



CAIIB

Module-B Unit-2

Human Resources Management



CAIIB HRM Module B Unit 2- CEO and His/ Her Team

CEO – Roles & Responsibilities

The “**chief executive officer**” is the singular organisational position that is primarily responsible to carry out the strategic plans and policies established by the Board of Directors.

The duties and responsibilities of the CEO include the following:

- To lead, in conjunction with the Board, the development of the company's strategy.
- To lead and oversee the implementation of the company's long and short term plans in accordance with its strategy.
- To ensure the company is appropriately organized and staffed and to have the authority to hire and terminate staff as necessary to enable it to achieve the approved strategy.
- To ensure that expenditures of the company are within the authorized annual budget of the company.
- To assess the principal risks of the company and to ensure that these risks are being monitored periodically and managed timely and effectively.
- To ensure effective internal controls and management information systems are in place.
- To ensure that the company has appropriate system to enable it to conduct its activities both lawfully and ethically
- To ensure that the company maintains high standards of corporate citizenship and social responsibility wherever it does business
- To act as a liaison between management and the Board
- To communicate effectively with shareholders, employees, Government authorities, other stakeholders and the public
- To keep abreast of all material undertakings and activities of the company and all material external factors affecting the company
- To ensure that the Directors are properly informed and that sufficient information is provided to the Board to enable the Directors to form appropriate judgments
- To ensure the integrity of all public disclosure by the company
- To develop Board agendas in consultation with the Chairman
- To request that special meetings of the Board be called when appropriate;
- In consultation with the Chairman, to determine the date, time and location of the annual meeting of shareholders and to develop the agenda for the meeting.

- To sit on committees of the Board where appropriate as determined by the Board
- To abide by specific internally established control systems and authorities.

CEO And Talent Management

Talent management is the process by which an organisation identifies, manages and develops its people now and for the future. It is concerned with:

- Developing a strategy to determine what the organisation needs to meet the current and future demands of the business plan.
- Establishing processes to measure competence – required and available.
- Creating a range of developmental tools and processes to provide tailored approaches depending on the individual needs of employees.
- Identifying ways to obtain and retain those who are critical to success.
- Establishing suitable approaches to deal with those who no longer fit organisation requirements.
- Measuring the impact these strategies have so that policy can be continually updated and refined to deliver high performance, now and in years to come.

Talent Management vs HR

- Where hiring, training, and retention before were centralized in the HR department, with talent management many of these duties are federated to the front-line managers actually leading the employees.
- HR is more administrative-focused, dealing with pay, vacation days, benefits, and complaints, while talent management is almost singularly-focused on helping and improving the top talent in the organisation.
- Talent management is strategic, often manifesting as a company-wide long-term plan closely associated with overall business goals, while HR is more tactical, dealing with the day-to-day management of people.

Main Points

- Chief executive officers (CEOs) are increasingly responsible for, and involved in, talent management. The heads of human resources departments play an important, supporting role in executing talent strategy.
- CEOs spend a large amount of their time-often more than 20% on talent management. CEOs engage in selected supporting activities where they believe they add value.
- Talent management has become more important because of a growing recognition that it helps to drive corporate performance, even though the exact impact is hard to quantify.
- Good talent management consists of comprehensive development programmes. These include the identification of leadership potential, performance evaluations, targeted development activities and job experience.
- Many CEOs mentor executives in their organisations – an additional and important part of the programme. They regard the development of the next generation of leaders as one of the best ways of leaving a strong legacy.

Key Features of CEO-led Talent Management

- Talent management consists of many elements including performance evaluations to identify potential; psychological testing and assessment centres to determine capability gaps; training and development programmes, relocations, project work and job experience to accelerate development.
- CEOs hold follow-up meetings to discuss results and determine what programmes and job experience their subordinates need to improve on their weaknesses. HR advises on what programming is most appropriate from a range of options, including off-site retreats, classroom and Internet learning, executive coaching and formal mentoring. Most of the executives mentor their direct reports and others on a more informal basis.
- Two factors largely account for increased CEO involvement in the past few years: the shift in focus towards intangible assets such as talent, and increased board scrutiny in relation to both ethics and performance.

Executives And Line Managers

- An executive team is formed to achieve specific strategic business objectives within a defined time frame. When the selection process is done correctly, team members are chosen based on their individual abilities to contribute to achieving those objectives.
- **Line management** is a hierarchical chain of command from executive to front-line level, a rather complex management structure, in which top management has total and direct authority and employees report to only one supervisor. Line management structures are usually organised along functional lines, although they increasingly undertake a variety of cross-functional duties such as employee development or strategic direction. The lowest managerial level in an organisation following a line management structure is supervisory management.

Succession Planning

Succession planning is a process for identifying and developing new leaders who can replace old leaders when they leave, retire or die. In business, it entails developing internal people with the potential to fill key business leadership positions in the company. It involves an integrated, systematic approach for identifying, developing, and retaining capable and skilled employees in line with current and projected business objectives.

Succession Planning Process is an end to end exercise and encompasses five steps:

- **STEP 1. Identify Key Areas and Positions:** Key areas and positions are those that are critical to the organisation's operational activities and strategic objectives if left vacant, would make it very difficult to achieve current and future business goals.
- **STEP 2. Identify Capabilities for Key Areas and Positions:** To Identify the relevant knowledge, skills, abilities, and competencies needed to achieve business goals.

- **STEP 3. Identify Interested Employees and Assess Them Against Capabilities:** Determine who is interested and has the potential to fill key areas and positions and discuss career plans and interests with employees.
- **STEP 4. Develop and Implement Succession and Knowledge Transfer Plans** Incorporate strategies for learning, training, development, and the transfer of corporate knowledge into your succession planning and management.
- **STEP 5. Evaluate Effectiveness:** Evaluate and monitor your succession planning and management efforts to ensure the following:
 - Succession plans for all key areas and positions are developed
 - Key positions are filled quickly
 - New employees in key positions perform effectively.
 - Members of designated groups are adequately represented in feeder groups for key areas and positions.

Managerial Succession Planning

Methods of managerial succession plans may vary. A typical succession planning involves the following activities :-

- Analysis of demand for managers and professionals.
- Audit of existing executives, future likely supply from internal sources.
- Individual career path planning
- Career counseling
- Accelerated promotions
- Periodical evaluation of performance of the incumbent
- Performance related training and development
- Strategic recruitment for filling in gaps at top positions.

Job Family

- Job family, is grouping of job with similar characteristics. It is a grouping of roles that have a similar nature of work and utilize a similar skill set, but that require differing levels and specializations of skill, effort or responsibility (e.g. Accountant vs. Payroll Specialist, both in the Finance and Business family).
- They typically focuses on common competencies, skills and knowledge and may relate to having a similar purpose or process. Job families are means of describing jobs of different levels, which are similar in character. They can provide a simple and efficient means for matching individual roles to levels or grades and help to articulate career and development routes.
- In Banks, this concept is being used for the purpose of career development and succession planning strategies.
- Job families can produce a common language that allows discussion on career management, critically in a way that distinguishes one occupation / function from another.
- Job families can provide the link between the reward strategy and the wider HR strategy. There can be integration between recruitment, selection and development. Job families offer a common approach that can be used to describe supply and demand of individuals potent with such key competencies.

Chief Characteristics of 'Job Family' Framework

The key characteristics of job families include:

- **Number of Job Families:** Organisations generally employ a maximum of 15-20 job families, depending upon the nature of business and purpose of job families and the variety of roles they assign.
- **Career progression:** Job families allow employees to more easily identify related positions across the organisation, which enhances an employee's ability to move across job functions within a job family.
- **Job Family clearly differentiates from other functions:** This concept ensures that each job differentiates from other jobs/roles which are outside the Job Families.
- **Characteristic / trait similarity in each role of 'Job Family':** All the roles in a particular 'Job Family' will have identical characteristics/traits viz., same level of knowledge, skills and competencies for each level in the career hierarchy and related behaviours and attitudes.
- **Improves talent and creativity:** Since the employees posted in such job families are continue to work/function in such jobs/sub-jobs, job family framework enhances the creativity and builds healthy talent pipeline.

'Job Family' Framework in Banking Industry

The following is the illustrative list of the business/ administrative areas in which the concept of 'Job Family' can be introduced in Banks:

- Risk Management
- Wealth Management
- Information Technology & Data Analytics
- Agri Finance/Credit
- Developmental HRM
- Treasury & Forex Management
- Accounts Management
- Marketing & Sales (including CRM)

Human Resource Audit

An HR audit is a tool for evaluating the personnel activities of an organisation. The HR Audit is an overall quality control check on HR activities in a division or company and an evaluation of how these activities support the organisation's strategy.

HR Audit is a comprehensive tool to analyse and improve HR's effectiveness as a function. The audit is made up of four main steps:

- Define desired HR practices for the organisation.
- Assess current practices against the criterion that has been established.
- Analyze the results
- Establish improvement goals and take action.

Objectives of HR Audit

The HR audit can serve any of the following purposes:

- To clarify desired practices of HR work and roles within the organisation (HR Department, Line Managers).
- To evaluate current effectiveness and establish a baseline for future improvement.
- To standardize practices across multiple sites within a division or company.
- To assess current knowledge and skills required of HR practitioners.
- To improve performance levels for key customers within the organisation.

Benefits of HR Audit

There are several benefits that may accrue from an HR Audit. Some of them are:

- Identification of the contributions of the HR department to the organization
- Improvement of the professional image of the HR department,
- Encouragement of greater responsibility and professionalism among members of HR function
- Clarification of the HR department's duties and responsibilities,
- Bringing uniformity in HR policies and practices
- Installing HR best practices in the organization
- Ensuring timely compliance with legal requirements
- Reduction of HR costs through more effective personnel procedures
- Creation increased acceptance of the necessary changes in HR department
- A thorough review of the department's information system.

The Audit Process

Defining Audit Statements

- A good starting point is to take some time and reflect on the legal requirements and programs that the department must administer. Simply listing them is a good first step. Next, consider the areas of responsibility and traditional HR practices covered by the function: They may include **HR Planning, Staffing, Performance Management, Employee Relations, Compensation and Benefits, Training and Development, Safety and Wellness, Employee Surveys, and Communication.**
- With this list in hand, a statement can be written about each major practice that needs to be defined.

The following examples illustrate these traits:

- The staffing process is documented so that the responsibility of each person in the process is clear and understood.
- Performance appraisals are completed for each employee in the organisation.
- There is a train-the-trainer program for each major training program within the company.

- New employees complete a new hire orientation program of key company policies and procedures within the first 30 days of work.
- There is an issue resolution process that is well understood and used by employees.

Assessing Current Practices

- With the list of statements completed, the assessment of current practices demands looking for evidence that supports or refutes each statement made. Evidence may take the form of **policies and procedures, output from employee surveys, interviews with key customers, data collection** from a Human Resource Information System, reports issued to regulatory departments, statistics, etc.

Analyse the Results

- It is important to recognize strengths and opportunities for improvement. Reviewing the data in a variety of perspectives is helpful to formulate a picture of overall HR **performance against the audit**. It can reflect the positive effect of actions taken in previous years as well as provide information for future actions.

Establish Improvement Goals and Take Action

- The audit information in hand, can be used to advantage when setting next year's goals. There are two aspects of setting goals: **maintenance of current good practices and development of improved practices**.
- Knowing the capacity and capability of the HR department and system is critical in developing a realistic plan. With little discretionary time available, it is prudent to review the analysis of step three and decide which one or two areas will provide the greatest overall improvement for the HR function, its customers and the organisation. These need to be the areas that goals are established for the next year.
- By conducting HR audit, the department finds problem areas before they become serious. Done correctly, the audit process can build a strong rapport **between HR and other business verticals**. Systematic audit of HR function instills discipline among HR staff and establishes credibility of HR function and clearly demonstrate how it contributed to the business delivery and attainment of overall organisational goals.

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