



The Analysis on the Problems and Countermeasures of Deepening the Tenure System and Contractual Management of Managers in State-owned Enterprises

Yunfei Xu^{1*}, Wei Zang², Guohong Zhang², Shiyi Xiao²

¹ State Grid Energy Research Institute Co. LTD, Changping, 102209, Beijing, China

² State Grid Corporation of China, Xicheng, 100031, Beijing, China

*Corresponding author. Email: xuyunfei@sgeri.sgcc.com.cn

Abstract. State-owned enterprises has seized the important "window period" to promote the reform of tenure system and contractual management of managers, and ensure the implementation of the reform with greater strength and effectiveness. However, in the process of implementation, there are many difficulties and obstacles, which make it difficult to come into play. The study summarizes the problems existing in the implementation of the tenure system and contract for managers, and puts forward some solutions and suggestions.

Keywords: Tenure system, Contracted management, Countermeasures.

1 Introduction

The tenure system and contractual management of managers mainly solve the problems of "one size fits all", lack of flexibility and administrative exit mechanism. By improving the tenure evaluation system, breaking the "iron chair", breaking the "big pot of rice" and strengthening the "different orientation of doing well and doing badly", the managers are managed in the market, and the goals of "being able to go up and down, increase and decrease, and enter and exit" are realized^[1].

As the management means of managers in state-owned enterprises, the managerial tenure system and contractual management are essentially a continuation and embodiment of the implementation of the management responsibility system in state-owned enterprises, forcing enterprises to form a management culture dominated by performance appraisal. As an important part of the three institutional reform, the tenure system and contractual management of managers are important tasks for state-owned enterprises to change the selection and employment mechanism, break deep-seated contradictions and build a market-oriented talent management system, which has far-reaching significance^[2].

© The Author(s) 2023

S. Yacob et al. (eds.), *Proceedings of the 2023 7th International Seminar on Education, Management and Social Sciences (ISEMSS 2023)*, Advances in Social Science, Education and Humanities Research 779, https://doi.org/10.2991/978-2-38476-126-5_205

2 The Policy evolution of tenure system and contractual reform

As an important aspect of the market-oriented selection and employment mechanism in state-owned enterprises, the tenure system and contractual management of managers are one of the key breakthroughs in the new round of state-owned enterprise reform. With the deepening of the reform, the role of contractual management of managers in the in-depth implementation of the "three institutional reform" of state-owned enterprises has become increasingly prominent, which has become an important starting point for realizing the "promotion and demotion" of managers and the "increase and decrease" of cadres' income, and has played a great role in stimulating the organizational vitality and cadre motivation of state-owned enterprises. In 2015, a new round of state-owned enterprise reform officially kicked off. Since then, the CPC Central Committee and the State Council have successively issued a large number of policy documents on the reform direction, objectives and requirements. As one of the important reform measures, managerial contractual management has also been repeatedly mentioned in many policy documents^[3].

2.1 Top design stage (2015 -2017)

The policies related to contractual management of managers are mostly top-level design documents of state-owned enterprise reform, and contractual management generally appears in relevant documents as an important part of state-owned enterprise reform and a key measure to promote the reform. In the policy documents of this period, the contents of contractual management are all principled clauses or encouraging clauses, with the emphasis on promoting contractual management and encouraging its implementation. However, there is no policy that makes strict requirements for the specific implementation of contractual management, nor does it make clear requirements for its implementation. But even so, contractual management can appear so frequently in the top-level design documents of state-owned assets and state-owned enterprises reform, which has shown the important position of contractual management to some extent.

2.2 Sustainable development stage (2018 -2019)

The policies related to the reform of state-owned assets and state-owned enterprises are more detailed, specific measures and guidance are also put forward in many aspects. However, during this period, no special documents on contractual management of managers have been issued, and the relevant policy contents of contractual management are still mainly based on the principles and encouraging clauses in other state-owned enterprise reform documents. Generally speaking, although the relevant policies of contractual management have not made obvious breakthrough progress at this stage, their important position in the reform of state-owned assets and state-owned enterprises has been emphasized again, which has laid a solid foundation for the subsequent introduction of special documents.

2.3 Practical exploration stage (2020-present)

The contractual management of managers has made a substantial breakthrough. The relevant policy documents not only provide specific operational plans for enterprises, but also put forward very clear objectives and time node requirements, which provide specific requirements for the implementation of contractual management from the aspects of implementation intensity, depth, breadth, accuracy and speed. Generally speaking, the policy documents of this period have two characteristics: firstly, the policy content is more focused, and the clauses in the documents are no longer based on principle clauses, but rather guide the specific implementation of contractual management accurately and in detail, and further clarify the implementation progress requirements of contractual management, which really makes the implementation of contractual management rule-based and evidence-based. Secondly, the policy requirements are more stringent. The relevant documents clearly explain and standardize the scope of implementation, operational process, regulatory requirements and implementation period of contractual management, and provide accurate answers to unclear and ambiguous questions in the actual implementation of contractual management, which provides strict norms and restrictions for the implementation of contractual management. By the end of March, 2022, all central enterprise groups and 97.3% local first-class enterprises have established tenure system and contractual management system for managers of sub-enterprises.

3 The problem analysis of tenure system and contractual reform

3.1 The corporate governance structure of some enterprises is not perfect, and it is difficult to truly implement the functions and powers of managers.

In order for managers to truly assume the responsibility of enterprise management, it is necessary to implement the functions and powers of managers and match the powers and responsibilities. However, the implementation of the functions and powers of managers is closely related to the effective operation of the corporate governance mechanism. Although the tenure system and contractual management system and scheme design are perfect, the actual implementation is greatly reduced. For example, the power of managers stipulated in the company's articles of association has not been implemented, and the problem of nominal articles of association is widespread; because they are not at ease, many higher-level units dare not and do not want to decentralize. For various reasons, it is difficult to implement the functions and powers of the board of directors of enterprises, and the functions and powers of the board of directors cannot be implemented, and it is naturally difficult to implement the functions and powers of the managers. The authority is not implemented, the responsibility and rights are not unified, and it is difficult for managers to really assume the responsibility of enterprise management ^[4].

3.2 The performance appraisal mechanism of some enterprises is not perfect, so it is difficult to set performance appraisal targets scientifically and reasonably.

The key of tenure system and contractual management is how to formulate reasonable performance evaluation indicators and determine reasonable evaluation objectives. Only by setting a scientific and reasonable goal can the salary gap between managers be widened through performance appraisal and the enthusiasm of managers be better mobilized. The assessment indicators set by most state-owned enterprises are mainly aimed at the person in charge of the enterprise, mostly based on financial indicators, and most of them can be directly calculated through financial statements. Nowadays, it is necessary to set assessment indicators for individual managers, but also for a three-year term. Many enterprise managers are divided according to their functions, and many functions are difficult to quantify. So it is of great concern about how to set indicators to ensure the effectiveness of assessment and evaluation. Moreover, it is difficult to compare horizontally between different functions. How to ensure the fairness of index setting? If the effectiveness and fairness are insufficient, it is unconvincing to determine the performance, salary and whether to quit according to the assessment results [5].

3.3 The human resource management foundation and supporting mechanism of some enterprises is weak, so it is difficult to exert the effectiveness of tenure system and contractual management.

How to solve the management problem of other members of the leading group is a key issue that cannot be avoided in implementing the contractual management of the tenure system of managers. The chairman of the board, the secretary of the Party committee and the secretary of the Commission for Discipline Inspection are not in the category of tenure system and contractual management at the manager level. These people need the same responsibilities and rights as the manager level. It is not enough to only solve the management problems at the manager level without solving the salary assessment and withdrawal problems of these leaders. It turns out that according to the job level, the salary of managers is similar to that of other leaders. If the salary of managers is increased and the original balance is broken, it will be difficult to guarantee internal fairness. As a result, it may not only have no enthusiasm to support the work of managers, but also form a great constraint on the work of managers. Managers' performance appraisal targets need to be implemented to employees at different levels. In the case of limited total wages, more market-oriented management methods should be adopted to appropriately widen the income gap of employees and mobilize their enthusiasm, otherwise it will be difficult to form strong support. In the process of downward transmission of performance pressure, it is bound to require a good salary assessment and exit mechanism for each employee [6].

4 The suggestion on of tenure system and contractual reform

State-owned enterprises should seize the important "window period" to promote the reform of tenure system and contractual management of managers, and ensure the implementation of the reform with greater strength and effectiveness. First, to improve the corporate governance structure, state-owned enterprise groups and subsidiaries, relevant organizations, personnel, assessment and distribution, reform and other departments should work together to "seamlessly connect" research and discussion to form a virtuous circle to promote each other's work. Second, it emphasizes that the implementation of tenure system and contractual management reform and enterprise performance evaluation work cooperate with each other, promote each other and complement each other. The third is to consolidate the foundation of human resource management and strengthen the construction of supporting mechanisms. To give full play to the "bull's nose" role of tenure system and contractual management in promoting the three institutional reform within the enterprise. Under the above rates, the middle-level and all employees of the enterprise will be driven to implement the market-oriented employment system and the performance appraisal of all employees, and the endogenous vitality of the enterprise will be fully stimulated.

4.1 To emphasize the initiative and flexibility of reform

The initiative and flexibility refer to the "Guidelines" and work out the tenure system and contractual management plan in combination with your own reality, without having to passively and mechanically implement the "Guidelines". To formulate a clearer and top-down "full coverage" reform promotion plan and strengthen progress supervision. State-owned enterprise groups and sub-enterprises, related organizations, personnel, assessment and distribution, reform and other departments should link up and "seamlessly connect" research and discussion to form a virtuous circle to promote each other's work.

4.2 The reform of tenure system and contractual management should cooperate with the performance evaluation of enterprises, promote and complement each other.

While studying the business performance appraisal scheme of sub-enterprises, the signing procedures of relevant contracts should be fulfilled. There is no need to worry about whether the authority of the board of directors of the affiliated enterprise is implemented, and determine the signing subject on the principle of "substance is more important than form". To pay more attention to ensuring that management members exercise their duties according to law (independent management rights). To pay more attention to the formulation of scientific and reasonable performance evaluation indicators and their specific values, and establish and improve the dynamic mechanism of index adjustment and correction. At the same time, to put forward a clear bottom line standard on the influence of business performance appraisal on salary and enforce it rigidly. For example, if the annual assessment fails to reach the bottom line or the main

indicators fail to reach the bottom line (about 70 points), all performance pay for the current year will be deducted.

4.3 To emphasize the connection between the tenure system and the contractual management scheme and the comprehensive assessment and evaluation of enterprise leaders.

To carry out tenure system and contractual management under the framework of comprehensive assessment and evaluation. However, in order to highlight the influence of business performance on the position, clear and higher requirements should be put forward on the importance of business performance assessment in comprehensive assessment and evaluation according to the principle of "double standards" and implement them rigidly. For example, if the annual assessment fails to reach the bottom line or the main indicators fail to reach the bottom line (about 70 points), if the managers fail for two consecutive years (about 80 points), their term of office would be suspended and they would be dismissed. For such personnel, non-leadership positions could be directly arranged, or they can be selected to other leadership positions according to the management measures for enterprise leaders.

5 Conclusion

The tenure system and contractual management of managers are the inevitable trend of historical development, an effective means for government departments to strengthen management, supervision and service of enterprises, and an effective way to promote the high-quality development of state-owned enterprises, which can greatly solve the disadvantages of poor export, structural imbalance, lack of vitality, low ability and bureaucracy of management positions in state-owned enterprises. To implement the tenure system and contractual management of managers' members has achieved remarkable results in building a new mechanism for selecting and employing people, giving full play to the enthusiasm of managers, and promoting the scientific development of state-owned enterprises.

References

1. J.Q. Lu. On the restraint mechanism of the company's board of directors to managers [D]. Shandong University [2023-07-10]. DOI: CNKI: CDMD: 2.2006.053810.
2. Y. Tian. L. Jin. C. Shi. State-owned capital investment company manager tenure system and contractual management practice [J]. State-owned enterprise management, 2022(8):96-97.
3. S.B. Sun. Tenure contract management compacts responsibility and activates motivation [J]. Enterprise Management, 2022(10):44-47.
4. T. Xi. State-owned secondary companies how to implement the tenure system and contractual management [J]. State-owned enterprises, 2020(30):3.
5. F. Tan. Deepening the reform of the three systems to stimulate the high-quality development vitality of state-owned enterprises [J]. State-owned Assets Report, 2021(8):5.

6. Y.P. Zhang. Consolidate the achievements of three years' actions and create vitality "new state-owned enterprises" in generate [J]. Board of Directors, 2023(3):2.

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

