



THE HONG KONG
POLYTECHNIC UNIVERSITY
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Corporate Governance

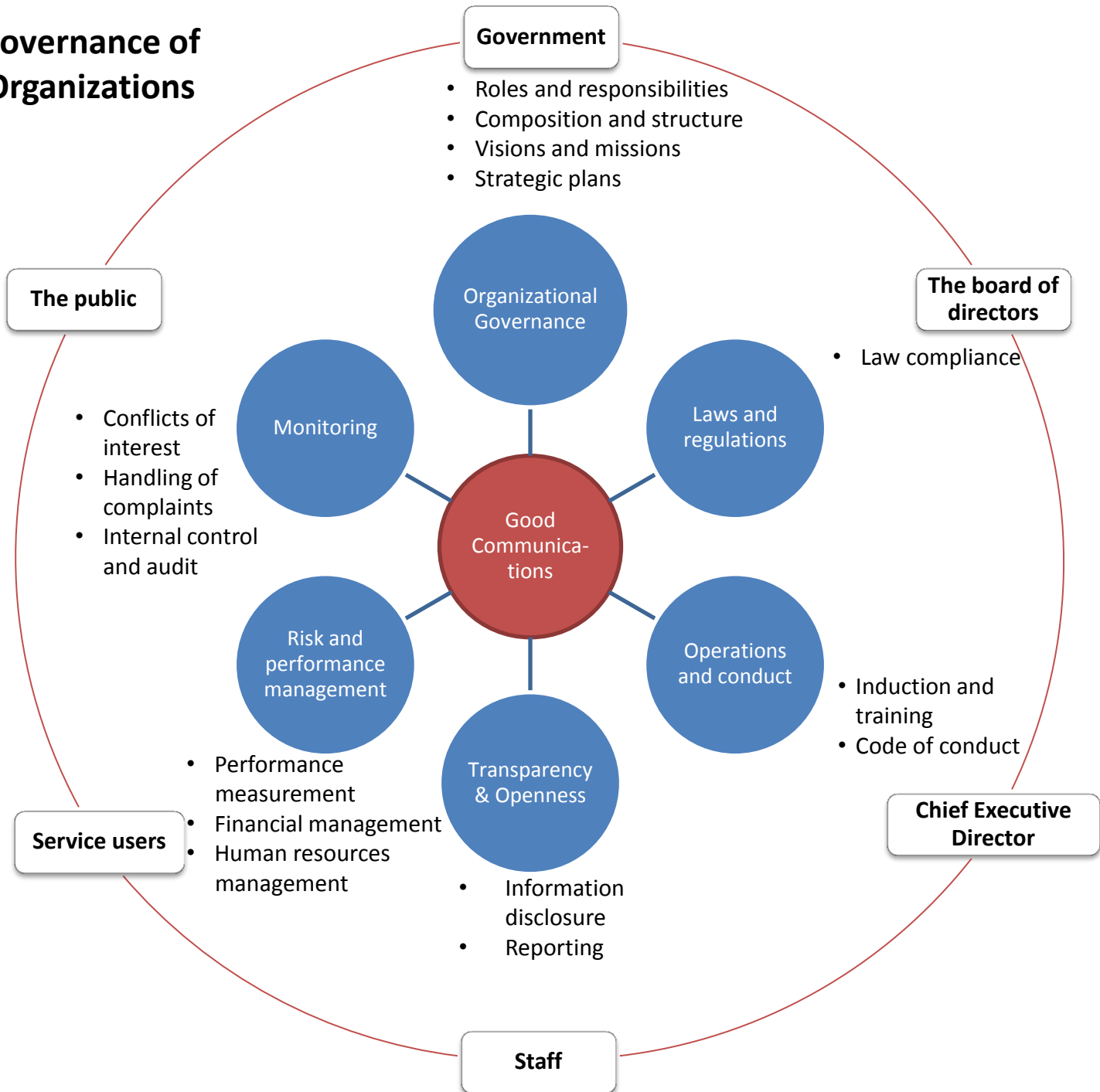
Corporate Governance

- The key to outstanding corporate governance lies in the board of directors and leaders as they are entitled to make major decisions
- After the main governance structure and policies are developed, those who are responsible for day-to-day management of the organisation still have to include many other details.
- As such, management practices should integrate with good governance;
- Outstanding corporate governance cannot be represented by a single simple system;

Source:

The Hong Kong Institute of Directors (2014) - Guidelines on Corporate Governance for SMEs in Hong Kong (3rd edition)

Corporate Governance of Subsidized Organizations



Corporate Governance of Subsidized Organizations

- Roles and responsibilities
- Composition and structure
- Formulating position change mechanism
- Structure and members
- Visions and missions
- Strategic Plans



- Conflicts of interest
- Handling of complaints
- Policies and mechanism for handling complaints (including those involved employees, the management and the board of directors) as well as internal control measures
- Internal control and audit



- Law compliance



Establishing effective channels for communications

- Induction and training
- Code of conduct



- Performance measurement
- Financial management
- Human resources management

- Information disclosure
- Reporting



- To provide the board of directors and relevant committees with latest service information;
- To arrange meetings among the board, relevant committees, employees and service users;
- To formulate policies, stating how organization collect and respond to employees and service users feedback before and after are made decisions related to lump sum allocations

The Ideal Versatility of Directors

The ideal directors are independent in accountability, competent for challenging administrative staff and able to avoid biased decisions with diversified expertise.

Category	Skills, Knowledge and Qualities that help directors to perform their duties	
Corporate business	<ul style="list-style-type: none"> • Strategic planning • Financial management • Marketing 	<ul style="list-style-type: none"> • Product manufacturing and service delivery • Human resources • Information technology
The authorities, duties and liabilities of the board of directors and individual board members	<ul style="list-style-type: none"> • Full understanding of the importance of corporate governance • Accountability to stakeholders • Fiduciary duties • Management guidance, information disclosure and accountability 	<ul style="list-style-type: none"> • Avoiding conflicts of interest • Understanding laws, regulations and legal documents • Evaluating risks and debts • Exit planning
Development of the board and its practices	<ul style="list-style-type: none"> • Comprehending of the structure, culture, decision-making and meeting procedures as well as way of practice of the board • Understanding of its duties and the relationship • Understanding of the meaning and significance of setting up the board of directors and auditing committees 	<ul style="list-style-type: none"> • Knowing how to make use of external consultant • Evaluating performance of the board • Caring about sustainable development and training of the board • Attentive to updates of laws, rules and regulations

The Ideal Versatility of Directors

Category	Skills, Knowledge and Qualities that help directors to perform their duties
Personal abilities and qualifications	<ul style="list-style-type: none">• Possessing communicating abilities including language competence• Visionary and creative• Good at building teams• Analyzing and integration• Sagacious and decisive• Guide and seduce others• Proactive with high level of execution ability• Social network and influence• Physically and mentally healthy• Emotionally stable• High level of IQ, EQ, AQ, CQ and MQ
Business ethical beliefs	<ul style="list-style-type: none">• Social responsibilities and values of the organisation• Anti-corruption, verification and balance system• Equal opportunities• Protection of confidential information• Environmental protection• Morale investments• Transparency• Corporate citizenship• Contribution to professions or industry development

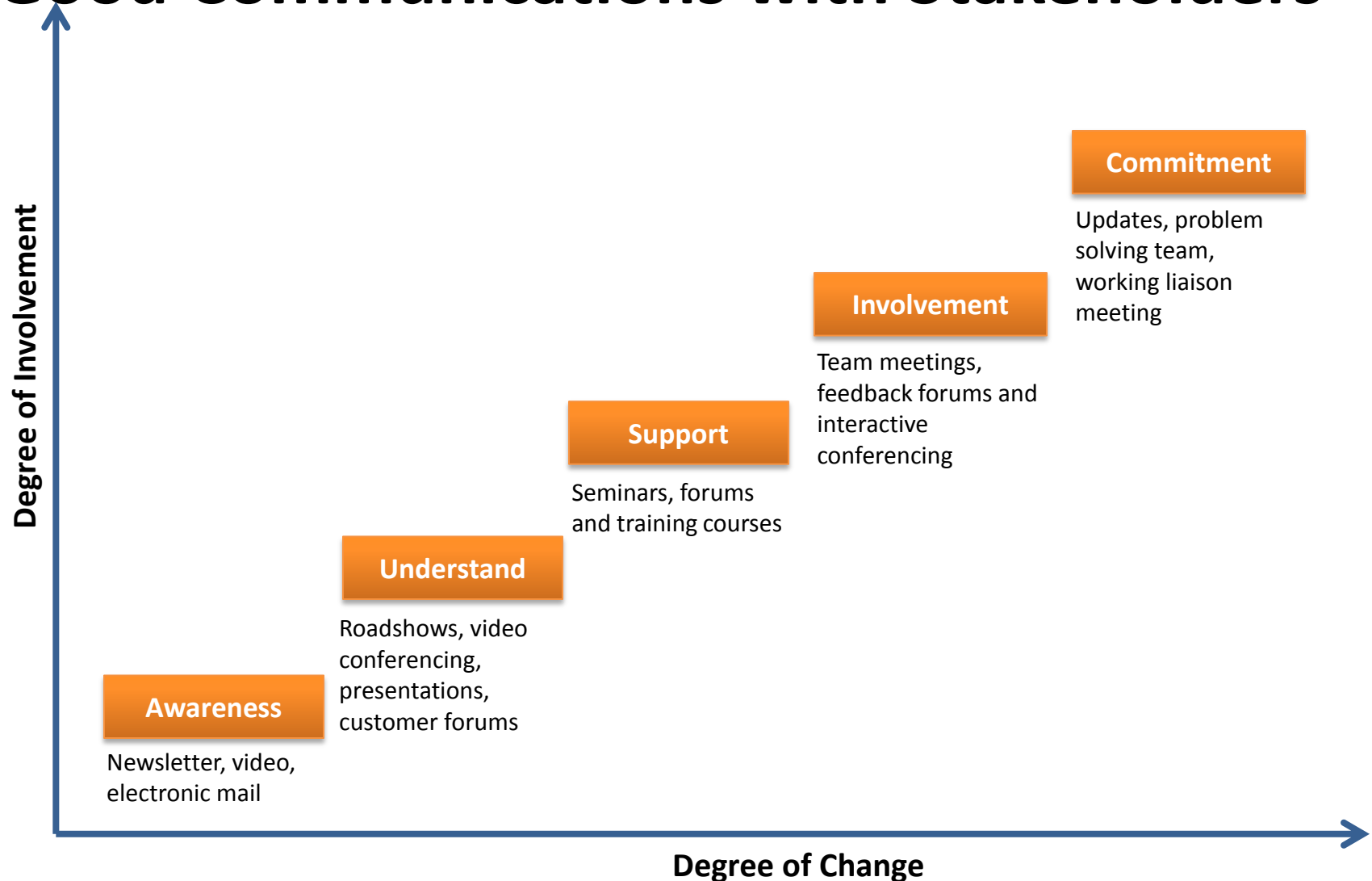
Process-oriented work direction

- Four annual meetings of around three hours or so are not sufficient for directors to exercise their influence.
- The board of directors should play an active role in formulating strategies instead of just carrying out the final review for decision-making.
- Members of the board of directors should have enough time for logical thinking to decide how to respond to related information.
- Directors should play active roles in formulating strategies
 - Decide what information and analysis are needed
 - Understand the ways to deduce data and analysis results for making conclusion
 - Define strategic project scope and help finding alternative proposal
 - Examine the assumptions related to trends and situational changes carefully
 - Formulate decision-making conditions for choosing strategies

Source:

- Alan Huang (2015) Key Criteria to Raise Board Effectiveness.
- The Hong Kong Institute of Directors: The 21st Century Director, Issue 18

Good Communications with Stakeholders



Source:

- Hong Kong Institute of Directors (2009), *SME Corporate Governance Toolkit – From Guidelines to Implementation*
- Bill Quirke Communication Escalator Model