

The article: embattled j.p morgan bulks up oversight by monica langley and dan fi...

[Business](#), [Management](#)



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Summary:

J. P Morgan Chase & Co. is one of the leading banks in United States and second largest in the world on asset value. The authors articulate that J. P Morgan Chase Co. faces gross regulatory and legislation woes, and it intends to use more than \$4 billion, and employ approximately five thousands employees to clear the bank's compliance and risk challenges. Monica and Dan points out that this move would not only clear the bank's compliance and risk challenges, but also restore the bank's reputation and image in the region. In the article, the authors affirm that the bank intends to use about \$1.5 billion in risk management, control-risk staffing, reinforce compliance, and allocate more than \$2.5 billion to deal with regulatory and compliance problems in second half of the fiscal year. In an exclusive interview with the bank's Chief Executive Officer Mr. James Dimon, the authors articulate that fixing control and risk management issues remains the number one agenda for J. P Morgan Chase & Co.

Monica and Dan affirm that J. P Morgan Chase continue to attract large profit margins, despite it facing numerous challenges. The authors conclude that J. P Morgan Chase & Co. would continue developing and thriving in the banking industry.

The key Strategic issues

J. P Morgan Chase & Co. faces serious regulatory and legal problems, which have lowered bank's reputation and image, and increased its expenses by \$18 billion. Despite this shortfall, J. P Morgan Chase intends to use more than \$4 billion to resolve its risk management, compliance, and regulatory challenges. The bank has employed several strategies to tackle and address these issues. First, accord power and authority to executives heading risk management, compliance, and legal departments. Second, separate the risk management, compliance, and legal departments from other units. Third, hire an additional five thousand workers and legal experts to help the bank settle and resolve regulatory, compliance, and control issues amicably.

Theory and model of the analysis

Porter's International strategy model

Porter argues that forces, dimensions, and various factors influence competition in any business industry. The interaction of these forces, dimensions, and factors determines whether a business would succeed or collapse in the end. Despite the drawbacks, which businesses face, porters articulate that firms should develop an effective value chain strategy that would enable the business compete effectively. Porter articulates that competitive advantage occurs when the business produces goods and

services in a cost effective manner, and consider the nine generic activities in the operation. Using an international strategy model, porter articulate that businesses should consider two main aspects when dealing with international markets. They include; configuration and coordination. Configuration focuses on the nine generic activities in the value chain whereas coordination focuses on how the activities in a business are interlinked. In this scenario, it is evident that J. P Morgan Chase did not consider these two aspects as envisioned in Porter's international strategy model. J. P Morgan Chase faces regulatory and legal woes, which emanate from poor coordination and configuration of the bank's operations. In the analysis, the bank is accused for violating monetary policies and regulations in various regions because its operations are not coordinated from a central point thus creating loopholes for manipulations, but, the bank could have avoided these mistakes by implementing a coordinate management strategy in its operations. Based on these assertions, porter's international strategy model guide the analysis of the article.

Original analysis

J. P Morgan Chase &Co. remains one the leading multinational financial institution in America. The bank has a large market and capital share that enables it compete effectively in the banking industry. However, the bank has incurred huge expenses, loss, and tarnished its image and reputation for failing to comply with monetary regulation policies in its operations. The article highlights several instances where the bank has been accused for engaging in gross misconduct; an aspect that the management could have

avoided. In 2011, J. P Morgan Chase was charged a fine of \$6 billion for overcharging military officers. In 2010, the bank paid a fine of \$50 million for failing to protect client's fund from cooperate funds, among other cases. However, the bank management has accepted committing these mistakes and is in the process of settling these disputes with its clients. Although the bank management intends to hire more legal experts to address this issue, it should establish an internal auditing system that would identify employees who violate company's policies and regulations. This move would promote efficiency, transparency, and accountability. Additionally, the bank should formulate and implement new policies, which should prevent staff members from engaging in malpractices and violate monetary policies in the future.

Recommendations

Despite the challenges it faces, J. P Morgan Chase & Co. can resolve control issues by implementing the following recommendations:

J. P Morgan Chase &Co. management team should enhance capacity building of legal experts by adding training hours.

The management should formulate and implement new policies to reinforce compliance of regulation and monetary policies.

Work cited

Langley, Monica , and Dan Fitzpatrick. " Embattled J. P. Morgan Bulks Up Oversight." Wall Street Journal 1. 1 (2013): 1-3. Print.