

Management concepts - case study



College National Australian Bank Managing in a Global Environment 7/26

Case Background John Stewart has just taken over as the CEO of National Australian Bank (NAB). The bank which had been one of the most successful banks in Australia during the 1990s had been facing many issues. In order to be recognized as an international bank, the bank started to set up its footprint in English-speaking countries. It then started investing in the Asian countries as well. However, the expansion has not been found to be successful in many countries. At the same time, many of the veterans have left the bank. This has resulted in huge financial losses along with decrease in the stock price and profitability.

Management Problem

“ The globalization strategy as adopted by National Bank of Australia has resulted in downfall of one of the most successful banks of Australia”

In the midst of the crisis that the bank finds itself in, it is necessary to study the problems with the globalization strategy adopted by the bank.

Theory/Model

With the removal of trade barriers and opening up of economies, companies no longer can have a local country-specific strategy. Two very important factors that have resulted in companies going global are: progress in information and communication technologies, the trend of deregulation and increasing competitive pressure (Mucchielli et al, 1998). One of the ways of expanding globally includes investing the returns from one country to acquire other companies (Samson and Daft, 2009). Operating in different countries is based upon various factors such as the political, economic, social, technological, and legislative environments of the country (CIPD, 2010). At the same time, expanding into different countries also calls for the

existence of a thorough globalization strategy keeping in mind the above factors. It is imperative that the learnings from expansion in one country to fine-tune its strategy for expansion in other countries as well. It is also important that the HR, Finance and the IT strategy of the organization shall be aligned towards the objective of being a truly global corporation.

Recommendations

John needs to take serious action to prevent NAB from collapsing as a business. The first thing that needs to be done is to imbibe an MNC culture amongst the employees of the organization. The bank can create a separate department which will be responsible for finding out the best fit countries to expand into over a period of time. This department can also be responsible to search for companies in those target countries. Those countries where the PESTEL factors are mostly similar to that of Australia shall be targeted first and then the rest shall be covered.

References

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