Current Situation, Challenges, and Policy Recommendations for Guiding Industry Development by Government Functional Departments

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Abstract: *As China's economy advances toward a stage of high-quality development, the construction of a modern industrial system imposes higher demands on government functions. The degree of coordination between government functional departments and industry regulatory authorities has become a key factor in the effective implementation of industrial policies. This study systematically analyzes the role, challenges, and countermeasures of government functional departments in industrial development. The research finds that industry regulatory authorities play a central role in top-level design, resource allocation, product certification, and commercialization of outcomes. However, government functional departments still face issues such as insufficient collaboration, passive attitudes, delayed actions, ambiguous responsibilities, and imbalanced performance evaluation. In response, this study proposes countermeasures including improving coordination and consultation mechanisms, refining planning functions, implementing the "dual responsibility" system for posts, and constructing a performance evaluation system that balances rigor and flexibility, thereby enhancing the government's capacity to guide industries and the effectiveness of policy implementation.*

Keywords: *industrial development; industrial progress; government functional departments; departmental synergy*

Introduction

In recent years, as economic restructuring and the requirements for high-quality development continue to rise, governments at various levels have promoted the optimization and upgrading of key industries and facilitated the rapid growth of emerging industries through policy design, planning guidance, and financial support. However, insufficient coordination between government functional departments and industry regulatory authorities has affected both the policy implementation process and the overall effectiveness of industrial guidance. The government functional departments referred to in this article include the National Development and Reform Commission, the Ministry of Science and Technology, the Ministry of Finance, the Ministry of Emergency Management, and similar bodies. Industry regulatory authorities include the Ministry of Industry and Information Technology, the Ministry of Housing and Urban-Rural Development, the Ministry of Culture and Tourism, and analogous departments. It can thus be seen that government functional departments are generally responsible for comprehensive affairs at the national or local level, covering cross-sectoral and interdisciplinary matters, with an emphasis on "policy orientation" and "coordination and integration." In contrast, industry regulatory authorities focus on the management of specific industries or professional fields, emphasizing "operational supervision" and "implementation and execution" [1]. A deeper understanding of the complexity and challenges faced by government functional departments in guiding industrial development will contribute to more scientific governance and more targeted support in industrial development strategies. This article will analyze the role of government functional departments in industrial development, the challenges they face, and corresponding policy recommendations. It ultimately concludes that guiding industrial development by government functional departments requires efficient collaboration with industry regulatory authorities in order to effectively promote the construction of a secure, controllable, and innovation-driven modern industrial system in China.

1. The Role of Industry Regulatory Authorities in Industrial Development

Industrial development is a long-term and continuous process. An industrial system encompasses advanced manufacturing, robust strategic emerging industries, high-quality service sectors, and a stable agricultural foundation, characterized inherently by high added value, innovation, and regenerative capacity. Therefore, an industrial system does not develop in isolation within any single sector; it requires the collaborative development of all industries to jointly advance the high-quality development of the industrial system. In this process, the industry regulatory authorities play a decisive role.

1.1 Industry Regulatory Authorities Serve as the Top-Level Designers and Planners for Industrial Development in Their Respective Sectors

The overall direction and strategic pathway of industrial development require scientific top-level design and systematic planning. Based on the macroeconomic environment, technological trends, and national strategic objectives, the regulatory authorities formulate medium- and long-term plans for industrial development, clarifying key tasks and phased targets. On one hand, these authorities can guide the optimization of industrial structure through planning, promoting the rational allocation of resources in critical areas and avoiding redundant investment and disorderly competition. Simultaneously, industry regulatory authorities incorporate strategic requirements such as innovation-driven growth, green development, and security and controllability into their plans, ensuring that the direction of industrial development aligns with the national overall strategy. In the process of top-level design, the regulatory authorities play a role in cross-departmental coordination, facilitating the organic integration of industrial, scientific research, and market policies, thereby forming a systematic and forward-looking development pathway.

1.2 Industry Regulatory Authorities Serve as the Driving Force for Enterprise Development within Their Sectors

Enterprises constitute the fundamental units of industry development, and industry regulatory authorities play a driving-force role in promoting their growth and enhancing their competitiveness. These authorities assist enterprises in reducing innovation costs and improving their R&D capabilities and market expansion abilities through policy support, financial subsidies, and funding assistance. They also work to foster a fair competitive market environment, combat unfair competition and monopolistic practices, thereby providing a stable outlook for enterprise development. Furthermore, by establishing government-industry-academia-research-application collaboration platforms, the regulatory authorities facilitate in-depth cooperation among enterprises, scientific research institutions, and end-users, enhancing the efficiency of technological innovation and the commercialization of outcomes for enterprises.

1.3 Industry Regulatory Authorities Serve as the Authoritative Evaluators of Product Efficacy within Their Sectors

Before products enter the market, they must undergo rigorous verification and assessment to ensure compliance with industry standards and societal needs. Industry regulatory authorities, who possess industry development standards and technical specifications, organize experts to conduct scientific and objective technical evaluations. This process prevents enterprises from overlooking safety and social value due to a narrow pursuit of commercial interests. These authorities promote the establishment of an open and transparent evaluation system, providing authoritative references for enterprises and society through unified indicator systems and review mechanisms, thereby enhancing public and market trust in new products. Their evaluation opinions not only carry credibility within the industry but also serve as a crucial basis for subsequent product promotion and policy support. By undertaking the core responsibility of assessing product effectiveness, reliability, and applicability, industry regulatory authorities effectively control the quality threshold for market entry. They act as the authoritative evaluators of product efficacy within their sectors, laying a solid institutional foundation for the healthy development of the industry.

1.4 Industry Regulatory Authorities Serve as the Destination for the Practical Application of Products and Industries

During the process of industrial development, the journey of a product from research and

development to final application requires the connection of multiple links, including policy alignment, standards conversion, and integration into real-world scenarios[2]. On one hand, regulatory authorities can utilize policy tools and administrative resources to create an institutionalized space for product application, promoting the large-scale adoption of new technologies and models within the industry. On the other hand, these authorities possess the capability to integrate resources across the upstream and downstream sectors. They can coordinate research institutions, enterprises, and end-user scenarios to establish efficient collaborative mechanisms, thereby preventing a disconnect between R&D outcomes and industrial needs. Furthermore, by formulating pilot demonstration projects, regulatory authorities can guide innovative products to undergo trial implementation in key areas first. The application experience accumulated from these trials can then be leveraged for promotion across the entire industry.

1.5 Industry Regulatory Authorities Serve as Effective Promoters of Products

After products complete their research, development, and evaluation, the speed at which they gain market recognition and achieve widespread application largely depends on the effectiveness of their promotion[3]. Industry regulatory authorities can leverage their advantages in policy guidance and resource allocation across the entire sector. By formulating supportive policies and issuing application guidelines, these authorities can create an institutional environment conducive to the promotion of new products, encouraging enterprises to actively adopt advanced outcomes. Utilizing their authoritative platforms, they organize industry exhibitions, exchange forums, and promotional events to expand the social influence and market acceptance of new products. Relying on the promotional role of these regulatory authorities, products can overcome market perception barriers and realize their technological value and social benefits on a broader scale.

2. Challenges Faced by Government Functional Departments in Guiding Industrial Development

Currently, the following issues persist in the coordination between government functional departments and industry regulatory authorities: unclear division of powers and responsibilities among governments below the provincial level and between different government departments, blurred lines between the duties of local governments and state-owned enterprises, ineffective supervision due to the extended chain of implicit local government debt generation, difficulties in the market-oriented transformation of financing platform companies, and the low returns from government special bond projects[4].

2.1 Excessive Avoidance of Impropriety Hinders Government-Industry Collaboration

In the process of industrial development, government functional departments are supposed to serve as crucial links for policy guidance and industry engagement. However, in reality, some industry regulatory authorities demonstrate a pronounced avoidance mentality when promoting government-industry collaboration due to concerns about being questioned for "collusion between power and business." This excessive caution leads to a lack of necessary communication channels and cooperation mechanisms between the departments and the industries. Consequently, enterprises struggle to obtain policy support for new product trials and the construction of demonstration scenarios, which slows down the marketization process of outcomes. Simultaneously, without the active involvement of government functional departments, some emerging industries lack directional guidance and institutional safeguards in their initial stages, resulting in issues such as fragmented resource allocation and unclear innovation pathways[5].

2.2 Passive Attitudes Dampen Investment Enthusiasm

Industrial development requires sustained investment from enterprises and broad participation from the capital market, and the attitude and actions of government functional departments often directly influence investor confidence[6]. If industry regulatory authorities display a passive stance in policy guidance, application promotion, and market cultivation, it will lead enterprises and investors to question the industry's prospects, resulting in a decline in investment willingness. Particularly when emerging industries are still in their nurturing phase, active governmental endorsement and institutional support are often regarded as market signals, which can effectively bolster the confidence of social capital. Conversely, if the regulatory authorities remain inactive over an extended period, it not only

hampers the strategic planning of enterprises but may also cause capital to "hold back," affecting the formation and growth of the entire industrial chain. This can lead to insufficient innovation momentum, difficulties in commercializing technological achievements, and ultimately weaken the nation's competitive advantage in critical sectors.

2.3 Sluggish Action Leads to Missed Windows of Opportunity

The development of emerging industries is often characterized by short windows of opportunity and rapid change, necessitating quick responses from government functional departments in terms of policy provision and resource allocation. However, some industry regulatory authorities, due to complex internal procedures, insufficient coordination, or a lack of initiative, are slow to act in promoting the implementation of industries. This sluggishness results in numerous opportunities being seized ahead by competitors. Innovative products and emerging technologies fail to receive timely policy guidance and promotion support during the stages when they need it most, causing them to lose their first-mover advantage in the market. More critically, such delays may cause our nation to forfeit strategic initiative in international competition and miss crucial opportunities to nurture a domestic industrial ecosystem. If government functional departments cannot respond with a proactive and efficient posture, it will be difficult for them to build a competitive edge on the international stage.

2.4 Ambiguous Primary Responsibilities Hinder the Commercialization of Outcomes

In the process of promoting the commercialization of innovative products, the testing and verification phase constitutes a critical threshold for technology transfer. However, some industry regulatory authorities show a lack of initiative in providing necessary testing scenarios for innovative products on the grounds that it is "not their core responsibility." This impedes the progression of outcomes from the laboratory to industrial application. When products cannot be validated in real-world industrial environments, it not only affects the maturity of the technology and its market acceptance but also significantly delays the commercialization process. Furthermore, this ambiguity in responsibility places enterprises and research institutions in a difficult position during industrialization, leading to a loss of innovation momentum and a waste of resources. As industrial upgrading and technological iteration accelerate, if government functional departments continue to be absent in promoting the commercialization of outcomes, it will inevitably result in a disconnect between innovation and the market, ultimately impacting the nation's overall scientific and technological competitiveness.

2.5 Lack of Performance Metrics Leads to an Imbalanced Evaluation System

Within the current government performance evaluation system, the effectiveness of promoting certain industrial developments is not included as a core assessment indicator for some industry regulatory authorities. For some functional departments, industrial guidance is not a primary duty; successful promotion may not lead to substantial recognition in performance evaluations, while poor outcomes could potentially result in accountability. This imbalance in the evaluation mechanism diminishes the enthusiasm of industry regulatory authorities for industrial development and weakens their internal drive to translate innovative outcomes into concrete industrial benefits. Over the long term, this tends to foster an administrative culture where "avoiding responsibility" outweighs "assuming responsibility," causing industrial development to be perceived as "outside one's purview." If the evaluation mechanism fails to align with the needs of industrial development, it may undermine the effectiveness of government guidance and hinder the implementation of national strategic deployments.

3. Recommendations for the Work of Government Functional Departments in Guiding Industrial Development

3.1 Improving Routine Coordination Systems for Vertical Integration and Horizontal Collaboration

Establish a weekly coordination meeting system for city-wide industrial development. At the municipal level, play a leading role in holistically steering the overall situation, integrating resource allocation, and coordinating key tasks. At the departmental level, clarify functional positioning, assume specific implementation responsibilities, and form a working pattern that combines vertical and horizontal management with clear division of duties. At the societal level, active participation should be

encouraged under government guidance to provide information support and resource coordination. Holding regular coordination meetings helps promptly identify prominent issues in industrial development, promotes cross-departmental and cross-sectoral collaborative efforts, and effectively resolves bottlenecks and obstacles in the policy implementation process. Furthermore, through this routine and institutionalized coordination mechanism, industrial development can generate a synergistic force that integrates top-down directives, horizontal linkages, and societal collaboration. This approach enables more targeted policy execution and ensures the sustainability of development objectives.

3.2 Establishing a Regular Advancement and Consultation Mechanism for Dynamic Adjustment and Continuous Optimization

Establish a regular industry promotion meeting system for industry regulatory authorities to enhance the efficiency of policy implementation and the level of industrial governance. These advancement meetings should adopt a problem-oriented approach, focusing on key tasks, challenging segments, and bottleneck issues. They should promptly summarize phased achievements and discuss follow-up measures for advancement. Through regular consultations, an efficient internal information-sharing mechanism and collaborative working mechanism can be formed within the government, avoiding implementation delays or policy disconnects caused by insufficient inter-departmental communication. During operation, a dynamic adjustment mechanism can be established to optimize policy measures in a timely manner based on changes in the domestic and international environment and the actual conditions of industrial development. This ensures the scientific nature of industrial development direction and the adaptability of policy execution. Through this institutionalized advancement meeting mechanism, continuous optimization and iterative improvement can be achieved throughout the industrial development process, ensuring that government guidance remains both forward-looking and effective.

3.3 Improving the Internal Planning Function within Departments to Enable Professional Guidance for Development

Establish an internal industrial planning function within industry regulatory authorities to ensure that industrial development is scientific and forward-looking. This internal planning department must undertake responsibilities for trend analysis, strategic design, and implementation guidance. By integrating national industrial policies with local developmental realities, it should formulate targeted and actionable planning schemes to provide institutionalized support for government decision-making and enterprise development. Furthermore, strengthening this specialized planning function can enhance the professional level of policy formulation, avoiding deviations in policy implementation caused by overlapping functions or unclear responsibilities. Simultaneously, the internal planning department should emphasize close alignment with market dynamics, scientific research outcomes, and societal needs, ensuring that plans reflect scientific rigor, adaptability, and innovation. Throughout the planning formulation and implementation process, a dynamic adjustment mechanism should be established to guarantee that industrial development promptly responds to changes in the external environment and internal developmental requirements.

3.4 Establishing a Dual-Responsibility System to Integrate Macro-Level Planning with Industry-Specific Advancement

Explore the implementation of a "dual responsibility for a single post" mechanism in economic development. Departments overseeing economic development should operate from an overarching perspective, assuming the responsibility for holistic planning and strategic coordination. They must integrate industrial development into regional economic plans and strategic deployments, ensuring the direction of development aligns with national strategy and local realities. Industry regulatory authorities, in turn, should treat the industrial development of their respective sectors as a core duty. They are required not only to perform regulatory and service functions but also to actively promote industrial structure optimization, technological innovation, and market expansion. Through the institutional arrangement of "dual responsibility for a single post," the phenomena of fragmented responsibilities and a disconnect between authority and accountability can be effectively avoided. This approach facilitates an organic integration of macro and micro perspectives, significantly enhancing the systematic and coordinated nature of government industrial governance, thereby providing a solid guarantee for the healthy development of industries.

3.5 Combining Rigid Assessments for Constraint with Flexible Incentives to Stimulate Motivation

Establish an assessment mechanism that incorporates both rigid constraints and flexible incentives to encourage functional departments to take proactive actions and fulfill their responsibilities diligently. Rigid assessments, implemented through quantitative indicators, institutional constraints, and accountability measures, ensure the effective implementation of industrial development objectives. This creates a top-down chain of pressure transmission, making each department clearly accountable for the outcomes of industrial development. Flexible incentives, on the other hand, translate the achievements of industrial advancement into tangible benefits for departments and officials through sharing development dividends, policy rewards, and performance recognition. This enhances the internal motivation to promote industrial development. This mechanism, which balances rigidity and flexibility, not only helps prevent the emergence of a culture of "responsibility avoidance" but also fosters an atmosphere oriented toward "assuming responsibility." It enables industrial governance to achieve the dual goals of ensuring accountability and stimulating motivation, increases the flexibility and sustainability of policy implementation, and effectively drives the comprehensive improvement of the government's capacity to guide industrial development.

4. Conclusion

Government functional departments play a crucial role in top-level design and overall coordination for industrial development, while industry regulatory authorities serve as the key force driving the practical implementation and continuous optimization of specific industries. The degree of coordination between them directly determines the implementation effectiveness of national industrial policies and the overall competitiveness of the industrial system. The disconnects between government functional departments and industry regulatory authorities in areas such as strategic planning, resource allocation, policy implementation, and technology transfer have become significant bottlenecks constraining high-quality development. Therefore, it is essential to improve vertical integration and horizontal collaboration mechanisms, establish routine coordination systems and dynamic consultation platforms, and enhance the systematic and targeted nature of policy implementation. Concurrently, the professional planning function of industry regulatory authorities should be strengthened, the "dual responsibility for a single post" accountability system should be refined, and the performance evaluation mechanism should shift from a sole focus on outcomes to incorporating process-based incentives, thereby forming an institutional framework that combines rigid constraints with flexible incentives. Only when government functional departments and industry regulatory authorities achieve efficient collaboration can industrial policies truly realize scientific guidance and precise implementation. This will facilitate the construction of a modern industrial system characterized by optimized structure, innovation-driven growth, and security and controllability, solidify the foundation of the real economy, and propel China into a new stage of high-quality development.

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