meant that his career would be spent mainly in India, with perhaps a cross posting abroad lasting for around two years. Bose had come up from the ranks and was a sincere and dedicated officer, though he held a grudge against the bank for not having been considered for promotion beyond his current job grade. He was essentially a very nice person and a professional, but occasionally made incorrect decisions when he was emotionally charged. Of late, the fact that he was not being promoted seemed to weigh heavily on him and he had developed a tendency to remain pretty much to himself. Slight frictions had recently developed between him and the unionized cadre in the bank which was usually resolved by Tushar.

His friends tended to stay away from him as his conversations invariably centered on his lack of advancement in the bank.

Kolkata in Summer

On the morning of the first Monday in May in 2008, the bank was preparing for a normal day of operations. It is to be noted that the weather in Kolkata is not very pleasant in the months of April, May and June. This fact is important as it has a direct bearing on the events which took place that day.

Summers are hot and humid with temperatures in the low 30's and during dry spells the maximum temperatures often exceed 40 °C (104 °F). On an average, May is the hottest month with daily temperatures ranging from a low of 27 °C (80.6 °F) to a maximum of 37 °C (98.6 °F).

It is to be noted that traffic was also chaotic especially during the morning when people came to the commercial district. The chaos was repeated in the evening also. This congestion led to some staff arriving a few minutes late to work, though the reasons were genuine.

By and large Bose handled the late comers with consideration and so far no major problems had occurred in this area.

There are also severe power cuts during the day which adds to the problems of the citizens. Invariably, power went off at 9.00 am and came back only in the evening when staff were preparing to leave. The main branch was constructed so that it had air conditioning the whole day and so there were very few windows in the banking hall. The heat and humidity inside the bank, especially in the late mornings and post noon were sometimes unbearable. This often led to frayed tempers and altercations, sometimes with the customers and sometimes between the staff themselves. The smallest incident could culminate in a major confrontation. Only the previous week, the fact that a customer objected to

getting a soiled currency note had triggered a loud and unpleasant argument between the teller and the customer. Robinson had to personally intervene in the matter so that it was resolved.

The International Officer

Robinson, an Englishman and the International Officer was not one of the brightest people on the rolls of the bank. He had served in Hong Kong, Dubai and Singapore and this was his first exposure to India. It will be noted that all the other countries he had worked in were ones in which unions were virtually unknown. Consequently, this was his first exposure to dealing with unionized staff and so far, he had shown a remarkable and natural ability to antagonize them. As one of his colleagues remarked, 'Robinson can create a union problem even during an office picnic.' He prided himself on his tough decisions and had, in a short space of time, alienated most of the staff, including the executive cadre. He also held a poor view of India and Indians. At parties especially after a few drinks, he could be heard to loudly hold forth on how Indians need to be 'trained to understand what work is.' Very often this had resulted in the use of abusive language by listeners, but so far nothing had changed Robinson's attitude. It says a lot for Tushar's attitude that he had not openly confronted Robinson at any point in time, though he had plenty of opportunities to legitimately do so. The closest they had come to a confrontation was on an issue relating to bonus payable to staff when Robinson had told him that none of the staff deserved rupee and in fact they should in fact pay the bank for allowing them to come inside to work. Bose had intervened at that time and matters were resolved without much damage being done.

Robinson has also been known to say that the bank belonged to International Officers and that the rest of the staff were 'mere employees.' He had later denied having said this.

It should be noted that all International Officers were not like Robinson. Most of them had a positive attitude and merged quickly into the culture and ethos of the country in which they were posted. By extension, they also got along well with the staff in the bank. In fact, officers belonging to this cadre were very popular with all staff as they brought with them the experience and maturity of having worked in different cultures. And except for small exceptions, most of them had an excellent knowledge of the banking industry.

The Blow

This Monday morning, matters were slightly more chaotic than usual. The power cut was in place, the heat was unbearable and traffic conditions were really bad. Arindom Mukherjee, a Special Assistant in the Credit Department of the bank had to commute 120 kms by a crowded train to reach Howrah station from where he had to take a shared taxi to reach the bank. This morning he reached 15 mts after the scheduled time. All staff had to sign a register kept in the various departments when they came in; the register was moved to the Personnel Officer's office after a 10 mts grace period. Mukherjee consequently had to go to Bose's office to sign in. The travel, heat and some domestic problems which were plaguing him had put Mukherjee in a bad mood that morning. He had arrived at the bank tired and worked up, and the heat and dust were not helping him to calm down. He had in fact also just finished a two hour commute in a crowded train in which he had travelled standing.

Bose also was in a bad mood that day as he had heard that another of his colleagues had been promoted over him. He had been brooding over this ever since he came in and heard the news at 8.00 am. The moment Mukherjee walked in to sign the register, he exploded, 'and why the hell do you people have to come in late every day?' When Mukherjee tried to explain the reasons for his coming late, Bose only retaliated angrily. Soon both of them were shouting at the top

of their voices and work in nearby departments came to a standstill.

Bose then asked a question which brought matters to a head. 'Do you think I have nothing better to do than to listen to the excuses riffraff like you come up with?' he shouted. The reply from Mukherjee was lightning quick; he merely stood up and gave Bose an extremely hard slap on his right cheek.

Seeing this, staff in the other departments rushed in to stop a physical fight between the two. They separated Bose and Mukherjee and sent for Tushar who arrived in a minute on the scene from the Union Office where he had been conducting a meeting. Matters took an ugly turn and soon a crowd of unionized staff had started raising slogans against management, and Bose in particular. They wanted to lodge a police complaint against Bose for questioning one of their comrades who had come to work in spite of the heat and traffic. The fact that Mukherjee had hit Bose was not a part of their problem.

Robinson was told about the situation and his first reaction was, 'why should I be involved in this? It is Bose's problem and he should sort it out.' However, the Manager of the bank, who had come to know of the problem, told him to go to the scene immediately and bring matters under control. With barely concealed annoyance, Robinson went to Bose's office where the slogan shouting volume had increased. His first shouted question to Bose was, 'can't you manage your office any better?' He then turned to Tushar and asked, 'can't you stop your staff making fools of themselves? Do you think this is a circus? And you the ring master?'

At this the entire crowd converged on Robinson and started shouting at him; some of the members also threatened to hit him. A small group of staff quickly went to the top person in the bank, the Manager. Michael (Mike) Mathias was a banker with over 30

years experience and was also a very tough but fair person. He was over 6'2" in height and had a commanding presence with a booming voice. His eyes were piercing and he could strike terror in the senior-most of managers. He had served in Mumbai and Kolkata branches and knew unions and how to handle them, inside out. He and Tushar moreover, also got along well.

When the group barged in to Mathias's office, bypassing the secretary, he was discussing a new line of credit with the CEO of Berger Paints, Ravi Kurien. This was a comparatively new relationship, and the bank was keen that Berger Paints would use *them for their main banking requirements*. Kurien therefore, was a witness to all that the group told Mathias about the problem in Bose's office. This was a major embarrassment for Mathias but there was nothing he could do about it at the moment. He told Kurien to excuse him for a few minutes as he wanted to personally go and see what was happening and try and bring matters under control. To his astonishment, Kurien said he would go along with him.

As there was no time to argue with Kurien, the group headed by Mathias and Kurien walked quickly to Bose's office. Mathias's office was at one end of the building and Bose's office was at the rear of the building. It therefore took about four minutes for the group to reach the area where the problem was happening. Customers looked curiously at the group headed by Mathias, and some of them even followed the group. Mathias and his group finally reached Bose's office and walked in

Confrontations and Crises

No matter what your industry, crisis preparedness and a plan for a disciplined response is a necessity. How your organization behaves and communicates during a crisis can be crucial to your future. And it's not enough to simply anticipate a crisis.

The manager must contend with the actual issue or problem, and – in a world where news and internet rumors can reach around the globe in seconds – the fallout if the situation is not addressed swiftly and effectively.

A crisis is a very painful event for any organization, for it is not a part of the normal ups and downs of the business cycle. Nor is it amalgamated into the recurring problems faced by the organization with respect to taking calculated risks or exploring new business opportunities. In extreme cases, a crisis if handled incorrectly can actually destroy the organization. However, if the *person(s) dealing with crisis can manage it effectively*, it can take the organization to significantly high levels as it would have learnt to avoid similar crises in future.

Unfortunately, the ability to handle crises is not given to everyone at birth. It is a skill which has to be consciously developed, and it should mature over time as the career progresses and the manager gains in experience in various environments. All managers will at some time or the other have to face multiple crises in their careers and so it is better that they are trained in this aspect *right from the beginning*. It is not, regrettably, a one off training program but is an ongoing process in which the work place is the best trainer.

It may be difficult to avoid crisis situations completely; however, a manager can prepare to manage a crisis better by recognizing the risks and costs involved in handling it effectively.

Similarly, the ability handle unions without ruffling feathers are also important. Unions have the ability to make or break a manager's career and so it is up to him or her to decide how they wish to tackle union officials. Handled correctly, unions can have a lot of influence in getting managerial decisions implemented; it is therefore a matter of common sense that they are kept on the right side of a manager.

Unions can be especially cruel with managers who they feel are potential union busters. Their methods can be both direct and indirect and it is the latter which can disrupt the workplace. For example, in a bank they can slow down the balancing of cash at the end of the day, and so prevent the manager in charge from going home until it is late in the night. And they get overtime till the cash in hand is balanced, which the manager does not. So, while managing the crisis, it is extremely important and necessary to acknowledge, and show sympathy for human suffering.

As a manager, one must possess the art of identifying the people who can help handle the crisis, and bring them together immediately, thereby forming a crisis-management team. This can help the organization to detail the resource and communication plans.

Managing emotions, understanding the leader's role and taking necessary actions are the three tight ropes on which the crisis management team will have carefully tread.

Accelerated Negotiation

What is important in this context also is the concept of what we have labeled 'accelerated negotiation'- this term is not to be confused with crisis management. Accelerated negotiation involves not only defusing a crisis quickly but at the same time ensuring that the problem does not resurface as an issue in later negotiations. Accelerated negotiation skills are difficult to put into practice and it is not the subject of classroom training. Managers should possess these skills instinctively. *The ability to think on one's feet and the ability to grab the attention of the person you are negotiating with are the two critical components of accelerated negotiation. Coupled with these two components, is the ability to put forth convincing arguments succinctly and logically.*

In an accelerated negotiation, the manager

negotiating may or may not have the complete background of the situation. He or she should consequently be able to broadly and quickly grasp the essentials of the developing scenario and be able to see the way forward in terms of who to tackle first and also in terms of what is to be said.

Establishing quick relationships that one does not already have can come to the rescue of the manager in handling a crisis. It is a lot easier to handle any unpleasant situation if one already knows all the players.

The tone in which the negotiator communicates in this case becomes very critical to the acceptance of the terms of negotiation and its closure.

Questions Raised

As can be seen from the incidents described above, flashpoints in organizations can come without warning. Matters can go very wrong in seconds and disrupt the work and ruin the climate of cooperation which prevails. It is therefore essential to have Personnel Officers (in today's world this will be the Head of HR) and Managers of Operations who can take quick, correct and fair decisions. Timeliness is perhaps the most important as delays can be misinterpreted and lead to a worsening of the situation.

From a Manager - Operations perspective and from a Personnel Officer's perspective, perhaps the questions which should be answered based on the incidents narrated above are:

1. What checks and balances would you, as the Personnel Officer (Bose) put in place to ensure that such incidents are not repeated?
2. How would you as the Personnel Officer (Bose) manage your boss (Robinson)?
3. Assuming you were in Robinson's place, what would you and the Personnel

Officer (Bose) jointly tell the Union later on about the incident?

4. How do you feel Mathias should handle the issue with Kurien (CEO of Berger Paints) later on? Especially if Kurien had decided to pull out of credit negotiations with the bank

The questions listed above try and bring out the essential areas which a manager will have to tackle both during the incident as well as in its aftermath. Perhaps it will be useful to look at the questions from a single person's perspective and then find the solutions. For example, what would the manager (Mike Mathias) do to resolve all the issues? Or Bose, or Robinson? It is likely that looking at it from a single person's perspective will give a more complete picture and lead to a better solution, than try and break up the questions into component parts to be tackled by different individuals.

The main point to be always kept in mind is that organizational crises are a way of life for junior and senior executives. Their skills in tackling them without losing confidence will grow over the years. It is essential that they learn to face such situations and develop these skills in order to reach the top levels of management.

Teaching Note

The instructor/ facilitator should summarize the case and then open up the class for discussions on the salient issues which have been highlighted in the abstract given at the beginning of the case. There are different alternatives as to how this problem can be handled. Subsequently he/ she should ask the participants to elaborate on the possible courses of action which the protagonists in the case can take. Two different scenarios are reproduced below. The instructor/ facilitator should emphasize that there is no 'right' answer to the problems raised in the case. He / she should discuss the pros and cons of the two scenarios.

1. Mathias can use the power of his position and call all the protagonists involved into his office. This will also serve the purpose of getting everyone away from the public eye, especially those of the customers present who will be witnessing the scene with great interest. The instructor should then ask the students how Mathias should commence the meeting and take it forward. It is better that the students come up with different ways he could approach the situation with the instructor acting as a facilitator. Discussions should also center on how Kurien should be tackled.
2. Mathias could form a team of three initially together with Robinson and Bose and meet the union representatives later. In this scenario, the three should plan the way forward and then call in the representatives. Here too, it is recommended that the students come up with different solutions which the instructor can then analyze and critique.

The instructor / facilitator can include role plays as part of the teaching aid that can help participants bring out new dimensions to the case through different scenes in the role play (depending on the way the role play progresses).

For e.g., one role play can be between Bose and Mukherjee, the second role play can involve Mathias and Robinson, the third could involve Mathias and Tushar with Kurien as part of the role play at the scene of dispute.

The instructor / facilitator can also bring in some general discussions relating to crisis management. This can include the following pointers to see how well the crisis detailed in the case was handled by different groups during the role plays:

1. At what point did the group realize there was a crisis? Could they have recognized the signs earlier?

2. Whether they had ignored any important warnings that could have impacted and turned around the situation?
3. What was done right and what could have been done better?
4. Were there any stress points in the system that failed? If so what were they?

On getting inputs from everyone (groups), the instructor can suggest incorporating the ideas and information as if in strategic planning,

The instructor / facilitator can conclude by emphasizing that it is important for organizations to make 'crisis planning' a part of its strategic planning. This can help people to get together and share ideas. It can also be extended to perform a SWOT analysis of situations and also focus on potential crisis areas.

General References

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