



Introduction of course

Commercial Banking Management II

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Chapter 2

Organizational Structure and Operational Model at CBs

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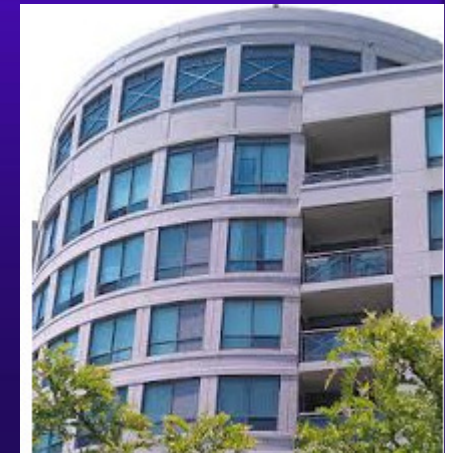
Agenda

- 1. CB organizational history**
- 2. Basic Concepts**
- 3. Requirements to build organizational model**
- 4. Advantages vs. Disadvantages of Functional Organizational Structure**
- 5. Rationalize operational and organizational model**
- 6. Summary**



CB organization history

- CBs in the US started to grow after the year 1800
- CBs started with the traditional function, giving loans to the economy and help firms to increase profitability





Basic Concepts

- Organization definition, generally:

It can be understood as a system involving people with tasks clarified and organized in different functions, working together to reach common goals



**CHANGE
AHEAD**



Basic Concepts

- What is a structure of an organization:
The arrangement of HR resources, financial & physical assets and information management system in an organization at many levels





Basic Concepts

- Organizational structure definition:
- + Not only it clarifies aspects of different departments, but also states the relationship between areas and individuals to achieve more efficient operations and organization goals





Basic Concepts

- Organizational structure theory:
- + Even though the designing of organization is bureaucracy, it is a structure designed to achieve predetermined outcomes by using financial, human and material process



Basic Concepts

- Organizational structure theory:
- + In fact, a company can organize all the best people and equipment to operate, but it has not many meanings.



Basic Concepts

- Operational model definition:
- + Basically, it is more relevant to describing how an organization operates across business lines and technology (including IT) functions
- + It shows how an organization doing business



Basic Concepts

- Operational model definition:
- + It might be understood as:

Operational model = organizational structure
+ decision & process flows





Basic Concepts

- Operational model theory:
- + It is a business model showing the controlling and organizing of fundamental activities of a company in providing goods and services to its customers



Requirements to Build An Organizational Model

- Understand organizational functions to build horizontal and vertical organization
- Understand responsibilities and authority principle





Requirements to Build An Organizational Model

- Departmentalization can be done :
 - + Functional structure
 - + Products structure
 - + Market structure
 - + Regional structure

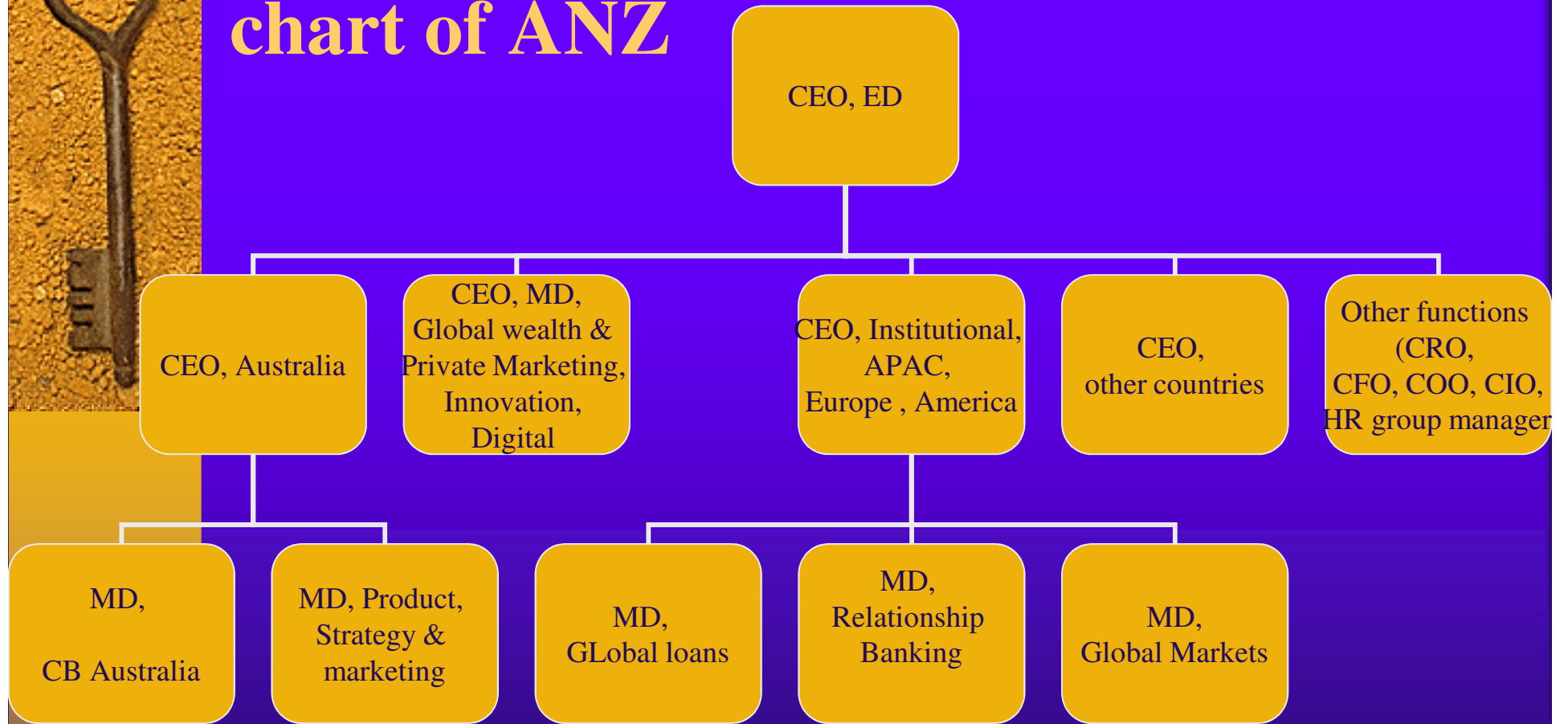


Requirements to Build An Organizational Model

- Besides authority structure, it is necessary to know authority relationships
- Furthermore, it is good to understand linking between different functions in CBs



Example 1: A short Organizational chart of ANZ



ED: Executive Director
MD: Managing Director
CB: Commercial Banking

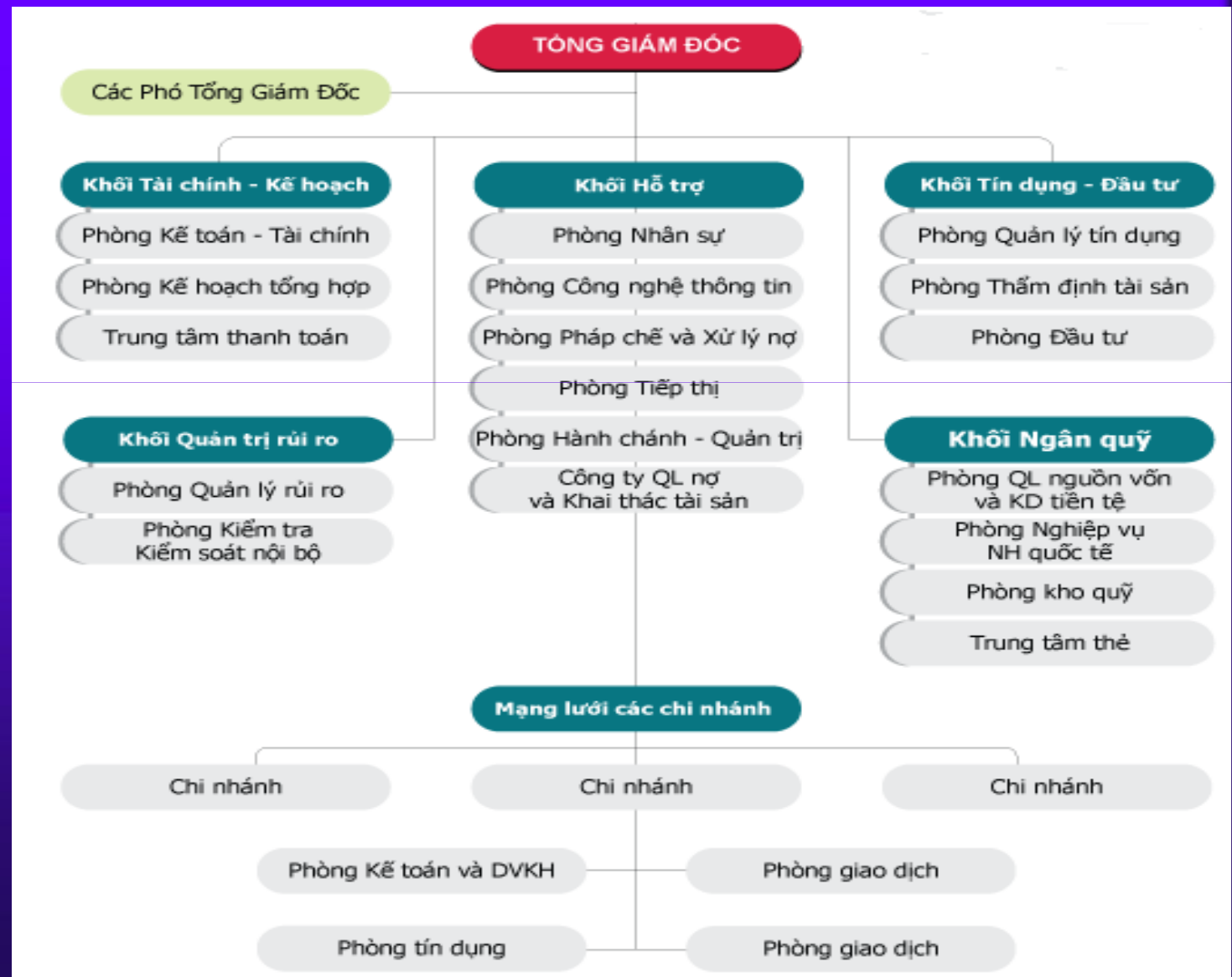


Example 1: A short Organizational chart of ANZ

- It is a combination of
 - + Regional structure
 - + Functional structure, at 2 levels:
 - ++ H.Q (Head Quarter)
 - ++ Business units



Example 2: A short Organizational chart of Kien Long bank





Example 2: A short Organizational chart of Kien Long bank

- It is a Functional structure, at 2 levels:
 - ++ H.Q (Head Quarter)
 - ++ Business units



Advantages vs. Disadvantages of Functional Organizational Structure

- Advantages :
- + This structure allows a high level of specialization within the function
- + It means that employees can start from entry-level position, then follow the hierarchy





Advantages vs. Disadvantages of Functional Organizational Structure

- Advantages :

+ Due to specialization, employees may perform tasks with minimum errors and a high level of speed and productivity



Advantages vs. Disadvantages of Functional Organizational Structure

- Disadvantages:
 - + The dividing of departments create some barriers to understand overall cooperation and coordination



Advantages vs. Disadvantages of Functional Organizational Structure

- Disadvantages:
 - + This structure does not permit middle managers in a specific area to have a broad perspective on a business



Advantages vs. Disadvantages of Functional Organizational Structure

- Disadvantages:

+ Another point is that the CEO and directors may find challenges in delegating and managing different functions when the company opens new branches in new geographic areas



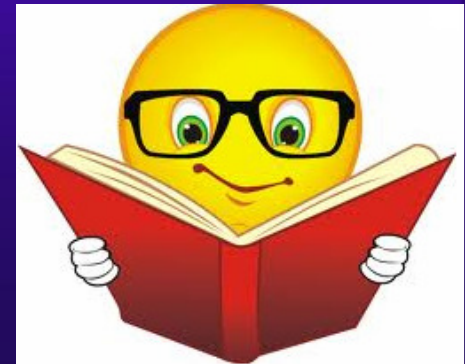
Rationalize Operational Model and Organizational Structure

- Work is organized into tasks and is standardized
- Pay attention to employee satisfaction and creativity
- The structure of organization has to be matched with its environment



Summary

- In reality, there is no ideal model for a beginner wanting to become a CEO, but there is a 8-level career ladder showing the organizational hierarchy
- Leadership and MGT at CB is structurized at HQ, Regions and branches





References

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Multiple Choice Question

1. Leadership means totally the same as management
 - a. True
 - b. False



Multiple Choice Question

2. One of reasons making failures of CEO is that they do not how to cope with stress
 - a. True
 - b. False



MCQ-Answers

1. B
2. A