Research on Key Measures for Standardized Construction of Board of Directors of Subsidiaries of Central Enterprises under the Background of World Class Enterprises

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Abstract. This article aims to study the key measures for the standardized construction of the board of directors of central enterprise subsidiaries under the background of world-class enterprises. The article emphasizes the core role of the board of directors in corporate governance and points out the importance of promoting the standardized construction of the board of directors in achieving modernization of governance and building a world-class enterprise; Specific strategies and measures have been proposed from three aspects: classification construction and evaluation of subsidiary board of directors, optimization of board operation mechanism, and strengthening of director team construction and management, aiming to provide strategic support for central enterprises to achieve modernization of governance and build world-class enterprises.

Keywords: world-class, central enterprises, subsidiary enterprise, board of directors

1 Introduction

Modern governance is an important feature and goal of building world-class enterprises, and promoting central enterprises to achieve modern governance is an important measure to build world-class enterprises. The board of directors plays a core role in corporate governance, promoting the standardized construction and operation of the board of directors of subsidiary enterprises of central enterprises, accelerating the improvement of the corporate governance mechanism with statutory rights and responsibilities, transparent rights and responsibilities, coordinated operation, and effective checks and balances[1]. This is of great significance for the company to build a world-class enterprise, create a model for central enterprise corporate governance and board operation, and promote the modernization of corporate governance capabilities.

From the perspective of improving the policies and legal requirements of the modern enterprise system with Chinese characteristics, it is necessary to improve the modern

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corporate governance of state-owned enterprises with Chinese characteristics and promote their true operation according to market-oriented mechanisms; The construction of the board of directors should accelerate the transformation towards effectiveness on the basis of standardized operation, and state-owned enterprise groups should accelerate the shift towards governance based control[2]. We need to establish world-class subsidiary boards in stages, strengthen the construction of diversified equity subsidiary boards, accelerate the improvement of external and independent director systems, and better leverage the role of external and independent directors. From the perspective of accelerating the construction of world-class enterprises, it is necessary to take the improvement of the modern enterprise system with Chinese characteristics as an important institutional foundation, adhere to the value creation orientation, promote the acceleration of the formation of first-class and modern governance systems and governance capabilities at all levels and types of enterprises, and further enhance the scientific, valuable and effective decision-making of the board of directors. Therefore, this study delves into the key measures for the standardized construction and operation of the board of directors of central enterprise subsidiaries, which is of great significance for promoting the construction of world-class enterprises.

2 Classification Construction and Evaluation of Subsidiary Board of Directors

2.1 Promote the Hierarchical and Classified Construction of Subsidiary Board of Directors

Hierarchical classification clarifies the functional positioning of subsidiary board of directors. Due to factors such as policy regulation, industry development, and risk prevention, there are diverse requirements for the construction of subsidiary board of directors in the power grid, finance, international, supporting, and strategic emerging industry sectors. Hierarchical classification clarifies the functional positioning of the board of directors of subsidiary enterprises, explores the formation of board construction standards and operational models for subsidiary enterprises in different fields, industries, levels, and equity structures, and maximizes the transformation of institutional advantages into governance effectiveness. Differentiate the focus of the board of directors construction goals, functional positioning, and role play between regulatory and non regulatory business subsidiaries, set differentiated construction and assessment standards, and establish differentiated management mechanisms in terms of board functional positioning, board structure, external director selection, special committee establishment, board operation mechanism, and assessment evaluation.

2.2 Carry Out Classified Management and Evaluation of Subsidiary Board of Directors

Implement differentiated management of the board of directors for different governance structures and types of subsidiaries. There are significant differences among subsidiary enterprises at all levels within the company system. In order to meet the actual management needs of different types of enterprises, we will explore differentiated management of the board of directors for diversified equity subsidiaries of various business units, and clarify the key points of board classification construction and management. For financial subsidiaries, corporate governance must comply with both state-owned asset supervision and financial industry regulatory requirements[3]. For diversified equity structured subsidiaries with a high degree of marketization, promote governance based control based on equity relationships and relying on the dispatch of equity directors, and explore granting more corporate management autonomy to the board of directors of pilot enterprises, such as independently deciding on the appointment, management methods, compensation, and performance benefits of management members.

Provide classified guidance and management to the board of directors of subsidiary enterprises. Fully consider the practical difficulties in the construction and operation of the board of directors of different subsidiary enterprises, increase assistance in standardizing the construction and operation of the board of directors, and improve the level of board of directors construction and operation of relevant subsidiary enterprises through providing institutional templates, preparing work manuals, and conducting special guidance. Strengthen the exchange of experience among subsidiary enterprises with diverse equity structures, regularly conduct seminars and training, extend participants to third - and fourth level subsidiary enterprises with diverse equity structures within the system, enhance the performance ability of relevant staff through training and sharing of typical experiences, and further improve the level of board building of subsidiary enterprises with diverse equity structures.

Establish and improve a classification evaluation system for the board of directors of subsidiary enterprises. Continuously deepen the evaluation management of the board of directors, strengthen the "guidance" function of evaluation, rely on the existing evaluation foundation of the board of directors, and explore the classification evaluation of subsidiary board of directors for different enterprises. Differentiate the subsidiary enterprises of different business types, development stages, and equity structures of the company, and construct an evaluation index system for the board of directors of subsidiary enterprises from the aspects of corporate governance system construction, integration of party leadership into corporate governance, standardized construction and operation of the board of directors, and effective exercise of board powers. Regularly conduct evaluations of the effectiveness of the operation of the board of directors of subsidiary enterprises.

3 Optimize the Operational Mechanism of the Board of Directors of Subsidiary Enterprises

3.1 Improve the Decision-Making Mechanisms of Various Governance Entities

Clarify the boundaries of rights and responsibilities of each governance entity and improve the decision-making mechanism. Clearly define the basic rights of each governance entity, and the definition of the rights and responsibilities interface should vary by category. Based on the actual governance of diversified equity subsidiaries, scientifically divide the boundaries of rights and responsibilities according to the responsibilities of the Party committee and the board of directors[4]. Optimize the decision-making process for pre research and discussion matters of the Party organization, optimize and improve the important list of pre research and discussion matters of the Party organization at the headquarters level, and develop a list of major business management matters for the Party committee of the subsidiary enterprise based on equity structure, hierarchy, and business categories.

Clarify the decision-making procedures for each governance entity. Clearly define the power and responsibility relationships between the Party committee, shareholders' meeting, board of directors, and management, ensuring that the Party committee (Party group) has its own focus on "deliberation" and the board of directors has its own focus on "decision-making". Clarify the four "don'ts" that the Party committee (Party group) focuses on checking, namely whether it conforms to the Party's theory, line, principles and policies, whether it implements the decisions and deployments of the Party Central Committee and the national development strategy, whether it is conducive to promoting high-quality development of enterprises, enhancing their competitiveness, and realizing the preservation and appreciation of state-owned assets, and whether it is conducive to safeguarding the interests of the public and the legitimate rights and interests of employees. The decision-making of the board of directors focuses on the "four personalities", namely the legality and compliance of decision-making matters, consistency with the requirements of investors, comprehensive balance between risk and return, and compatibility with the development strategy of the enterprise.

3.2 Effectively Leverage the Role of the Specialized Committee

Establish and improve the operational mechanism of the special committee to provide important support for the decision-making of the board of directors. Guide subsidiary enterprises at all levels to improve the rules of procedure of the special committees of the board of directors, optimize and adjust the scope of responsibilities of the special committees, ensure that the support scope of the special committees can fully cover the agenda scope of the board of directors, and ensure the support of the special committees to the board of directors. Clarify the decision-making procedures for board meetings and special committee meetings, implement the operational mechanism of special committees of the board of directors, strengthen the efficiency and effectiveness of special committee meetings, truly leverage the role of external directors of special committees, and continuously improve their professional level and performance ability. Emphasizing the pre establishment and separate convening of the special committee, it is necessary to further clarify the work process of the special committee on major investment matters. Major issues are first discussed in detail by the special committee, and then submitted to the board of directors for review after forming deliberation opinions.

Provide solid support for the effective operation of the specialized committee. Subsidiaries should clarify the professional support departments of the board of directors' special committee, fully mobilize the role of professional departments, do a good job in interpreting proposals, and accept external director inquiries or provide consulting opinions. Dynamically improve the supporting department system of the specialized committee, based on the rules of procedure and professional requirements of the specialized committee, and according to the actual needs of enterprise business adjustment and reform and development, dynamically optimize and clarify the supporting departments of each specialized committee, enhance the enthusiasm of specialized committee members and functional departments, and have sufficient communication between the two.

3.3 Establish a Sound Mechanism for External Directors to Perform Their Duties

Establish a sound external director communication mechanism. Strengthen the regular communication between the chairman and external directors on the company's development strategy, corporate governance, business management, and performance guarantee, as well as the mechanism for the chairman to personally communicate major issues. Ensure smooth communication channels between external directors and management, and establish mechanisms for daily communication, special communication and reporting on complex and major issues. For matters of special concern to the external director, such as security, strategy, etc., relevant departments shall be instructed to make special written reports and individual thematic exchanges on the issues of concern to the external director.

Strengthen the support mechanism for external directors to perform their duties. Subsidiary enterprises at all levels should establish and improve external director information support mechanisms based on actual needs, increase the frequency and channels of providing enterprise reform and development, production and operation information, financial data, and other important information to external directors, strictly comply with the proposal lead time mechanism, and provide proposal materials to external directors in advance according to regulations. Ensure that external directors fully exercise their right to information, proactively understand the external environment, resource endowment, and capabilities of the company they serve in, fully utilize the role of "external brain" and "think tank", and actively provide suggestions and recommendations.

4 Strengthen the Construction and Management of the Board of Directors in Subsidiary Enterprises

4.1 Strengthen the Construction of the Board of Directors in Subsidiary Enterprises

Establish and improve the talent pool of directors for subsidiary companies of the company. Establish a sound mechanism for selecting and appointing directors, taking into account factors such as reputation and professional background to select independent directors, and clarify the specific requirements for the abilities and qualities of directors and supervisors, as well as the performance of duties on behalf of investors[5]. Establish and improve the external director selection and management system, with a broader scope and vision, to coordinate the establishment of a full-time and part-time director pool from both inside and outside the system, and to reasonably match relevant professional talents to ensure that board members have diverse backgrounds and experiences, and complementary knowledge and experience. Improve the professionalism and scientificity of external directors' performance, establish a shared mechanism for external directors in finance, auditing, law, and other fields, expand the selection and appointment scope of external directors for subsidiary enterprises from within the unit to peer units within the system, reduce the part-time rate of external directors, and ensure that external directors invest sufficient time and energy to perform their duties.

4.2 Continuously Improving the Performance Ability of Subsidiary Directors

Strengthen the support and guarantee for the performance of subsidiary directors' duties. Subsidiaries should generally have a board secretary as a senior management personnel to assist the chairman in the construction of board related systems and daily operations. According to the actual needs of the subsidiary, establish a board office as the administrative body of the board of directors, responsible for the construction of the board system, preparation of relevant meetings, communication and contact with directors, and organization of director research. For subsidiary enterprises that do not have a board secretary or board office, the organization or personnel responsible for the daily work of the board of directors should be clearly defined. Priority should be given to personnel with professional knowledge or work experience in law, finance, and other fields to provide professional support for directors in fulfilling their duties. Establish and improve the external director performance manual, clarify the key points of external director performance, and continuously improve the level of external director's standardized management and performance ability.

Accelerate the promotion of digital support for director management. Explore the use of information technology to comprehensively improve the management level of the board of directors of invested enterprises, promote the clear visualization of basic information and performance of directors, and use digital platforms to provide comprehensive support to external directors in a timely and efficient manner in terms of performance prompts, annual assessments, information feedback and supervision matters. Through the information platform, comprehensively realize the digitalization of the construction of the board of directors of invested enterprises and the management of external directors, and empower directors with digital intelligence to support and guarantee their performance.

4.3 Management and Assessment of Subsidiary Directors

Improve the assessment and evaluation system for subsidiary company directors. Establish scientific, reasonable, and comprehensive assessment indicators for subsidiary directors, clarify the performance tasks of various directors in the subsidiary, refine the performance tasks of directors into assessment content, optimize assessment weights, highlight performance orientation, and build a multidimensional assessment and evaluation system that includes the company's operating performance (such as business improvement), completion of performance tasks (such as effective performance, diligence, on-site participation, research, training, etc.), and scoring and evaluation of various governance entities (mutual evaluation among directors and management). Expand the assessment subjects to include party organizations, shareholders, centralized management departments, human resources departments, relevant professional departments, other members of the board of directors, management, etc. in the scope of director evaluation subjects.

Establish a sound training mechanism for subsidiary company directors. Regularly hold training on the operation of the board of directors, strengthen pre - and term training for newly appointed directors in areas such as supervision and supervision, deliberation and research, and risk prevention, and promote the exercise of power by the board of directors in accordance with the law. Regularly hold director business training, systematically carry out forward-looking knowledge training on company market analysis, policy trend analysis, technological development frontiers, etc., to ensure that directors and supervisors accurately grasp the functional positioning of subsidiary enterprises and promote decisions that are in line with the overall development goals of the company.

4.4 Improve the Incentive and Restraint Mechanism for Directors

Strengthen the application of assessment and evaluation results. Reasonable incentives and constraints for directors are beneficial for the board of directors to make scientific strategic decisions based on the interests of the entire company and all shareholders, thereby promoting the long-term development of the enterprise. Ensure that the compensation of directors is consistent with their performance, motivate directors to take action, and better fulfill their roles[6]. Regularly disclose the assessment results of directors and strengthen shareholder incentives and constraints on their behavior.

Establish and improve the accountability system for subsidiary company directors. Establish a system for holding subsidiary directors accountable. If a board resolution violates laws, regulations, the company's articles of association, or shareholder resolutions and causes serious losses, relevant directors shall be held accountable in accordance with the law; If the management violates laws, regulations or the company's articles of association and causes serious losses, they shall be held accountable in accordance with the law. Relevant matters included in the scope of major issues shall seek the opinions of shareholders and vote according to their opinions. Directors shall be held personally responsible for their opinions, and in conjunction with the construction and operation of the sub enterprise's board of directors, director liability insurance shall be piloted.

5 Conclusions

This study mainly focuses on the issue of standardized construction of the board of directors of subsidiary enterprises of central enterprises. Through situation analysis, it is clear that the reform policies of state-owned assets and enterprises, as well as the construction of world-class enterprises, have put forward higher requirements for improving the board of directors of subsidiary enterprises. Furthermore, this study proposes specific key measures to promote the hierarchical classification construction and evaluation of subsidiary board of directors, optimize the operation mechanism of subsidiary board of directors, and strengthen the construction and management of subsidiary board team, providing strategic support for central enterprises to achieve the construction of world-class enterprises with modern governance.

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