



Based on the Perspective of Urban Social Governance—Research on the Function Transformation of County-Level Government in Underdeveloped Areas of Market Economy

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Abstract

Since 2013, the decentralization of government has become a breakthrough in the transformation of government functions. The essence of China's social governance innovation is the decentralization of government functions. However, in the underdeveloped Midwestern Sectional Figure Skating Championships of the market economy, the result of the transformation of government functions has not reached the expectation. According to North's theory of institutional change, the transformation of government functions is restricted by many factors, such as economic environment, institutional contract, organizational basis, and so on, the way-dependence caused by the planned thinking and the solidified interests has seriously affected the carrying out of the work of simplifying administration and delegating powers, so we should solve the dilemma of the function transformation in the underdeveloped areas of the market economy from the angles of system, organization and humane care.

Keywords

Social Governance, underdeveloped market economy, county-level government, simplification of administration and decentralization, functional transformation

1. Introduction

Since the new government took office in 2013, the central government has vigorously promoted reforms, and made new progress in the transformation of government functions with streamlining administration and delegating power as a breakthrough. Certain results: However, in the process of reform, the transformation of county-level government functions in the central and western regions seems to be incapable of doing what it should, and the management and service functions are still not fully exerted. Then what is the reason that hinders the transformation of county-level government functions in this area, and how to solve it? This paper intends to study from the perspective of institutional changes, based on the operating environment of the underdeveloped market economy, investigate the problems existing in the reform of county-level governments, and then explore beneficial counter-measures.

2. Analysis of the theoretical connotation and applicability of institutional change

The theory of institutional change, founded by American economist Douglas C. North, caused a revolution in

understanding institutions in the 1990s. North believes that institutions are some artificially designed constraints that shape the interaction between people. Institutions are stable and always evolving. The system is mainly composed of three parts: the formal system, the informal system and its implementation form and effectiveness. The effectiveness of the system implementation is restricted by the effectiveness of supervision and the severity of punishment, as well as by the degree of fit between the formal system and the informal system. Formal constraints may change overnight due to political or judicial decisions, but informal constraints embedded in customs, traditions, and codes of conduct may be difficult to change by deliberate policy (North & Hang Xing, 2014).

Unlike an institution, an organization is an entity with a purpose, but it has similarities to an institution in that it provides a structure for people to interact with each other. North modeled an organization, primarily analyzing its governance structure, skills, and achievement of its goals. Organizations mainly include political groups, including political parties, Senate, city councils, and administrative agencies, economic groups including manufacturers, trade unions, family farms, and cooperatives, social groups including churches, clubs, and sports associations, including schools and universities, vocational training centers and other types of educational groups (North & Hang Xing, 2014) Organizations influence each other and work together.

Institutions and organizations interact with each other. Institutions, along with standards in economic theory, determine the opportunities that exist in society, and organizations are created to take advantage of these opportunities; and organizations evolve and change in pursuit of these opportunities. Institutional structure and organization are the protagonists of institutional change. The two together define, limit and change the choice set of human behavior, and their interaction determines the path of institutional change.

Institutional change is a complex process (as shown in Figure 1), its direction is mainly the exploration of effective institutions, and its path selection is mainly subject to two factors, namely the lock-in effect¹ and the feedback process², path dependence and incomplete information are the decisive factors that lead to the gradualness, continuity and difference of results of institutional change. Institutional change theory pays full attention to the issue of human cooperation, and it is clear that the evolution of institutions will create a suitable environment for cooperation, thereby promoting economic growth.

North's theory of institutional change is mainly used to explain the role of institutions on economic performance, and this analytical framework can also be used to interpret other social science phenomena. For the current reform in China, the transformation of government functions with streamlining administration and delegating powers as a breakthrough is an important part of the reform of the administrative system (see Figure 2). On the one hand, streamlining administration and delegating powers aims to promote the solution of China's institutional and institutional problems through the reform of government institutions, that is, to play an organizational role to bring about institutional changes; on the other hand, to guide and restrain government behavior through institutional innovation and improve work efficiency. At present, there are many obstacles to China's reform, especially the implementation of reform at the grassroots level. On the one hand, it is because the organization is motivated by the original system to profit. According to the theory of evolutionary hypothesis, competition will eliminate inefficient systems, but the reality is due to domination. On the other hand, people's non-integrity and subjectivity in acquiring and interpreting information also hinder the implementation of reforms (North & Hang Xing, 2014).

At present, the transformation of county-level government functions is hindered, and the incentives are not single, so we cannot simply focus on the central government's work of streamlining administration and delegating powers. In the reform process, the problem of differentiation in different counties has emerged, and the progress and results are uneven. It is also a thorny problem to achieve balanced reform in different counties. Therefore, to promote the transformation of government functions, it is necessary to look down and look out. The lower-level government, society, market, and other organizations or individuals should all be concerned. The ability of a single subject is limited, and multiple participations are required to jointly achieve the reform goals; at the same time, the external environment should also be being valued, such as unbalanced economic development, is also an important factor in the differentiation of government reforms. The transformation of government functions that is suitable for economic development and society may slow down due to the lock-in effect and the feedback process, but the theory of

¹ The lock-in effect, which arises from the institution and the organization evolved from the incentive structure of the institution. The symbiotic relationship between them is mainly due to the organization's dependence on the institutional framework from which it is born and the network externalities derived from the system.

² The feedback process, which consists of human perception and response to changes in the opportunity set. That is, people's different reactions to changes in objective existence, thus forming different interpretations of reality.

institutional change also explains the inevitability that government functions will change. A cyclical process may also be a spiral upward process. The result of the transformation is related to many factors and needs to be grasped from various aspects.

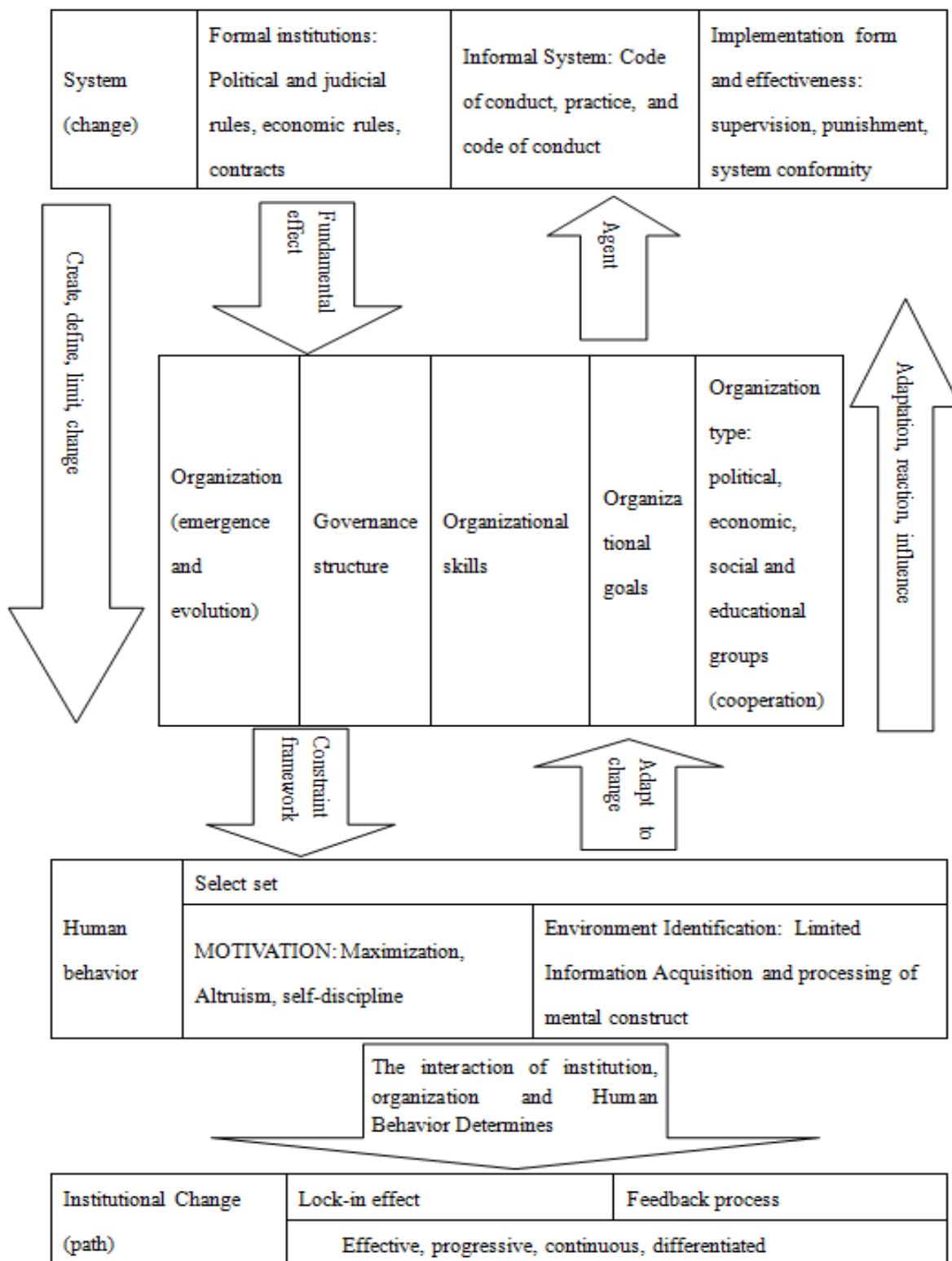


Figure 1. Process of institutional change.

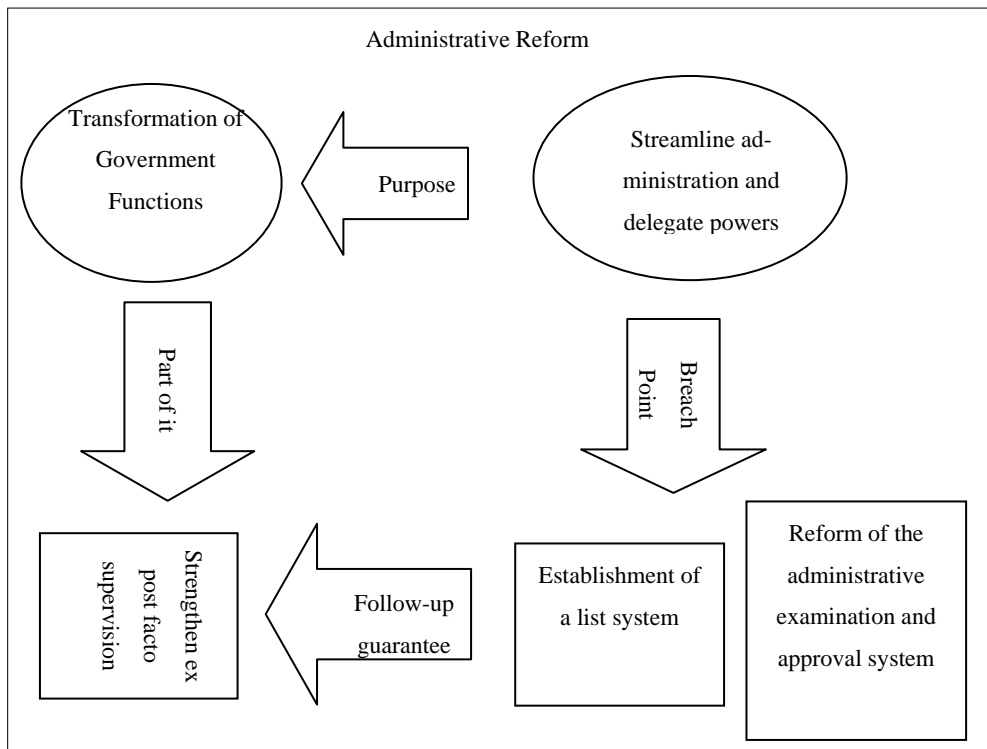


Figure 2. Decentralization and transformation of government functions.

3. Analysis of the current situation

As an important part of government organizations, government functions are restrained by the governance structure and guided by organizational goals from the perspective of internal factors; from the perspective of external factors, they are strongly constrained by laws, regulations, contracts and other systems, social and other environmental factors (see Table 1). Therefore, the transformation of government functions should not only start from the inside of the organization and exert subjective initiative, but also focus on the constraints of external factors.

Table 1. Basic Environment for functional transformation of county governments

Projects	Institutional Background			Organization Factor		
	Political Rules	Economic Rule	Indenture	Social Organization	Internal Environment	Other Constraints
County government	Streamline administration and delegate power: reform the administrative examination and approval system and establish a list system; Legal environment: act according to law, etc.	There are loopholes in the basic system framework of market economy, such as the reform of commercial system and investment system.	Target responsibility letter signed with superior department.	Enterprises, markets, media, intermediaries, civil society organizations, citizens, academic groups, educational institutions, etc.	It has a dual subordination nature, ³ there are many functional departments, and the powers are mainly divided into six categories; the objectives are diverse, the quality of employees is uneven, and the degree of experience accumulation is different.	Economic level, resident income, technology, preferences, etc.

³ On the one hand, it is the executive organ of the county-level people's congress and its standing committee, responsible for and reporting on its work; on the other hand, it is the county-level state administrative organ and must obey the leadership of the higher-level state administrative organ.

3.1 Economic Environment: under-developed market economy

Since 1990s, China has carried out the reform of economic system and realized the transition from plan to market. However, unlike the market economy developed in the Western developed countries after several hundred years, China's market economy is not primary and lacks local Base, so the power of the government cannot be ignored. North argues that, in general, economic rules are determined by political rules, and that when the market economy system was first established, China's policy of encouraging people to get rich before they get rich was first tilted in favour of the geographically privileged eastern seaboard (see Table 2), the marketization process in different regions of China is obviously different from that in Midwestern Sectional Figure Skating Championships. According to the table, the author defined Midwestern Sectional Figure Skating Championships as the underdeveloped areas of market economy, as the research object of this paper.

Table 2. Regional distribution of China's provincial marketization index ranking (2019)

Quantity / Rank	Region	Eastern Region (11)	Central region(8)	Western region(12)
Top 10		8	1	1
Middle Eleven		2	5	4
Last ten		1	2	7

Note: The regional division⁴ is based on the fourth session of the sixth session of the National People's Congress, the fifth session of the eighth session of the National People's Congress and the strategic plan for the development of the western region; the ranking of the marketization index is mainly derived from the Report on China's provincial marketization index report (2021) (internet2021) (For specific data, see Appendix 1).

The economic base and the superstructure interact and interact with each other, and institutions are the key to understanding the relationship between politics and the economy and the impact of this relationship on economic growth (or stagnation, recession) (North & Hang Xing, 2014) North argues that economic interests influence political structures. As an economic system in which the market mechanism plays a fundamental role in resource allocation, there are various modes of market economy development⁵, usually underdeveloped areas with a market economy mostly adopt a government-led or comprehensive governance model. According to the evaluation system of market economy indicators given by authoritative institutions (see Appendix II for specific indicators), the basic institutional framework of the market economy should at least include a free enterprise system, a sound market system, and sound government functions (macro-control system and micro-regulation), a complete social security system and legal system. However, compared with indicators such as the development of non-state-owned economy and the development of product and factor markets, the author will focus on the relationship between the government and the market. Government efficiency in a market economy is an important issue faced by underdeveloped areas of the market economy. Different from direct government intervention in a planned economy, providing public services according to public needs is the basic function of a modern government under the conditions of a market economy. The change of ideas and the adjustment of government functions all require a process.

The market economy has its own insurmountable defects (Wang Chunyan, 2016), which cannot be laissez-faire, and government functions occupy an important position in its development, which has always been the consensus of the academic community. It's just that the market economy at different stages of development has different requirements for government functions. The underdeveloped market economy is a major environment for the transformation of county-level government functions in the central and western regions. At present, the development of the market economy requires the adjustment of government functions to adapt to it. The status quo of underdeveloped economy restricts the pace of transformation of county-level government functions. How to play the role of the government in promoting the transition of the market economy from the underdeveloped level to the developed level, North's theory of institutional change provides a relatively systematic and complete guiding model.

⁴ Eastern region: Liaoning, Hebei, Beijing, Tianjin, Shandong, Jiangsu, Shanghai, Zhejiang, Fujian, Guangdong, Hainan; Central region: Jilin, Heilongjiang, Shanxi, Henan, Anhui, Jiangxi, Hubei, Hunan; Western region: Inner Mongolia, Shaanxi, Ningxia, Gansu, Xinjiang, Qinghai, Tibet, Sichuan, Chongqing, Guizhou, Yunnan, Guangxi.

⁵ Mainly four modes: market-led, government-led, social-led and comprehensive governance.

3.2 Political Rules and Contracts: Reform of Streamlining Administration and Delegating Powers

Since the establishment of the new government in 2013, the work of “streamlining administration and delegating power” has been mentioned many times. The essence of streamlining administration and delegating power is to return power to the people (Zhang Ding’an, 2016), and to transfer the power originally belonging to the market, the public, enterprises, social organizations and local governments. Return them to them respectively, and give them full respect and maximum mobilization, so as to stimulate the vitality of each subject, promote economic development, and improve social creativity (see Table 3). Only by transferring the matters that should not be managed by the government can the decisive role of the market in resource allocation be guaranteed institutionally, and that the market, enterprises, the public and social organizations can play a greater role in the management of social and public affairs; at the same time, the government can also have greater power to implement the functions of macro-control, market supervision, social management and public services.

Table 3. List of tasks of county governments in the reform of decentralization

	Succession of Power	Institutional Innovation	Functional Transformation	Organization Adjustment
County government	To undertake, clean up, retain or cancel the items of administrative examination and approval, mainly in the form of decentralization to the market and society.	Carding the list of rights and responsibilities, establishing the project management system of the government’s investment approval and record, reforming the commercial system and so on.	Optimizing public services: cancel self-established professional qualification licensing and certification matters; clean up and standardize charging items ⁶ ; standardize intermediary services, etc. Strengthen supervision during and after the event.	Set up administrative examination and approval service center, set up market supervision and Administration Bureau, etc.

Compared with the initiative of decentralization in the eastern region, the decentralization in the less developed areas in the central and western regions is characterized by passivity, which is different from the initiative of decentralization to the market and society in order to promote development, in view of the lag of the passive decentralization of supervision tasks by higher authorities, it is more difficult for the Midwestern Sectional Figure Skating Championships to simplify administration and delegate power.

3.3 Organizational basis: county-level government agencies

Various types of county-level governments⁷. In order to adapt to the block management model, there are 30 to 50 working departments for the establishment of “commissions”, “offices” or “bureaus”. Protection, personnel administration and other six aspects of power, perform public service, social governance, market supervision, environmental protection and other functions, its fiscal revenue mainly comes from taxation, and also receives financial support from higher-level governments to varying degrees.

Organization is not only a function of the system, but also affected by other constraints. Therefore, in the process of functional transformation, the county-level government should, on the one hand, be driven by streamlining administration and delegate power to implement institutional arrangements; The social environment is oriented to adapt to the overall and characteristic development of the economy, actively exert people’s subjective initiative, and cooperate with many parties to promote the realization of the organization’s goals (see Figure 3).

4. Problem presentation

4.1 Institutions are created for self-interested purposes, but because of their applicability, they are sometimes inefficient or even ineffective.

Many enterprises and people feel that the benefits from the reform are not obvious, and they still feel that there

⁶ Specifically, it refers to the illegal establishment of administrative fees, government funds, business service fees and administrative examination and approval intermediary service project fees.

The county-level governments referred to in this article mainly refer to the governments of counties, autonomous counties, county-level cities, municipal districts, flags, and autonomous flags.

⁷ The county-level governments in this article mainly refer to the governments of counties, autonomous counties, county-level cities, municipal districts, flags, and autonomous flags

are too many approvals, difficult approvals, and slow approvals in handling affairs. When the county-level government cleans up and cancels the administrative approval items, it involves insufficient matters closely related to the development of enterprises (Shen Ronghua, 2016). The coordination of matters involving the simultaneous cancellation of outsourcing by multiple departments is insufficient, and the restrictions on simplifying the approval process are insufficient, thus increasing the transaction cost of public services, and there is still a lot of room for reform.

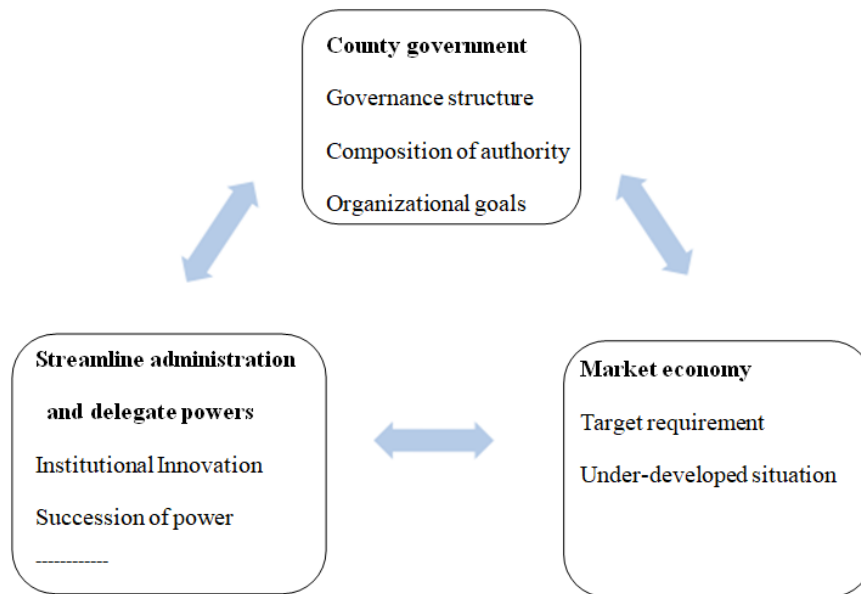


Figure 3. schematic diagram of the relationship between the elements.

4.2 Lack of attention to informal institutions and inertial planning thinking seriously hinder the transformation of government functions.

Compared with the relatively developed regions in the eastern market economy, the county-level governments in the central and western regions are more conservative in thinking and are accustomed to planning and control. There is a more serious problem of direct government allocation of resources, excessive and meticulous management, and functional dislocation, offside, absence, etc. Problems such as not being in place, and the path dependence caused by the solidification of interests have led to the slow progress of county-level governments in the central and western regions in the tide of streamlining administration and delegating power.

4.3 Rules including politics, economics, and contracts set measurement indicators and action directions for organizations, but organizational performance and institutional regulations are not one-to-one. An important reason is that the system produces deviations in the implementation process.

The county-level government has a vague understanding of the higher-level government's order to decentralize. At this time, the sense of love for power makes the power-related departments choose whether to release it or not (Li Jia & Li Zhirong, 2020). This is also a serious consequence of ineffective supervision and punishment during and after the event.

4.4 In the process of reform, county-level governments lacked the ability to undertake power and did not perform their functions properly.

The poverty problem in the underdeveloped areas of the market economy is prominent, the economic development mainly depends on the rural natural economy, the infrastructure is weak, the development lacks technical support, and the economy develops inwardly. The economic level of each county largely determines the government's financial strength, and finance is the basis for its existence and normal operation. The government's transformation of functions to optimize services and strengthen supervision has increased the pressure on rigid financial

expenditures, and the financial constraints are limited. Fiscal spending seriously hinders the way to transform government functions.

After the decentralization of many administrative approval items, the quality of grass-roots personnel and technical equipment cannot keep up with the requirements, resulting in deviations in the interpretation and implementation of policies, resulting in insufficient ability to strengthen supervision and insufficient efforts to optimize services. The county-level government has a single main body of public services, and the social organization itself is insufficiently built. The autonomy, independence, coordination and supervision ability, and social recognition degree need to be improved urgently, so its social role is limited. The main body of the government has limited service capacity and cannot meet the diverse needs of the public, and the contradiction between supply and demand is prominent.

4.5 Does not pay attention to the real needs of human behavior, and thus responds less to social concerns.

The reform of streamlining administration and delegating powers is a top-down process, but many voices come from the grassroots. It is inevitable that there will be errors between the top-level design and the needs of the grassroots. The serious consequences are incomplete institutional reform and inadequate public services. At present, county-level governments pay more attention to various figures such as GDP, fiscal revenue, and taxation, and pay attention to various indicators and requirements of higher-level governments (Liu Dongbing, 2021). Put service in words, not in action. Although the counties have responded to the government's call and established county-level public service centers, this cannot fundamentally reverse the service attitude of public servants. They have poor work enthusiasm and will not take the initiative to identify problems and find a way out. Service awareness needs to be enhanced urgently.

5. Change Direction and Path Selection

As a basic link in my country's administrative management system, in response to the requirements of the reform of streamlining administration and delegating powers, county-level governments should optimize the government structure and strictly control the establishment of institutions in the process of function transformation; Management, environmental protection and other functions, and truly implement the work of "releasing", "controlling" and "serving". The interaction of institutions, organizations, and human behavior is also accompanied by problems such as lock-in effect, path dependence, and feedback process in the process of promoting institutional changes (Li Xiaoyu, 2021). Governments at different levels must start from the root cause of the disease, comprehensively consider various factors, and start from the system, organization and human behavior, and seek ways to deal with it.

5.1 System construction, improvement and standardized implementation

The improvement and innovation of the system is an important guide for organizational reform. In the process of building and improving the system, the cost of compliance should be fully considered, based on the needs of the audience, measure the cost of political transactions, and reduce the resistance to system implementation, so as to promote government reform. In response to the problem that the public does not have a strong sense of gain in the reform of the administrative examination and approval system, it is necessary to strengthen the applicability and practicality of the system, such as clarifying the guidelines and standards for the formulation of the list, reducing the randomness of work, improving the gold content of administrative examination and approval matters, and simplifying the examination and approval checkpoints. In addition, on the basis of the list of rights and responsibilities, the county-level government can improve the list of administrative charges, the list of special fiscal projects and the list of poverty alleviation, and strive to promote the negative list system for market access and the list system for abnormal business operations (Zhang Xinxin, 2020). To clarify the boundary between the government and the enterprise for matters, reduce the government's intervention in the enterprise, this system adapts to the development model of the market economy, and is also a breakthrough measure for the reform of streamlining administration and delegating power. It should be noted that in the process of system construction, the county-level government should base itself on the status quo of county development and ensure the standardization and operability of the system, which is an important prerequisite for realizing government-enterprise cooperation.

The construction of the system of the county-level government in the central and western regions should meet the needs of the development of the market economy, overcome the constraints brought by the planning thinking, and change the ideological concept. The concept of system formulation should realize the transformation from the internal orientation of public administration to the external orientation, from focusing on institutions, processes and procedures to focusing on projects, results and performance. The development of the market economy depends on the guarantee of the system. Therefore, the core concepts of governments at all levels should be changed from “rule of man” to “rule of law”, from “bureaucratic concept” to “responsibility concept”, and from “administrative control” to “administration control”.

The effectiveness of system implementation is the fundamental guarantee for the successful promotion of reform. In view of the problems in the implementation of the administrative examination and approval system and the list of rights and responsibilities, the author believes that in addition to improving the existing system structure, the supervision work during and after the event is very important. This is an inherent requirement of the socialist market economy and an urgent need to smoothly promote reform and development. Therefore, it is necessary to focus on information disclosure, performance appraisal, government supervision, social supervision, administrative accountability and other means (Zhu Feirong, 2019), unify supervision standards and principles, explore prudent and innovative supervision methods, and strengthen the government’s “no action without the authorization of the law, and statutory duties must be the rule of law concept and code of conduct”.

5.2 Organization adjustment and cooperation

Improve organizational structure and skills and enhance takeover capacity building. First, it is necessary to adjust the structure of public financial expenditures, increase investment in public services, reduce non-public expenditures, strictly control “image projects”, eliminate project expenditures that have little to do with local economic and social development, and maximize limited funds. Utility, use the funds on the blade of serving the people. For example, in response to the lack of ability and low quality of grass-roots civil servants, it is necessary to actively organize staff to participate in duty performance training; for departments with high professional requirements and outdated instruments and equipment, timely allocation of funds should be made to update them. Second, the structure and function are correspondingly born. Posts are set up according to the event, and the staffing can meet the needs of the task (Sun Caihong, 2017). The work concept of “organization first” greatly improves the self-hematopoietic ability of county-level government departments, which directly affects the effective performance of government functions. For example, the administrative examination and approval service center should follow up in a timely manner in terms of institutional setup, staffing, skills training and supply of software and hardware facilities, and continuously optimize examination and approval services. Third, starting from optimizing services and strengthening supervision goals, with the help of information technology means such as the Internet, cloud computing, big data, etc., with grid management and social services as the direction, to build a network covering government affairs disclosure, online service, information sharing, online County-level public service and supervision platform for approval, one-stop service, etc.

Strengthening inter-governmental coordination and promoting organizational cooperation. First of all, to achieve effective communication and cooperation between government departments, change the authority of the “You put him not put” and market supervision of the repeated or absent embarrassing situation. In addition, we should promote cooperation and consultation between the government and enterprises, society and other organizations, such as promoting the outsourcing of government services and subcontracting some public services to other organizations by means of contracts and commissions, to reduce pressure on the government and inject vitality into the development of other organizations while meeting the needs of the public for diversified services, and to promote two-way interaction between the government and the community through the use of Internet, television, telephone and interviews, we will encourage multi-agent participation at the county level to ensure citizens’ right to know and to participate, and promote the continuous improvement and efficient implementation of policies. It should be noted that the government is encouraging intermediary organizations⁸ at the same time as the development of intermediary organizations, we must strengthen the self-discipline and competition of intermediary organizations, and promote the fairness and rationalization process of intermediary organizations’ services.

⁸ Intermediary organizations are social, including industry associations, chambers of commerce, science and technology, public welfare and charity, and urban and rural community service social organizations.

5.3 Humanistic care and guidance

From the perspective of citizens, government reform should be carried out on the basis of truly grasping the reality of the audience (citizens, enterprises), based on social concerns, with the purpose of making the people the goal, and consider issues from the perspectives of sponsors and enterprises; from the perspective of staff, to change the work philosophy, enhance service awareness, improve execution. In order to better play the government's service functions and perform regulatory tasks, government staff and law enforcement officers must improve their own quality, have the awareness of serving the market, form a higher self-discipline, and cultivate stronger temptation resistance, power to better serve the people within a legal and ethical framework.

6. Conclusion

The underdeveloped market economy is the general environment for the transformation of county-level government functions in the central and western regions. Government functions need to be constantly adjusted to adapt to and promote its development. Therefore, this element plays a guiding role in the transformation of government functions. Streamlining administration and delegating power is a new round of government reform initiated by the central government. It is an important driving force for the transformation of government functions. Its purpose is to realize the transformation of government functions. To clarify the relationship between the two is to better guide functions transforming practice. The county-level government is an important carrier and implementation object of functional transformation, and its goal is to complete the tasks of the superior, realize the transformation of functions, and reverse the predicament of the underdeveloped market economy. Therefore, under the guidance of the theory of institutional change, we should fully coordinate and handle the relationship between the economic environment, political rules and government organizations and other elements, give full play to the subjective initiative of people, and achieve the balance of reform by continuously improving the system and optimizing the organization. Make up for the shortcomings brought about by the country's unbalanced development model, narrow the gap between the rich and the poor, and achieve common prosperity.

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Appendix I:

Table 1. Marketization Index Scores and Rankings of Each Province

area	Marketization Index (Points)				market ranking				2019 compared to 2016 Index rise and fall	2019 compared to 2016 Rank up and down
	2016 year	2017 year	2018 year	2019 year	2016 year	2017 year	2018 year	2019 year		
Jiangsu	7.07	7.16	7.27	8.51	6	6	6	1	1.44	5
Guangdong	7.76	7.96	8.16	8.37	3	3	3	2	0.61	1
Shanghai	7.95	8.03	8.17	7.97	1	1	2	3	0.02	-2
Zhejiang	7.94	8.01	8.17	7.95	2	2	1	4	0.02	-2
Fujian	7.56	7.67	7.80	7.62	4	4	4	5	0.06	-1
Shandong	6.78	7.00	6.99	7.07	7	7	7	6	0.29	1
Beijing	6.56	6.71	6.73	6.95	9	8	9	7	0.39	2
Chongqing	6.57	6.59	6.76	6.87	8	10	8	8	0.29	0
Tianjin	7.24	7.51	7.69	6.60	5	5	5	9	-0.64	-4
Jiangxi	6.41	6.61	6.71	6.59	10	9	10	10	0.18	0
Anhui	6.36	6.49	6.59	6.58	11	12	11	11	0.22	0
Hubei	5.90	6.12	6.23	6.54	14	14	14	12	0.64	2
Henan	6.24	6.53	6.50	6.39	12	11	12	13	0.15	-1
Liaoning	5.69	5.97	6.08	6.37	17	16	16	14	0.68	3
Sichuan	5.85	5.97	6.12	6.19	15	17	15	15	0.33	0
Hunan	6.00	6.31	6.37	6.13	13	13	13	16	0.12	-3
Hebei	5.40	5.67	5.73	5.89	20	20	19	17	0.49	3
Shanxi	5.61	5.81	5.99	5.72	19	19	17	18	0.12	1
Guangxi	5.78	6.00	5.98	5.34	16	15	18	19	-0.44	-3
Yunnan	4.00	4.29	4.36	5.16	28	28	28	20	1.15	8
Jilin	5.62	5.85	5.71	4.96	18	18	20	21	-0.67	-3
Guizhou	4.60	4.94	4.99	4.95	25	25	25	22	0.36	3
Shanxi	4.69	5.07	5.14	4.80	24	24	24	23	0.11	1
Heilongjiang	5.14	5.49	5.56	4.67	22	22	21	24	-0.47	-2
Ningxia	5.19	5.49	5.40	4.45	21	21	22	25	-0.74	-4
Inner Mongolia	4.52	4.70	4.74	4.29	26	27	27	26	-0.23	0
Hainan	4.87	5.17	5.21	4.27	23	23	23	27	-0.60	-4
Gansu	4.34	4.74	4.87	3.95	27	26	26	28	-0.39	-1
Xinjiang	3.51	3.89	3.82	3.93	29	29	29	29	0.41	0
Qinghai	3.08	3.36	3.32	3.35	30	30	30	30	0.27	0
Xizang	2.15	2.43	2.43	1.56	31	31	31	31	-0.59	0
average	5.69	5.92	5.99	5.81					0.12	

Note: The index rise and fall indicates how many cents the index rises (falls), a positive value means an increase, and a negative value means a fall. The rise and fall of the rank indicates that the rank is improved (decreased) by a few places, a positive value indicates an increase in the rank, and a negative value indicates a decrease in the rank.

Appendix II:

Table 2. Structure of the market index

Indicator name	Indicator category
1. The relationship between government and market	Aspect Index
(1a) The proportion of economic resources allocated by the market	sub-indices
(1b) Reduce government intervention in business	sub-indices
(1c) reduce the size of government	sub-indices
2. Development of non-state-owned economy	Aspect Index
(2a) The proportion of non-state-owned economy in the sales revenue of I industry	sub-indices
(2b) The proportion of non-state-owned economy in the total investment in fixed assets of the whole society	sub-indices
(2c) Proportion of non-state-owned economy in urban employment	sub-indices
3. Development of the product market	Aspect Index
(3a) The extent to which prices are determined by the market	sub-indices
(3b) Reduced local protection in commodity markets	sub-indices
(3c) Fair market conditions of competition	sub-indices
4. The degree of development of the factor market	Aspect Index
(4a) Marketization of the Financial Industry	sub-indices
(4a1) Competition in the financial industry	Secondary sub-indices
(4a2) Marketization of Credit Fund Allocation	Secondary sub-indices
(4b) Human resource supply conditions	sub-indices
(4b1) Supply of technicians	Secondary sub-indices
(4b2) management staff supply	Secondary sub-indices
(4b3) Skilled Worker Supply	Secondary sub-indices
(4c) Marketization of technological achievements	sub-indices
5. The Development of Market Intermediary Organizations and Legal Institutional Environment	Aspect Index
(5a) The development of market intermediaries	sub-indices
(5a1) Service conditions for market intermediary organizations such as lawyers and accountants	Secondary sub-indices
(5a2) How helpful industry associations are to enterprises	Secondary sub-indices
(5b) Maintain the legal environment of the market	sub-indices
(5c) Intellectual Property Protection	sub-indices