

HRM AT WORK EXERCISE

CBA STAFF QUERY MERITS OF RESTRUCTURING

REFERENCE: 'CBA staff query merits of restructuring' (by Stewart Oldfield), *The Australian Financial Review*, 17 January 2005, p.41.

CHAPTERS RELEVANT TO THIS EXERCISE: 1, 16

Summary

According to research commissioned by the Finance Sector Union, employees at the Commonwealth Bank of Australia (CBA) are less than effusive about the bank's \$1.5 billion restructuring plan, the 'Which New Bank' program. The CBA's long-serving chief executive officer, David Murray, has staked his career on the success of the change program, which aims at improving customer service levels while cutting costs and eliminating 3700 jobs. The centrepiece of the program is the use of performance targets. According to the union, the program has not only failed to boost staff morale but also created a siege mentality and caused sharp divisions between program supporters and opponents, with older staff feeling that they are no longer welcome in the bank. One-third of staff also say that the performance targets are unrealistic and unfair. Almost three-quarters of staff polled by the unions said that working for the CBA was stressful, while only 40 per cent described the workplace as 'trustful'. Some investment analysts have also questioned management's claims regarding the program's success to date, with the CBA underperforming against its competitors. Indeed, analysts are of the view that the bank's performance targets are too low.

Questions

1. What does this piece suggest about the nature of strategic intent at the CBA?
2. Is this an example of 'radical' or 'incremental' change?
3. What are the implications for staff and how they are managed?
4. What evidence is there that the bank has encouraged 'employee voice' in the change process?
5. Has the change process been mishandled and what should management have done?