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Completed:

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EP “Administrative Management”

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TASK

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1. Theme of Thesis: **Improvement of administrative management of the institution (based on Management Committee of Haiyang Economic Development Zone)**

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Haiyang Economic Development Zone

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August, 28 2024

4. Background to the project (work):

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5. Contents of settlement and explanatory notes (the list of issues to develop):

According to the goal, the main tasks of the research should be identified:

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- Analysis of various aspects of the appointment system reform in development zones;*
- Improving various systems in development zones through reforms.*

6. Date of assignment: June, 01. 2023

CALENDAR PLAN

№	Title the stages of the degree project (work)	Date of performance project stages	Note
1	Definition and approval of the thesis, preparation of the plan - schedule of work	August 2023 p.	done
2	Selection and analysis of literary sources, the preparation of the first theoretical chapter	October - November 2023 p.	done
3	Preparation and presentation of draft of the first chapter of the thesis	January – February 2024 p.	done
4	Collection and processing of factual material, synthesis analysis of application issues in the enterprise	March – May 2024 p.	done
5	Making the theoretical part of the thesis, summarizing the analytical part	June 2024 p.	done
6	Design options improve the research problem	25-31 July 2024 p.	done
7	Completion of the project part of the thesis, design chapters	до 09 August 2024 p.	done
8	Previous work and its defense review	01-09 August 2024 p.	done
9	Checking the authenticity of the thesis	23 August 2024 p.	done
10	Deadline for student completed the thesis	05 September 2024 p.	done
11	Defense of the thesis	11 September 2024 p.	done

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Kalachevska**

Checking the authenticity conducted.

Thesis allowed to protect

Abstract

Since the establishment of the first batch of development zones in China in 1984, various types of development zones have been established one after another. They have played a very important role in the economic development of various regions. The development zone itself has roughly gone through three stages: rise, rapid development and innovation transformation. This paper mainly studies the provincial economic development zones. In the early stage of their establishment, the local government gave some preferential policies and support in order to speed up economic development. However, in recent years, China's economic development has continued to slow down. Under the background of the increasing pressure on land intensive and economical utilization, environmental protection and safety, the original extensive economic development is unsustainable, and the original management system is no longer superior, and even becomes a stumbling block to the development of provincial-level economic development zones. How to develop efficiently, continuously and healthily has become a problem faced by provincial economic development zones at this stage. In this problem, it is particularly important to explore the management mode suitable for provincial economic development zones at this stage.

In this paper, combined with my more than ten years of working experience in Y Economic Development Zone, the author has witnessed the changes of provincial economic development zones from extensive development to high-quality development. Through field investigation, analysis and Research on the development status, existing problems and development prospects of Y Economic Development Zone in recent years, combined with literature research, it is found that the institutional

setting and personnel system commonly existing in the management mode of provincial economic development zone are relatively backward; There are many functions of social affairs management; We should carefully analyze the reasons, compare the management mode of China's more advanced development zones, and study and analyze the relevant contents of the existing management system of provincial economic development zones under the new economic normal by applying the relevant theories of management and economics, such as the flattening theory of government management and the "growth pole" theory to practice, Find out the reform direction more suitable for the current management mode of most provincial economic development zones, such as improving relevant laws and regulations and clarifying their administrative subject status; Actively build a service-oriented development zone and strengthen continuous and effective supervision; Deepen the reform of personnel system and implement flexible management; Improving supporting measures and providing guarantee for deepening reform are the content of this paper and the innovation of this paper.

Key words: Provincial economic development zones; Management system; management functions

Анотація

З моменту створення першої групи зон розвитку в Китаї у 1984 році було створено різні типи зон розвитку. Вони відіграли дуже важливу роль у економічному розвитку різних регіонів. Самі зони розвитку пройшли приблизно три етапи: підйом, швидкий розвиток та інноваційна трансформація. У даній роботі головним чином вивчаються провінційні економічні зони розвитку. На ранніх етапах їхнього створення місцевий уряд надавав певні пільгові політики та підтримку з метою прискорення економічного розвитку. Однак в останні роки економічний розвиток Китаю продовжує сповільнюватися. В умовах зростаючого тиску на інтенсивне та економне використання земель, охорону навколишнього середовища та безпеку, первісний екстенсивний економічний розвиток став нестійким, а первісна система управління більше не є ефективною, ба навіть стає перешкодою для розвитку провінційних економічних зон розвитку. Як розвиватися ефективно, безперервно та здорово — це проблема, з якою стикаються провінційні економічні зони розвитку на цьому етапі. Вирішення цього питання вимагає особливої уваги до дослідження управлінської моделі, яка підходить для провінційних економічних зон розвитку на даному етапі.

У цій роботі, спираючись на більш ніж десятирічний досвід роботи в Економічній зоні розвитку Y, автор став свідком змін у провінційних економічних зонах розвитку від екстенсивного розвитку до високоякісного розвитку. Через польові дослідження, аналіз та дослідження стану розвитку, існуючих проблем та перспектив розвитку Економічної зони розвитку Y у останні роки, а також у поєднанні з літературними дослідженнями було виявлено, що інституційні

налаштування та кадрова система, що часто існують в управлінській моделі провінційних економічних зон розвитку, є відносно застарілими; існує безліч функцій соціального управління. Необхідно ретельно проаналізувати причини, порівняти управлінську модель більш розвинених зон розвитку Китаю та дослідити і проаналізувати відповідний зміст існуючої системи управління провінційними економічними зонами розвитку в умовах нової економічної реальності, застосовуючи відповідні теорії управління та економіки, такі як теорія "плаского управління" в уряді та теорія "полюсу зростання" на практиці. Визначити напрямки реформ, які більш підходять для поточної управлінської моделі більшості провінційних економічних зон розвитку, такі як удосконалення відповідного законодавства та уточнення їх адміністративного статусу; активне створення сервісно-орієнтованих зон розвитку та посилення безперервного і ефективного нагляду; поглиблення реформи кадрової системи та впровадження гнучкого управління; удосконалення супровідних заходів та надання гарантій для поглиблення реформ є змістом цієї роботи та інноваційною частиною цієї роботи.

Ключові слова: провінційні економічні зони розвитку; система управління; управлінські функції

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INTRODUCTION

Actuality of theme. Throughout the process of China's reform and opening-up, the construction and development of development zones, primarily focused on economic functions, have played a significant role and become a major driving force for the country's economic growth. As pilot areas for implementing special policies, after years of development, development zones have become important engines for China's economic and social development and a booster for reform and opening-up. In terms of the management system, through various forms of comprehensive innovation, development zones have established distinctive management systems different from ordinary administrative regions. However, with the transformation and upgrading of China's economic and social development, as well as the accelerated urbanization process, development zones have evolved from single-function economic areas to multifunctional urban districts. The current management system is no longer suitable, and the reform of the management system in development zones is facing new directional choices. Exploring the transformation and upgrading of the management system in development zones, especially clarifying the direction and path for the next stage of reform in government-led development zones, is a task that requires further research at present.

The purpose and objectives of the master's work. Explore the issues in the administrative system of development zones and how to improve the administrative management of development zones.

There are tasks for qualification work:

1. Administrative management: evaluation of current administrative practices
2. Overview of haiyang economic development zone (hyedz)
3. Improving the administrative management of Haiyang Economic Development Zone.

The object of the study is the administrative system reform of Haiyang Economic Development Zone.

The author's research mainly includes parts: As a key factor in ensuring the healthy operation of an organization, administrative systems have always been a focal point for governments at all levels and a significant area of study in academia. This paper focuses on the reform of the appointment system in development zones, a specific form of administrative reform, and carries both theoretical and practical significance.

The practical significance. This study stems from practical work and is based on the analysis of reform policy documents and issues arising during the reform process. The data, cases, and methods used also come from experience and policy texts accumulated in practical work. The proposed countermeasures are operable and practical, with two specific practical significance: First, it helps unleash the vitality of personnel in development zones. Comprehensively deepening the reform of the development zone system and revitalizing the vitality of the system and mechanism is one of the goals proposed by the State Council for the reform and innovative development of development zones. At present, the traditional management and operation mechanism of development zones leads to insufficient vitality, low quality, and low efficiency of development. This paper starts from the "root" of the reform of

the system and mechanism, focuses on the key point of the reform of the appointment system in development zones, and explores the bottlenecks and improvement measures encountered in the reform process. This exploration provides a possible and feasible path for unleashing the vitality of the personnel system, which is conducive to continuously unleashing the vitality of talents in development zones. Second, it helps provide solutions for the further reform of the appointment system in development zones. The reform of the appointment system is the top priority of the reform of the system and mechanism in development zones. This reform was carried out in national development zones after the State Council issued opinions on the innovative development of national-level development zones in May 2019. Nationally, Tianjin, Jiangsu, Shandong, Chongqing, and other regions are at the forefront, taking the lead in trials and accumulating certain practical experience. Taking this study as an opportunity, we will sort out the detailed reform practice experience of Haiyang Economic Development Zone and draw on the reform experience and relevant policy documents of relevant development zones nationwide to provide solutions for Haiyang Economic Development Zone to further deepen the reform of the appointment system. At the same time, it also provides a certain experience for development zones that have not yet carried out the reform of the appointment system nationwide.

The information base of the research is scientific works and leading foreign experts on the chosen subject, data from official reports of the enterprise, available statistical information.

List of publication:

Chi Haoxun. Reform of appointment system in development zones based on the

double-wheel drive of bureaucracy and enterprise. Матеріали V Міжнародної студентської наукової конференції «Розвиток суспільства та науки в умовах цифрової трансформації» (02.02.2024, м. Умань, Україна), С.24-26

Chi Haoxun. The development and characteristics of the appointment system in development zones. Матеріали II Міжнародної науково-практичної конференції «Маркетинг та конкурентоспроможність соціально-економічних систем в умовах сталого розвитку» (м. Суми, 17-18 квітня 2024 року). С.88-91

The significance of this study is to deeply investigate the implementation process and achievements of the administrative system reform in Haiyang Economic Development Zone, which can be used as a reference for other development zones.

Thesis consists of an introduction, three chapters, list of references that includes 36 publications, applications. 1tables, 5 figures. Full volume of 101 pages, of which the main text - 87 p.

CHAPTER 1

ADMINISTRATIVE MANAGEMENT: EVALUATION OF CURRENT ADMINISTRATIVE PRACTICES

A development zone refers to various types of zones such as economic development zones, bonded areas, high-tech industrial development zones, and national tourism resorts that are approved by the national and provincial, autonomous regional, or municipal governments within urban planning areas and enjoy special preferential treatment from the state. This paper focuses on provincial-level economic development zones.

The Management Committee of a development zone is not a statutory administrative body in China. As development zones have been established across the country, specialized institutions like the development zone Management Committees have emerged. These committees are not only responsible for managing the local economy but also function as extensions of local governments, exercising certain administrative powers on behalf of government departments.

The primary functional positioning of development zones is economic regulation, with additional roles in social management and public services typically performed by the government. By analyzing and evaluating market dynamics, the development zone Management Committee collaborates with local governments or higher authorities to formulate local policies and measures that support economic growth. In their day-to-day operations, they implement national macroeconomic policies, closely aligning

these policies with market forces, showcasing the positive impact of market mechanisms, continuously innovating service methods and quality, and promoting the economic and social development of the region.

The Party and the state place great emphasis on the development strategy of various development zones. In 2015, the Opinions of the Central Committee of the Communist Party of China and the State Council on Building a New Open Economic System proposed strengthening the development planning and innovation of various development zones, fully utilizing their role as benchmarks and catalysts, and promoting industrial upgrading within these zones. The goal was to continuously improve the investment environment, gradually perfect the administrative management system, establish sound systems for decision-making, execution, supervision, and evaluation, and avoid homogeneous competition. The ultimate objective is to transform development zones into key drivers of regional economic growth, key tools for implementing regional development strategies, pioneers in building a new open economic system and fostering new advantages for foreign investment, and demonstration areas for innovation-driven and green, intensive development.

In 2017, the General Office of the State Council issued the Opinions on Promoting the Reform and Innovation of Development Zones (State Council Office Document No. 7 [2017]). The Opinions explicitly affirmed the role of development zones as "pioneers of reform and opening up" and outlined a comprehensive plan for development zone work during the current stage. By improving and innovating mechanisms and systems, the Opinions aimed to promote the transformation and upgrading of development zones. It was emphasized that in this new era, the reform of development zone systems should

be fully deepened, the management system of development zones should be improved, and the functional advantages of these zones should be enhanced. Under the new circumstances, accelerating the transformation and upgrading of development zones plays a crucial role in advancing supply-side structural reforms and promoting sustained, healthy, and high-quality economic development in China.

In 2019, in the Government Work Report, Premier Li Keqiang emphasized the need to enhance the spillover effects of development zones and increase efforts to attract foreign investment, further clarifying the fundamental functional positioning of development zones and their paths for future development.

The establishment of development zones has played a crucial role in attracting investment, promoting industrial clustering, facilitating economic transformation and upgrading, and fostering economic growth in local regions. At present, China has entered a new normal in economic development, while the global economy is undergoing rapid and constant change. The management systems of most of China's development zones, particularly those of provincial-level economic development zones, are no longer well-suited to the evolving economic landscape and have, in some cases, become obstacles to further economic progress. Given the current context, it is imperative to study and analyze the reform of provincial-level economic development zone management systems by drawing on successful management models from developed regions or advanced national-level development zones. This analysis is critical for enabling provincial-level economic development zones to continue serving as pioneers in local economic growth and reform and opening up, and for generating new clustering effects and growth drivers. Thus, this topic has become a key issue for

exploration today.

As an important strategic platform for China's reform and opening up, economic development zones have experienced rapid growth, leveraging support from national or regional preferential policies. This growth has, in turn, driven the rapid development of regional economies.

Although provincial-level economic development zones, like national-level development zones and high-tech development zones, have played a crucial leading role in local economic growth, they face several challenges. Due to their relatively smaller scale, weak innovation capacity, and excessive local government interference, the original management systems of these zones have gradually become outdated and are no longer suited to the current environment. This is especially evident during the critical period of slowing national economic growth and industrial restructuring. The long-standing management system issues in provincial-level economic development zones have begun to surface, becoming bottlenecks that hinder their further development. In this context, exploring management system reforms that align with the new economic conditions has become imperative.

In the early stages of establishing economic development zones in China, the academic community largely agreed that China's economic development was uneven. The creation of economic development zones in regions experiencing rapid economic growth, alongside the implementation of special policies, could accelerate local economic development while also facilitating China's integration with the global economy. These pioneering zones of economic growth were expected to drive both regional and national economic development. However, as China has entered a new

phase of economic normalcy, the pressures related to intensive land use, environmental protection, and safety have increased. The previous model of extensive economic development in these zones has become unsustainable, and the original management systems have lost their advantages, even becoming obstacles to the development of provincial-level economic development zones. The key challenge facing these zones now is how to achieve efficient, sustainable, and healthy development. Unfortunately, there is still limited academic research specifically addressing the management systems of provincial-level economic development zones.

In this thesis, I draw upon more than a decade of personal experience working in the Haiyang Economic Development Zone, where I have witnessed the transition from extensive development to high-quality growth. I have also experienced the integration of industry and urban development as well as innovation-driven growth within provincial-level development zones. Through on-site investigations and analysis of the current state of the Haiyang Economic Development Zone and its problems, coupled with a review of relevant domestic and international literature, I examine the common issues in the management models of provincial-level economic development zones and their root causes. By comparing the management models of more advanced development zones in China, I systematically integrate relevant theories from management and economics—such as the theory of government management flattening and "growth pole" theory—to better explain the theoretical foundation and significant achievements of economic development zones, as well as the necessity of reforming their management systems under the current circumstances.

The innovative aspects of this paper include identifying the most suitable reform directions for the management models of provincial-level development zones, such as improving relevant laws and regulations, clarifying their administrative authority, creating service-oriented development zones, strengthening continuous and effective

oversight, promoting personnel system reforms with flexible management, and improving supporting measures to ensure deeper reforms. Through this research, the aim is to provide theoretical guidance and meaningful insights for the reform of provincial-level development zone management systems, ultimately contributing to the high-quality development of provincial-level economic development zones in China.

Since the rise of development zones abroad in the 1950s, they had become widespread by the 1980s across various countries and regions, playing a positive role in driving local economic development. However, the management systems of development zones in other countries are often closely aligned with the local government's administrative management system. Research on development zones in foreign contexts is usually based on specific case studies, such as Silicon Valley in the United States or the Jurong Industrial Park in Singapore, and is rarely studied systematically or comprehensively. As a result, there is no complete research framework dedicated to development zone management systems abroad.

Foreign development zone management systems are often reflective of the administrative management systems of their local governments. Scholars abroad generally agree that institutional structures play a crucial role in promoting economic and social development. One of the most representative theories is Nobel Prize-winning economist Douglass North's institutional theory. In his 2014 book *The Rise of the Western World*, North argued that institutional factors are key to economic growth, as they provide effective incentives that can drive rapid economic development, with property rights being central to such institutional structures .

Further, American scholar Manuel Castells and British professor Peter Hall

conducted research on typical industrial parks worldwide. In their 1998 book *Technopoles of the World: The Making of 21st Century Industrial Complexes*, they argued that the choice of a management system for industrial parks depends on the local social system, cultural traditions, economic foundations, and levels of development. In their study of park management systems, they applied the "Triple Helix Theory," categorizing management systems into four types: government-led management systems, education and research institution-led management systems, corporate management systems, and industry association-led management systems. Dutch scholar Loet Leydesdorff advocated for a tripartite management model involving government, universities (or research institutions), and enterprises, arguing that such collaboration is the most suitable approach for most parks today. This model allows each entity to leverage its strengths to better promote the development and growth of the park.

In 2009, the International Conference on the World's Best Practices for High-Tech Industrial Parks was held at the U.S. National Academy of Sciences. The main topic of this conference was to discuss the various factors influencing the development strategies of industrial parks. According to the conference proceedings, the development and establishment of management systems for various types of industrial parks are closely tied to national policies and public financial support, resulting in different management systems being adopted in different countries and regions.

Additionally, the research findings of foreign economists, such as Weber's theory of industrial clusters, Marshall's theory of external economies, and Krugman's theory of spatial economics, have laid a theoretical foundation for the development of

development zones from different perspectives. Although there is currently limited academic literature abroad that delves deeply into the management systems of development zones, advanced theories from local government management and successful practices from foreign industrial parks still offer valuable insights and reference points for the reform of management systems in China's provincial-level economic development zones.

Since the approval of economic development zones in China in 1984, various regions have developed different management models due to geographical and economic factors. Over the past 30 years of development and exploration, four distinct management models have emerged: government-led, integrated government-region, enterprise-autonomous, and government-enterprise cooperative models. Some Chinese scholars have drawn upon in-depth research on foreign development zones and, combined with the current development status of domestic zones, conducted thorough studies on the management systems of Chinese development zones.

In the late 20th century, Chinese scholars primarily focused on the administrative management systems of development zones, arguing that the primary management entity could be an administrative institution, an enterprise, or a combination of both. In his work *The Cradle of Emerging Industries—Research on High-Tech Development Zones*, Zhao Wenyan categorized the management systems of Chinese development zones into three types: administrative, enterprise, and hybrid management systems. He analyzed both the strengths and limitations of each system, suggesting that development zones should choose the most appropriate management system according to their stage of development.

Mu Baozhu, in his book *Theory and Practice of China's High-Tech Industrial Development Zones*, compared the characteristics of development zone management both domestically and internationally, dividing China's management systems into macro, meso, and micro levels. At the meso level, he identified pure economic zone management, administrative management, and enterprise management models. He also advocated for development zones to be legally empowered by authorizing a specific institution to manage them, with the rights and responsibilities of this institution clarified through legislation.

Yan Zhaowan, Wang Aihua, and Zhan Baowei, in *The Development of Economic Zones*, explained that the government-led management model dominates China's development zones, a reflection of China's unique national conditions. While this model played a significant role during the early stages of development zones, it has also prompted innovations in management systems due to rapid economic growth.

Since the beginning of the 21st century, and particularly after China joined the World Trade Organization, China's economy has increasingly integrated with the global economy. The original management systems that emerged during the initial rise of development zones have proven inadequate for the new economic environment. Consequently, the reform of administrative management systems in development zones has garnered growing attention. During this period, domestic scholars have mainly focused on the current overall development of Chinese development zones and the problems in their administrative management systems, aiming to explore directions and pathways for reform.

In their research on the current state of development zone management systems,

scholars have identified several common issues and underlying causes, such as the problem of functional positioning, the unclear legal and administrative status of the management entities, and issues related to organizational structure and personnel management. These problems have become significant obstacles to the continuous innovation and development of the zones.

Zhu Yongxin, in his book *The Organizational Management System of China's Development Zones and Local Administrative Reforms* (Tianjin People's Publishing House, 2001), acknowledged the achievements of Chinese development zones in their management systems. These include the establishment of specialized management institutions, the gradual move towards legal and standardized management, the shift towards a "small government, big society" model, the transition to macroeconomic regulation and service-oriented management, the clarification of government-business relations, improvements in personnel management systems, and the increasing competence of management personnel. However, he also highlighted many persisting problems, such as the lack of authority in management institutions, unclear functional positioning of these institutions, excessive layers of external management, irrational internal organizational structures, and inadequate management tools. These issues have severely hindered the further development of development zones and their ability to function as economic drivers.

Gong Weicai, in *On the Legal Deficiencies and Legal Construction of China's Development Zone Management System*, pointed out that the problems within the management system are primarily concentrated in three areas: the unclear legal status of development zones, the lack of standardized administrative management, and the

overly complex social management functions, which place an excessive burden on the zones.

Su Aiping from the Shandong Academy of Social Sciences' Institute of Political Science, in her work *Problems and Countermeasures in the Reform of Development Zone Administrative Management Systems Under the New Situation*, noted that while economic reforms in development zones have progressed, the administrative management system has not yet fully reached the level of innovation required. It remains deeply connected to traditional management systems, which has impeded the development of the zones. She argues that the situation has reached a historical point where reform is no longer optional but necessary.

Zhang Zhiguo, in *An Analysis of the Legal Status of Development Zone Management Institutions*, emphasized from a legislative perspective that China's development zones lack a nationwide legal framework to clarify their management models, organizational principles, and structures. He noted that some local regulations regarding development zones conflict with current laws and regulations, leading to unclear roles and responsibilities for management institutions, operational difficulties, and challenges in recognizing their administrative authority in judicial practice.

Regarding the path to improving China's development zone management systems, many scholars believe that the innovative development of these zones requires breaking free from traditional administrative models, adopting a market-oriented approach, specializing in division of labor, and improving efficiency. Through his research on China's development zones, Bao Ke was the first to propose the concept of a "super-autonomous structure" for development zones. In his book *Research on*

China's Development Zones: The Design of Micro Systems After WTO Accession, he used case studies to explore the real-world development and key components of development zone systems. He argued that the development of management systems in development zones must meet the demands of economic globalization and align with international standards by adhering to the general requirements of predictability, rationality, transparency, participation, and fairness. Simultaneously, these systems must retain features such as fast transaction speeds, low overall costs, high service levels, improved infrastructure, and strong sustainability.

In *The Evolution, Development Bottlenecks, and Improvement Paths of the Management System of National-Level Economic Development Zones*, Wang Kaiwei, Yu Xiuyuan, and Liu Xiaoxian proposed that development zones differ from general administrative systems, and the path to perfecting their management systems can be summarized in four points: advancing management system reforms to implement service functions across multiple fields; clarifying the legal status of the zones and optimizing the allocation of responsibilities; building an efficient operational mechanism to improve performance quality; and refining personnel management systems while developing a comprehensive evaluation system.

In *The Evolutionary Model and Insights of Development Zone Management Systems*, Zhang Jing pointed out that the management systems of development zones must evolve with the times, adapting to changes in the developmental stages of the zones and the functions of the parks. Only a management system that aligns with reality can promote the sustainable and healthy growth of development zones. He argued that the management systems of development zones are increasingly moving towards

specialized divisions of labor, separating administrative management from development planning and design, and distinguishing the roles of the government, financial institutions, and enterprises. This, according to him, is the general direction for the future development of China's development zones.

Shen He, in *Research on Development Zone Mechanisms and Systems in the Post-Crisis Era: A Global Perspective*, asserted that introducing high-level talent, accelerating industrial transformation and upgrading, and innovating methods for attracting investment can all enhance the vitality of development zones, thus providing a clear direction for their future development.

much of the domestic research has focused on national-level development zones and high-tech development zones, with relatively limited attention given to the innovation of management systems in development zones. Even less research has been conducted on the management systems of provincial-level economic development zones, which typically cover smaller areas and have weaker innovation drivers. Furthermore, few scholars have systematically integrated and cross-applied theories from economics and management to fundamentally analyze the root causes of existing problems in development zones. As a result, there is a lack of scientific guidance for the innovation of management systems in provincial-level economic development zones in China.

CHAPTER 2

OVERVIEW OF HAIYANG ECONOMIC DEVELOPMENT ZONE (HYEDZ)

2.1 Historical background and organizational structure

Overview of the Development Zone

The Haiyang Economic Development Zone was established in August 1992, located at the core of Haiyang City in Shandong Province. After several upgrades and expansions, the zone was successfully elevated to a National Economic and Technological Development Zone in 2010.

Over nearly 30 years of development, the Haiyang Economic Development Zone has seen significant improvements in industrial competitiveness and scale. Currently, the zone covers nearly 90 square kilometers, making it one of the important national-level economic and technological development zones in Shandong Province.

Administratively, the zone is divided into 2 subdistricts, encompassing 28 communities, with a permanent population of 384,000 residents. As of the end of 2020, the Haiyang Economic Development Zone has completed and put into operation four high-tech and industrial parks: the Heavy Machinery Industrial Park, the New Energy Industrial Park, the Apparel and Light Industry Park, and the Major Technical Equipment Manufacturing Industry-Academia-Research Demonstration Park. The zone hosts 193 enterprises, employing over 36,000 people. In 2023, the total economic output of the zone reached 28 billion RMB, providing strong support for social

employment and economic development in Haiyang City.

Haiyang Economic Development Zone took the lead in implementing cadre personnel system reforms as pilot projects for municipal and provincial reforms in 2017 and 2019 respectively. It has accumulated a wealth of reform experience, with significant achievements and encountered bottlenecks and challenges that are representative and universal during the reform process. Therefore, this chapter selects the appointment system reform in Haiyang Economic Development Zone as the research object to analyze the historical conditions and objective factors driving the advancement of the appointment system reform. It also presents the practices of appointment system reform from the perspective of the dual attributes of bureaucratic and market mechanisms, making the content of this chapter clear and distinctive.

Background of the Appointment System Reform in Haiyang Economic Development Zone

As the main carrier of regional economy, development zones need to dynamically adjust their management systems and institutional mechanisms in response to changes in the economic development environment in order to actively adapt to development and stay ahead. As a pilot area for institutional reform and innovation in Shandong Province, Haiyang Economic Development Zone has focused on dynamically adjusting its personnel system, implementing a system of appointment for all employees, and more flexibly adapting to economic changes, thus accelerating the development zone's transition to high-quality development.

The need to adapt to the market development environment.

Entering the "14th Five-Year Plan" period, as China's economy and society

advance towards high-quality development, various development zones are pursuing new development goals such as industrial cultivation, regional stimulation, innovation, transformation, and institutional reform to achieve comprehensive high-quality development. To adapt to the new direction of national development, seize development opportunities, and achieve new development goals, reforming and adjusting corresponding systems is crucial, with revitalizing the personnel system being of paramount importance. Against this backdrop, regions across the country are promoting institutional reforms in development zones, tailor-making and issuing "Implementation Opinions on the Appointment System in Development Zones" and its supporting detailed rules according to local conditions. Thus, government-led reforms of the appointment system in development zones have emerged.

The need to adapt to changes in the hierarchical system.

In 2019, the People's Republic of China officially implemented the Civil Servant Law, marking the simultaneous reform of civil servant ranks and the comprehensive rollout of reforms in public institutions. Throughout this process, the state introduced a series of laws, regulations, and detailed implementation rules from top to bottom to ensure the success of the reforms. Concurrently, the reform of the appointment system in development zones was piloted in 2019. This reform involved civil servants, institutional employees, and personnel from enterprises. Throughout the reform process, compliance with laws and regulations such as the Civil Servant Law and regulations governing public institutions was required.

The existing reforms have provided valuable insights for reference.

The experience of the position appointment system reform in 2017 provided at

least three favorable conditions for the appointment system reform in 2019:

First, it enhanced the government's credibility. In the 2017 position appointment system reform, the government introduced preferential policies in key areas such as position allocation, welfare benefits, and resettlement arrangements, which were crucial to personnel development and immediate interests. Whether individuals entered the appointment system or went through the resettlement process, they generally supported the government's reform measures. This greatly strengthened employees' confidence in the government-led reform of the appointment system.

Second, it established a reform-oriented mindset. The practical experience of the 2017 position appointment system reform initially instilled the concept of reform in individuals, gradually gaining acceptance for the appointment system reform and reducing the instability caused by the reform.

Third, it laid a solid foundation for reform. The 2017 position appointment system reform provided valuable experience for the appointment system reform in the development zone, whether in terms of policy formulation, program implementation, personnel resettlement, or exploration of appointment, distribution, and performance evaluation systems.

Organizational Structure

Currently, the Haiyang Economic Development Zone is primarily managed by the Development Zone Party Working Committee (referred to as the "Party Working Committee") and the Development Zone Management Committee (referred to as the "Management Committee"). Their main responsibilities include project approval, business registration, land transfer, park planning, and administrative management.

In 2011, under the authorization of the Haiyang Municipal Party Committee and Municipal Government, the Party Working Committee and the Management Committee of the Haiyang Economic Development Zone began operating jointly. As of 2021, the Party Working Committee and the Management Committee have established 13 bureau-level departments and 31 section-level administrative departments, with a total of 428 internal employees.

(1) Party Working Committee of the Development Zone

Primarily responsible for party and government-related work in the development zone, including implementing the policies and decisions of higher-level party and government agencies, conducting party organization, propaganda, united front, political and legal affairs, discipline inspection, and supervision within the development zone, as well as personnel management and team building.

(2) Management Committee of the Development Zone

Mainly responsible for administrative management in the development zone, including economic, cultural, health, environmental, safety, financial, and civil affairs; executing economic and social development plans and coordinating with the stationed institutions of higher authorities, and promoting the industrial and economic development of the development zone.

During the development process of the Haiyang Economic Development Zone, the Party Working Committee and the Management Committee, as dispatched agencies of the Haiyang Municipal Party Committee and Municipal Government, play a crucial role in the smooth progress of the development zone's industrial upgrading through their effectiveness in exercising administrative functions such as industry guidance, policy support, industry supervision, and public infrastructure construction.

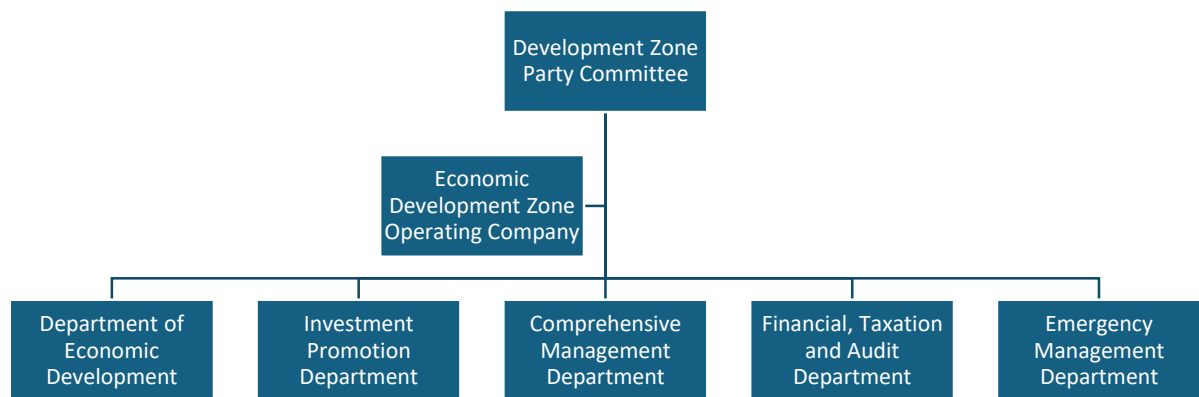


Figure 2.1 - Organizational Structure Diagram of the Development Zone

In recent years, with the support of relevant national policies, the Shandong Provincial Government and Haiyang Municipal Government have significantly decentralized some approval authorities to the development zone, greatly expanding the administrative powers of the Party Working Committee and the Management Committee. This has effectively enhanced the development vitality of the development zone and gradually established a "one-stop" comprehensive service process and mechanism for enterprises.

2.2 Current administrative management practices: aspects of appointment system

Defining the conceptual framework of the research subject is fundamental to conducting a successful study, and theoretical support serves as the core for constructing the research framework and deepening the understanding of the subject. This chapter systematically reviews the development process of the appointment

system and focuses on the characteristics of appointment system management in development zones. Additionally, based on the theories of institutional adaptability efficiency and person-job fit, a dual-driven analytical framework of bureaucracy and market is established for the appointment system, laying the groundwork for subsequent research.

The Development and Characteristics of the Appointment System in Development Zones

Modern organizations generally emphasize management innovation, particularly in human resource management systems. In recent years, the appointment system has garnered significant attention in the public sector as a mode of innovation in personnel management. Extensive experience has been accumulated through reforms in the appointment systems for public institutions and civil servants, representing vertical personnel system reforms. In the course of development, development zones have undergone dual expansions in both regions and functions, leading to a diversification of personnel identities, including civil servants, public institution staff, and corporate employees. The current reforms implementing the appointment system in development zones share similarities with the reforms of public institutions and civil servants, yet they also possess distinct characteristics unique to development zones.

The Origins of the Appointment System

Since 2000, China has been implementing appointment system reforms. To date, these reforms have progressed from the initial introduction of the appointment system to the reform of pension insurance, encompassing a series of personnel system reforms such as position appointments, performance-based remuneration, and diversified

employment mechanisms. These developments have evolved into key tools for guiding human resource management at the national level. The subject of this study, the "appointment system in development zones," represents a cadre personnel management model within China's functional zones. This system has been pioneeringly implemented in the sequences of public institution staffing and appointed civil servants.

The appointment system was first implemented in public institutions.

The contract-based flexible employment system was first implemented and promoted in the series of public institutions in China. In 2002, the "Notice on the Implementation of the Personnel Employment System in Public Institutions" provided a basis for the trial implementation of the employment system from a national policy perspective. The reform of the employment system in public institutions has been mainly carried out in the education and healthcare sectors. Through years of reform and exploration, rich experience has been accumulated in institutional design, reform measures, and improvement actions. At the same time, problems exposed during the reform process, such as unreasonable job structure ratios, overly simplistic rank settings, insufficient number of ranks, excessive rank gaps, limited promotion steps, and a weak contract awareness among employed personnel, serve as warnings for the employment system reform in development zones.

The Development History of the Civil Servant Appointment System

By reviewing relevant policy documents and literature on the civil servant appointment system in China, Chapter 16 "Position Appointment" of the "Civil Servant Law of the People's Republic of China," implemented in 2006, outlines the connotation, scope, procedures, contracts, remuneration, tenure, and personnel arbitration related to

the appointment of civil servants. It stipulates dual management of appointed civil servants in accordance with the Civil Servant Law and the appointment contract. This was the earliest formal legal regulation on the implementation of position appointments for civil servants since the founding of the People's Republic of China, marking an innovative exploration of China's civil servant system. In 2007, Shanghai and Shenzhen took the lead in piloting the civil servant position appointment reform. In 2011, the "Pilot Measures for the Management of Contract-based Civil Servants" provided clear guidelines on the concept, positions, contracts, management, and disciplinary supervision of contract-based civil servants. Subsequently, pilot programs were gradually launched in regions such as Guangdong and Henan. The revision of the "Civil Servant Law of the People's Republic of China" in 2018 further clarified the position appointment of civil servants, signifying the formal establishment of the civil servant appointment system in China. This system is of great significance for breaking the tenure-based employment system of civil servants.

The Development History of the Appointment System in Development Zones

Since its establishment, development zones, as government agencies and economic functional areas, have gone through the stages of initial development, expansion, and reform. Influenced by factors such as expanding functions and shortage of personnel, the identities of personnel are relatively complex (consisting of civil servants, institutional staff, and third-party labor dispatch, among others), and management methods vary. During the management process, issues such as severe personnel differentiation, slow renewal speed, lack of dynamism, and low work efficiency have been exposed. Therefore, innovation is needed in the management

system of development zones. Considering the nature and functional changes of development zones, reforms in personnel management system need to be conducted within the broader framework of civil service management system reform, institutional staff management system reform, and development zone institutional and organizational reform. Up to now, the reform of cadre and personnel management system in development zones can be divided into two stages: the stage of "minor adjustments" and the stage of "comprehensive restructuring." Firstly, the stage of "minor adjustments" involves integrating the personnel management system of development zones into the civil service and institutional staff sequences, and implementing reforms such as salary adjustment and parallel reform of job positions and ranks under the unified arrangement of superior organizational departments. However, the basic personnel system remains unchanged, and civil servants and institutional staff are still managed in accordance with relevant laws and regulations. External personnel and labor dispatch personnel are still managed through their original channels.

The second stage, "comprehensive restructuring," involves the independent reform of the personnel management system in development zones. Scholars believe that it is necessary and specific to reform the personnel management system in various functional areas such as development zones, high-tech zones, bonded zones, and industrial parks as independent units. These functional areas are products of China's reform and opening up, and they have shouldered special development missions since their establishment. They serve as the forefront of national institutional reform and should reform the cadre and personnel system according to their own development

characteristics. This includes removing various obstacles that hinder the mobilization and vitality of personnel, and activating development momentum.

Looking at the cadre and personnel management models in various functional areas, scholars suggest reforming the personnel identity system and abolishing the institutional staff identity, breaking through the limitations of establishment, and implementing position appointment. The reformed personnel scope includes personnel from enterprises, institutions, and administrative bodies.

Currently, the appointment system reform in development zones is implemented as a flexible personnel management system, wherein apart from local party and government leaders serving concurrently, all other personnel break through identity and rank boundaries. The system implements a flexible personnel management system of universal appointment and elimination based on performance, allowing personnel to move in and out freely and positions to be adjusted accordingly.

The reform of the appointment system in development zones shares the same purpose and intention as the reform of the appointment system in institutional units and the civil service system. They are all based on activating intrinsic motivation among personnel, promoting reform through position appointment, and establishing competitive incentive assessment and remuneration distribution systems. However, compared to the reform of the appointment system in institutional units and the civil service system, which generally involve broader scope and adopt more moderate approaches from top to bottom within their respective sequences, the reform in development zones is conducted as an independent unit. Its scope is limited to within the zones, and its approach is more radical. It involves sealing off positions in the zones,

designing elimination mechanisms, which is conducive to attracting more talents to participate in the reform. At the same time, it also triggers concerns among personnel within the system.

Characteristics of the Appointment System in Development Zones

As a standalone entity, development zones reform their fundamental employment system by implementing an appointment system, thereby promoting a shift in cadre and personnel management towards position-based management. In the execution process, the following four characteristics are observed.

Universal appointment is the foundation.

Granting mid-level management positions and below in development zones the autonomy in personnel selection and employment, breaking the boundaries between administrative and institutional identities, introducing competitive mechanisms, and promoting the transformation of personnel management from "identity management" to "position management" are crucial. Universal appointment serves as the foundation of the appointment system in development zones. According to policy documents, individuals employed by development zones sign employment contracts with them, stipulating terms such as appointment duration, job responsibilities, rights, and obligations. Within the legal framework and considering the nature and functional characteristics of development zones, an incomplete contractual relationship is established on a voluntary and equal basis. Both parties are required to adhere to the terms of the employment contract. Meanwhile, the employed individuals are also responsible for undertaking various functions of the Development Zone Management Committee. For instance, while fulfilling economic indicators, they are also tasked with

certain public service duties of the Management Committee, such as infrastructure construction, safety production, and environmental protection.

Position management is the framework.

Granting development zones the authority to establish and adjust internal departments without being subject to organizational staffing management, the principle of "scientific and reasonable, task-based, streamlined, and efficient" is followed in setting positions. Typically, positions in development zones are structured into three levels: leadership positions (chief and deputy chief), middle management positions (chief and deputy chief), and general positions. Each level has different levels of positions, ensuring both flat management and promotion channels for personnel during their term of appointment. Regarding position appointments, leadership positions, middle management positions, and general positions are filled based on job requirements. Various methods such as direct appointment, selection, competition, headhunting, and recruitment are employed based on the cadre management authority and actual circumstances, with appointments lasting for a term of three years. Upon completion of the term, appointed personnel are automatically relieved of their duties. For leadership positions, personnel allocation is conducted by the competent department responsible for cadre management, utilizing methods such as direct appointment, selection, and market-oriented headhunting. A considerable number of young cadres emerge and take up leadership positions. Middle management and general positions are filled through competition, selection, market-oriented recruitment, etc., by the development zone management committee, implementing position appointment management. Post-appointment management adopts a model where the

appointment and staffing are separated, and salaries are based on actual compensation for personnel on establishment. For personnel who fail to secure appointments, arrangements are made according to cadre management authority. Talent recruited through open social recruitment undergoes position appointment and is not subject to staffing management. The policy of sealing off positions has had a significant impact on the mindset of personnel within the system (civil servant positions, institutional staff). The majority of personnel within the system have made cautious choices regarding participation in the reform.

Assessment and evaluation serve as motivation

The assessment and evaluation process include setting scientifically reasonable assessment indicators, strictly controlling the assessment process, scientifically evaluating job contributions, and strengthening the utilization of assessment results. An efficient and reasonable assessment and evaluation system can effectively activate the intrinsic motivation of the appointment system:

The assessment indicators are determined by provincial and municipal authorities based on the positioning of the development zones. This helps clarify development directions and achieve differentiated development among the zones.

Assessment results are linked to job evaluations and serve as the basis for job "promotion or demotion."

Assessment results are linked to remuneration. Those who perform well receive higher remuneration, while those who perform poorly receive lower remuneration.

Assessment results are linked to elimination criteria. Rigorous elimination requirements are established, and based on assessment results, individuals who are

incompetent in their current positions, perform poorly in annual assessments, or fail to achieve work goals during their appointment period may be transferred to other positions, demoted, or have their appointments terminated. A certain percentage of elimination is carried out annually, aiming to promote the competent, demote the mediocre, and remove the incompetent.

The exit process is a breakthrough

The key difference between the appointment system in development zones and that in institutional units and civil service lies in the addition of a personnel elimination process, reflecting the market-oriented characteristics of employment. However, protective measures are still implemented for personnel within the system. For those personnel who exit the position appointment system and return from the development zone to the municipal or district level, they revert to their original system and undergo procedures based on their archival identity and job title. For personnel with retained positions but with discrepancies between their archived position and appointed position, arrangements can be made based on the principle of promoting higher positions with approval from the organizational department. As for individuals recruited from society or headhunted, termination of their appointment contracts is carried out in accordance with legal provisions, and they are free to seek employment opportunities in the job market.

It's important to note that the main focus of this study is on the "appointment system in development zones," excluding members of the leadership team in development zones. The reason being that while members of the development zone management committee also sign employment contracts with the committee and

undergo performance evaluations, their cadre management authority lies outside the development zone and remains under the appointment and management of higher-level organizational departments. The higher-level authorities delegate the setting of departments in development zones and the management authority of middle-level and lower-level cadres to the development zone. Therefore, it is the personnel in middle-level and lower-level positions in development zones who truly form an incomplete contractual relationship with the development zone management committee, undergo position and contract management. Hence, the target of the reform of the appointment system in development zones is personnel in middle-level and lower-level positions in development zones.

Analysis Framework of Appointment System Management

Due to the unique characteristics of the management system in development zones, the economic orientation of institutional functions, and the diversity of personnel identities, the cadre personnel management system, the appointment system, which has been in operation for over a decade, has been endowed with distinctive features of development zones when applied to them. Existing studies on the reform of personnel systems in development zones mostly start from theories such as New Public Management or performance management. The former is more macroscopic in theoretical application, while the latter only focuses on the market-oriented characteristics of the reform of the appointment system in development zones. This study believes that existing analytical frameworks are insufficient to explain why the appointment system in development zones cannot simply adopt the reform models of institutional units or civil service systems, or fully undergo enterprise-oriented reforms.

Instead, it retains certain aspects of the hierarchical management from the original personnel system that are still applicable in the current stage of development while undergoing market-oriented reforms. Therefore, based on this, this paper takes the theory of institutional adaptability efficiency and the theory of person-job fit as theoretical foundations. It combines the dual attributes of hierarchical incentives and market incentives in the reform of the appointment system in development zones, and constructs an "analysis framework of the appointment system driven by both hierarchy and market forces." Within this framework, the background, implementation process, management principles, and personnel exit system of the appointment system reform in development zones can be theoretically explained.

Institutional Adaptability Efficiency Theory

The theory of Institutional Adaptive Efficiency, first proposed by the renowned American representative of New Institutionalism, North, suggests that "the key to whether an institution can promote the efficiency growth of an organization depends on the degree of adaptation between the institution and the organization and individuals, and the resulting institutionalization of adaptation between individuals or organizations and the external environment." This theory not only occupies an important position in North's own research but also has a profound influence on the development of New Institutional Economics and Political Science as a whole. Scholars have introduced this theory into various research fields such as politics, economics, and society, enriching and developing it further. For instance, scholars like Wang Yuhai have applied the theory of Institutional Adaptive Efficiency to analyze institutional changes in economic transitions, arguing that economic growth is not only the goal of institutional reform

but also the driving force behind deepening reforms. Scholars like Tao Houyong have demonstrated, from the perspective of Institutional Adaptive Efficiency, that the "single-track system" of employment is more adaptive efficient than the "dual-track system".

The theory of Institutional Adaptive Efficiency has universal applicability. Under this theoretical framework, for the appointment system in development zones to achieve adaptive efficiency, it needs to meet at least the following three requirements.

First, the organization must have the ability to continuously learn and innovate. With the changes in the external macro-environment of the economy and society, the personnel system corresponding to the economic organization of the development zone (i.e., the appointment system) needs to make adaptive adjustments to better suit economic development. The management committee of the development zone must accurately identify these changes and promptly adjust the relevant elements of the appointment system, making adaptive revisions. Therefore, the organization's "identification capability" is a prerequisite for "adaptability," and improving the "identification capability" primarily depends on the learning ability of the development zone management committee. Additionally, the innovation ability of the management committee is a key factor in maintaining the adaptability of the appointment system. Hence, it should always maintain a spirit of deepening reform to drive the internal momentum for innovation within the appointment system.

Second, the internal elements of the appointment system must possess intrinsic coherence. The internal elements of the appointment system in development zones—such as the position management system, assessment and evaluation system, and

personnel exit system—form an interconnected and interdependent whole. To maximize the adaptive efficiency of the appointment system, there must be synergy and coordination among these internal elements, rather than mutual offsetting or hindrance. The degree of coordination and cooperation among the internal elements of the appointment system determines the extent to which its adaptive efficiency can be realized.

Third, the transition between the old and new personnel systems must be effective. Since the establishment of development zones, China's personnel systems have played an important role in promoting their development and construction. However, as development zones undergo transformation and upgrading, traditional personnel management methods have failed to keep pace with economic development. The reason for this is that over time, the personnel system has become inert, a phenomenon North refers to as "path dependence." To break this "path dependence" and improve the adaptive efficiency of the personnel system in development zones, it is necessary to reform the traditional personnel system and implement the appointment system.

Person-Job Fit Theory

The Person-Job Fit Theory, within the realm of corporate human resource management, focuses on position management with the aim of enhancing the efficiency of human resource management. Person-job fit refers to the alignment between employees' abilities, skills, knowledge, and needs with job attributes. Scholar Fan Xingdong believes that effective person-job fit requires undergoing the "position-person-fit" process to achieve the goals of "the right person for the right job" and "the job suits the person."

This article analyzes the subject of "appointment system reform in development zones" within the framework of person-job fit theory because the essence of the appointment system reform in development zones is to define the relationship between personnel and the organization through contracts. Therefore, this article argues that analyzing the appointment system reform in development zones from the perspective of person-job fit is both reasonable and applicable. Within the theoretical framework of person-job fit, the appointment system reform in development zones needs to undergo the "position-person-fit/misfit" process. Only through this can person-job fit remain in a state of dynamic adjustment, achieving position management and healthy competition, and thereby truly reflecting the contractual relationship formed between the appointed personnel and the unit.

First, knowing the job: job analysis is the foundation. Job analysis is a systematic and procedural analysis that includes a comprehensive examination of a job's attributes, responsibilities, tasks, and working environment, as well as the qualifications employees must have to competently perform the job. Based on this systematic analysis and research, a series of human resource management documents are formulated to enhance job efficiency. Effective job analysis can provide the organization with comprehensive and systematic job information, facilitating improved organizational management efficiency. Additionally, the quality of job analysis significantly impacts other human resource management modules.

In the process of the appointment system reform in development zones, job design is the starting point for the management committee's human resource management. First, job design must align with the management functions of the committee. The

national and regional positioning of development zones emphasizes economic management functions such as investment attraction, industrial cultivation, technological innovation, and development construction. Therefore, during the appointment system reform, decisions on which positions to retain, eliminate, or create must be dynamically adjusted according to the functions of the development zone management committee. This reform shows a tendency to favor positions related to investment attraction, industrial cultivation services, and technological innovation services, which are frontline economic roles.

Second, job responsibilities must be clear and specific. The responsibilities and tasks for each position must be well-defined. From the perspective of "requirement-ability matching," the appointed personnel must possess the corresponding abilities. For example, the investment attraction position in the development zone management committee is a core position responsible for promoting project agreements and implementations. This position is characterized by a high number of roles, high requirements, and rapid turnover, requiring personnel to have project negotiation and evaluation skills as well as some project resources.

Second, knowing the person: competency is an effective tool. The founder of the concept of competency, McClelland, defined it as all personal characteristics that differentiate high performers from low performers, including motivation, attitude, knowledge, and skills. These factors are generally easier to measure and identify. This article argues that competency manifests in the workplace as the skills, knowledge, and behaviors required for job performance.

In the process of appointment system reform in development zones, when selecting candidates based on person-job fit, high educational qualifications are not the sole criterion. Instead, the selection process combines job responsibility factors, starting from primary data, and follows the steps of "modeling-standard setting-evaluation-knowing the person" to compare and analyze the comprehensive qualities of candidates against job requirements. For example, for management positions, the focus is on whether the candidate's competencies in areas such as park operation management, investment attraction, and land development meet high performance standards. For ordinary frontline economic positions such as investment attraction and industrial cultivation service roles, the emphasis is on whether the candidate's competencies in project resources, project tracking, enterprise service experience, and enterprise service methods meet the high performance requirements of the position.

Third, matching/mismatching: dynamic measurement is the key step. This means placing the right person in the right position and matching the job with suitable personnel. Nevin Deniz and others believe that person-job fit is a dynamic process with significant characteristics of temporality and interactivity, generally divided into two states: "person-job fit" and "person-job misfit." This article argues that these two states run throughout the entire appointment system process in development zones :

According to job analysis and competencies, scientific measurement methods (such as job fit testing, professional competency testing, competitive selection, direct hiring, headhunting, etc.) are used to select the right person for the right position. At this stage, two states may emerge: "person-job fit" and "person-job misfit." If "person-job fit" is achieved, the individual is hired; if "person-job misfit" is observed, the

individual is not hired.

Based on actual job performance, utilizing scientific evaluation methods, the entire process of person-job matching is assessed. In the process of reforming the appointment system, the development zone places great emphasis on the comprehensive assessment of person-job matching. Firstly, comprehensive assessment content is set. After the reform of the institutional mechanism, the nature of the development zone remains as a government institution, and all positions exercise public power. In the evaluation of the position of appointed personnel, not only the completion of key performance indicators (such as for managerial positions, not only assessing the completion of departmental work indicators, but also assessing their organizational management ability, development judgment ability, etc.) are evaluated, but also democratic assessments and leadership evaluations are conducted. Secondly, diverse evaluation methods are utilized. Qualitative assessment is combined with quantitative assessment, regular assessment is combined with daily assessment, and appointed individuals are scientifically evaluated, serving as the basis for whether the competency of appointed individuals matches the job responsibilities. Thirdly, the evaluation results are used to assess the degree of person-job matching. If the evaluation result is "person-job fit," then the agreed-upon job benefits are fulfilled. If the evaluation result is "person-job misfit," then there are two scenarios: in the first scenario, as development changes, if the appointed individual's ability level, professional skills, etc., do not keep pace with the times, job performance is poor, and work tasks cannot be completed on time and with quality, the appointed individual will face the risk of job transfer, demotion, or reassignment; in the second scenario, as

development changes, if the appointed individual can actively improve their ability level, keep pace with the times, and their competency exceeds the job responsibilities, but the job requirements remain unchanged or the appointed individual is not promoted, the appointed individual's development space is limited, their job satisfaction will gradually decrease, and they may resign voluntarily.

In summary, person-job matching is a dynamic process of "job-person-matching/mismatching," and the dynamic correspondence between competency and job requirements is essential for achieving person-job matching. Therefore, at every stage of the appointment system reform, the development zone should strengthen the application of person-job matching theory to promote "the right person in the right job."

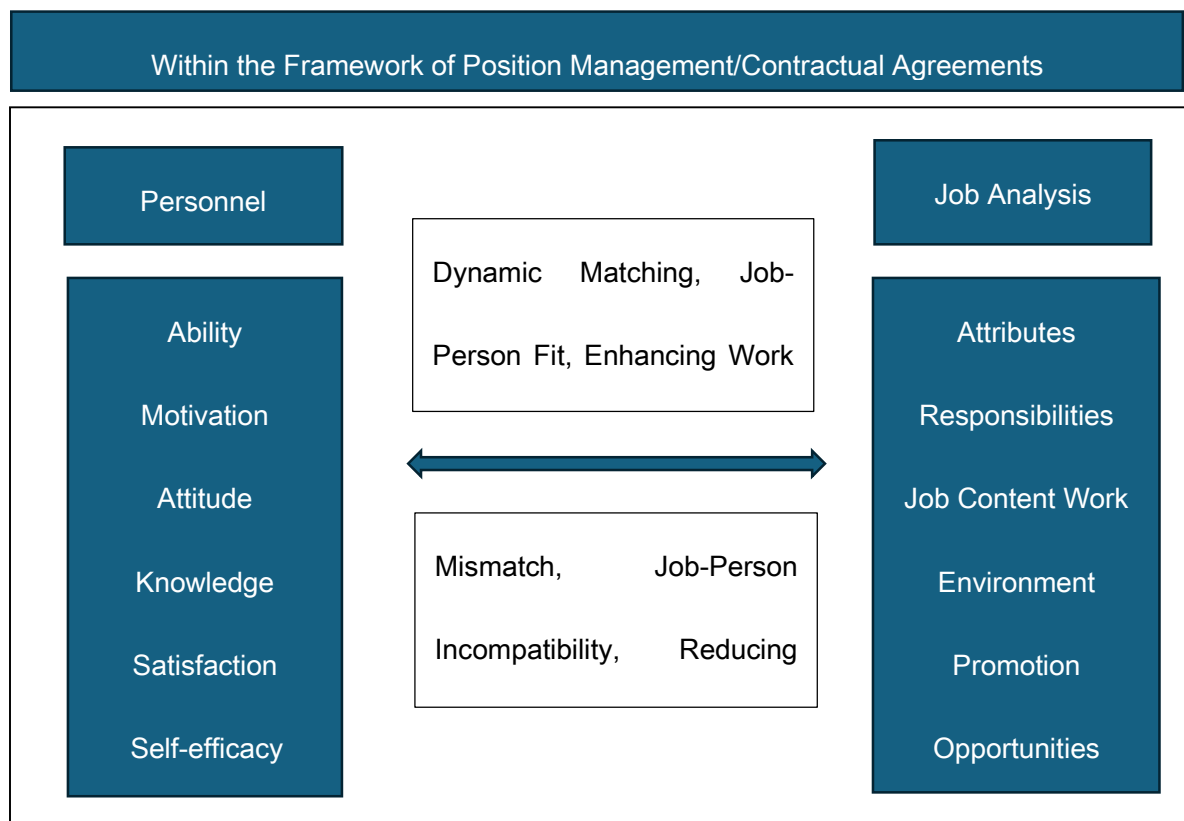


Figure 2.2 - Analysis chart of person-post matching

Analysis Framework of the Operation of the Development Zone's Appointment System

In the reform practice, the operation of the appointment system in the development zone demonstrates a distinctive dual-drive attribute of scientific hierarchy and market forces. Building upon the theoretical foundations of institutional adaptive efficiency and person-job fit, this paper integrates Max Weber's characteristics of modern bureaucratic hierarchy to construct an "Analysis Framework of the Appointment System Operation under the Dual Drive of Scientific Hierarchy and Market," thereby focusing the research theme more sharply and with greater depth.

The dual management attributes in the operation of the appointment system.

As a personnel system with dual incentives of bureaucratic and market characteristics, the appointment system in development zones operates through an intertwined mechanism rather than through parallel, separate functions. This means it alternates between "weak bureaucratic incentives with strong market incentives" and "strong bureaucratic incentives with weak market incentives" based on the specific needs of different operational stages. Specifically:

Bureaucratic Incentive Attributes in the Operation of the Appointment System: Max Weber defined a series of characteristics for modern bureaucracy, and the following five aspects are particularly relevant to this study:

Fixed Positions and Hierarchical Structure: Officials are placed within a structured hierarchy with clearly defined duties.

Career Orientation: Officials view their roles as their primary or sole profession, with promotions based on seniority, performance, or a combination of both, subject to

superiors' evaluations.

Fixed Monetary Compensation: Salaries are determined by the rank and responsibilities of the position, as well as the principle of "status and rank".

Separation of Position and Person: Individuals cannot claim ownership of their positions and are distinct from the administrative resources they manage.

Strict Discipline and Supervision: Officials adhere to unified, rigorous job discipline and oversight.

Reflecting on the four dimensions of the development zone appointment system management—universal hiring as a foundation, position management as a framework, assessment and evaluation as motivation, and the exit mechanism as a breakthrough—there are clear parallels with Weber's characteristics of modern bureaucracy.

The "universal hiring" aspect of the appointment system corresponds to Max Weber's second characteristic of modern bureaucracy: In a bureaucratic framework, officials have relatively stable positions and promotion opportunities. The universal hiring system breaks away from identity-based management, meaning that positions are no longer "lifetime appointments" for individuals, and promotions are determined based on personal performance and assessment results rather than solely on superiors' evaluations. This contrasts with the stability and certainty of positions and promotion opportunities in a bureaucratic system. However, in practice, even those within the system who voluntarily participate in the appointment system reform in development zones still worry about whether the sequestering of their civil service status will affect external interactions or retirement benefits. Therefore, reform documents stipulate that "after the term of appointment, individuals may return to the system through original channels based on their personal wishes, with arrangements made by the organization

department." Thus, stable positions and promotion opportunities continue to significantly influence hired personnel even after the reform.

The "position management" aspect of the appointment system corresponds to Max Weber's first and fourth characteristics of modern bureaucracy: In a bureaucratic system, there is a hierarchical relationship of authority between superiors and subordinates, with each level and position having fixed duties and authority, and the management power belongs to the position rather than the individual. Under the framework of position management in the appointment system, each position has fixed duties and authority, and the power conferred by the position does not belong to the individual, aligning with bureaucratic management. However, the hierarchical relationship of authority between superiors and subordinates in the appointment system is not as rigid as in a bureaucratic system. In the appointment system, subordinates may compete for higher positions and even surpass their superiors due to outstanding performance and achievements.

The "evaluation and assessment" aspect of the appointment system corresponds to Max Weber's third characteristic of modern bureaucracy and influences its second characteristic: In a bureaucratic system, employees' remuneration depends on adequate financial allocations, making salaries relatively fixed and stable. Under the appointment system, the fiscal system of the development zone is independent, and employees' salaries come from the unit's self-raised funds, with the total salary amount regulated by higher authorities. Within the limits of the authorized total salary, the unit can determine salaries based on individual performance. However, in practice, for the sake of stability, most development zones still initially base fixed salaries on the

original positions and ranks of employees, supplementing them with a certain percentage of performance-based pay. Thus, the hierarchical mindset of the bureaucratic system retains significant inertia post-reform. The results of the appointment system's evaluation and assessment are linked to personnel promotions, allowing employees in lower-level positions to compete for higher-level positions based on their performance evaluations.

The "exit mechanism" of the appointment system corresponds to Max Weber's second and fifth characteristics of modern bureaucracy: In a bureaucratic system, positions are stable for individuals, to the extent that they can be considered "lifelong careers," and the procedures for eliminating or exiting personnel are strictly regulated. In contrast, the exit mechanism of the appointment system breaks this stability. At the end of the appointment term, personnel can voluntarily exit, or some can be eliminated based on assessment results. This process is simplified, requiring only the termination of the employment contract according to the "Labor Contract," making the procedure much less cumbersome.

Second, the market-driven incentive attributes in the operation of the appointment system. Market-oriented personnel management means that the selection and employment of personnel follow market rules, with the signing of an "Employment Contract" to stipulate rights and obligations. The actions of both parties are regulated within the framework of this contract. The operational characteristics include: (1) vertical decentralization in the organizational structure and superior-subordinate relationships; (2) personnel have no established identity and are considered enterprise personnel; (3) superior control over subordinates is based on contract stipulations; (4)

assessment and incentive methods are based on the contract, displaying a distinct "survival of the fittest" characteristic; (5) prioritization of personal interests; (6) prioritization of work efficiency. Comparing the four management characteristics of the development zone appointment system mentioned earlier, the market-driven incentive attributes of the appointment system are as follows:

(1) There is an apparent market orientation in organizational power and personnel identity, but essentially an administrative subordination relationship. According to the second characteristic of market-oriented personnel management, under the appointment system framework, the personnel's established identity is sealed during the appointment period, and an employment contract is signed, making all hired personnel have the same identity and their relationship with the employing unit one of a labor contract. However, in essence, the identities of the hired personnel vary, including civil servant status, public institution status, and enterprise status. After the appointment period ends, those with civil servant or public institution status can return to the system through the original channels, while those with enterprise status need to re-enter the market to find new employment.

(2) In terms of organizational control methods, both administrative orders and contractual agreements play a role. According to the first and third characteristics of market-oriented personnel management, under the appointment system framework, flat management is implemented, significantly reducing management levels. In the hierarchical relationship, superiors focus more on outcome control, while subordinates have a certain degree of discretionary power in handling affairs. Moreover, the organization's control over individuals is not only based on the employment contract

but also includes administrative command authority.

(3) In terms of incentive methods, there are dual guarantees of salary and promotion. According to the fourth, fifth, and sixth characteristics of market-oriented personnel management, under the appointment system framework, performance evaluations combined with differentiated salary distribution are implemented. Compared to purely market-based behaviors, personnel within the system still have the possibility of being transferred to higher positions in other units outside the development zone based on their work performance. This possibility is highly attractive to personnel within the system. Therefore, while striving for work efficiency, appointed personnel are still willing to actively undertake public service tasks.

Tab 2.2 - The basic characteristic contrast of bureaucrat system, market system and appointment system

Comparative Dimension	Bureaucracy	Market-oriented Employment Mechanism	Appointment System
Value Orientation	Social Benefits	Economic Efficiency	Social Benefits+ Economic Efficiency
Interest Appeal	Social Interests	Personal Interests	Organizational Interests + Individual Interests
Organizational Power	Highly Centralized	Vertical Decentralization	Organizational Control over Job Empowerment
Personnel Identity	Formal Bureaucrat	Corporate Identity	Ostensibly: Corporate Identity. Substantially: Bureaucratic Identity + Corporate Identity.
Internal Control Method	Administrative Order	Contractual Agreement	Administrative Orders + Contractual Agreements
Incentive Method	Promotion Opportunities + Stable Salary Guarantee	Contractual Agreement	Promotion Opportunities + Differentiated Salary Distribution
Exit Method	Based on strict regulations and procedures	Contractual Agreement	Contractual Agreements + Differentiated Exit Channels

(4) Attempting breakthroughs in the exit mechanism. According to the fourth characteristic of market-oriented personnel management, under the appointment system framework, a certain proportion of personnel is stipulated to be eliminated each year. The elimination is currently based on performance evaluation results, although there is no clear policy document supporting this practice. However, at this stage, the elimination and exit mechanism of the development zone's appointment system is not fully market-oriented. Personnel within the system who exit the appointment system still have stable jobs.

Framework for the Operation of the Appointment System under the Dual Drivers of Bureaucracy and Market

The previous section compared the correspondence and disparities between the appointment system, bureaucracy, and market-oriented employment systems, and presented the specific institutional arrangements of their behavioral logics in a tabular format. The following section will focus on describing the operational logic of the appointment system under the dual drivers of bureaucracy and market from the perspectives of value chain, control chain, and behavioral chain. The value chain illustrates the process of the appointment system's value pursuit transforming into organizational value and further into individual behavioral value. The control chain demonstrates how the institutional design of the appointment system drives individuals to fulfill their job responsibilities and take proactive actions through organizational administrative power, incentive measures, control methods, and constraint mechanisms. The behavioral chain presents the logic of individual behavior and responses to organizational control. Together, these three dynamic chains illustrate the operational

logic of the appointment system under the dual drivers of bureaucracy and market.

First, from the perspective of the value chain's operational logic, the original intention of the management system reform in the development zone is to streamline the organization, divest from social affairs, and concentrate efforts on strengthening industries and economic development. In this context, the value of the appointment system reform in the development zone lies in ensuring economic efficiency while also assuming social responsibilities. Achieving this value goal first requires empowering the organization, granting it freedom in selecting and employing personnel, and discretion in salary distribution. Secondly, it requires transforming into organizational interests and work efficiency through institutional design, policy provisions, and functional agreements. The organization then uses incentives, constraints, and other means to promote the transformation of goals into individual values.

Second, from the perspective of the control chain's operational logic, under the appointment system, on the one hand, the nature of the development zone management committee has not changed and remains a government unit. On the other hand, individual identities are not entirely market-oriented, as there are still distinctions between civil servants, public employees, and enterprise personnel. This determines that the organization cannot achieve the expected results solely through market behavior. The organization has administrative management rights over individuals, and achieving expected goals requires introducing market mechanisms to authorize and empower positions, while the organization controls the behavioral outcomes of various levels. In terms of incentive measures, it is necessary to consider the characteristics of different personnel identities, retain promotion opportunities within the system, and

implement differential salary distribution. In terms of control methods, control is exercised through administrative management and contractual agreements, and the exit process is smoothly facilitated.

Third, from the perspective of the operational logic of the behavioral chain, individuals obtain opportunities for internal mobility and higher salary treatment by fulfilling their job responsibilities, actively serving the enterprise community, and demonstrating proactive behavior. Simultaneously, continuously improving individual capabilities and qualities, enhancing the match between individuals and positions, and staying in the development zone to seize opportunities for promotion to higher positions within the appointment system. Individual proactive efforts also represent a positive response to organizational values.

2.3 SWOT Analysis of HYEDZ Management

1.Strengths

Due to the unique positioning of development zones, their operational models and management systems differ from those of typical administrative regions in China. Development zones of varying levels, scales, and standards have different management systems and operational mechanisms. However, they generally adhere to the management approach of "small government, big society" and "small institutions, big services." As a result, compared to traditional administrative management systems, they have the following relative advantages.

First, Management Philosophy: Service-Oriented and Efficiency-Driven. For over

30 years, development zones have steadfastly pursued reform and opening-up, focusing primarily on developing industrial projects, attracting foreign investment, and expanding exports. On this foundation, they have gradually developed emerging specialized industries and high-tech industries. Due to limited funding, emerging development zones often face challenges in securing infrastructure financing and ensuring the timely provision of public goods. To address this, they typically establish investment companies and leverage the market to achieve diversified investments, striving to create a fair, just, and competitive market economy environment. This approach has established a service-oriented management philosophy. The Management Committee is characterized by being "small in scale, lean in staff, with capable leadership, high efficiency, and strong service orientation." Particularly, their meticulous service to businesses and projects has significantly promoted industrial and economic development within the zone.

Second, High Degree of Freedom and Flexibility in the Management Model. Development zones serve as pioneering experimental areas for reform and opening-up, implementing special economic policies, flexible economic measures, and efficient management systems. Typically, development zones are led by high-ranking party and government officials and enjoy municipal-level economic management authority. This uniqueness helps maintain the integrity and relative independence of administrative powers, simplifies external relationships, and directly aids in resolving frontline conflicts, reducing external interference, and obtaining the latest information. Development zones are generally authorized through local legislation by the provincial or municipal People's Congress Standing Committee, allowing them to maintain

creativity and flexibility in aspects such as organizational structure, functional allocation, personnel deployment, investment and financing systems, and operational mechanisms.

Third, Transparent and Efficient Management Mechanisms. Through transplantation and innovation, development zones have established streamlined organizational management structures and comprehensive regulations. Compared to typical administrative regions, their systems are more refined, gradually standardized, and increasingly transparent. Given the focus on economic development, these zones emphasize policy and administrative transparency, standardized procedures, and rapid approval and implementation processes. This makes investment and project settlement more convenient for businesses. Such a management system not only facilitates supervision and evaluation but also enhances decision-making efficiency.

Fourth, Streamlined and Efficient Management Organizations with Flexible Operations. To meet the demands of large-scale investment and development, the administrative functions of development zones have gradually been reduced while service functions have been increasingly emphasized, leading to a greater concentration of various intermediary and service organizations. The streamlined organizational structure, lean staffing, minimal burdens, flexible mechanisms, and coordinated operations of these zones not only reduce management costs but also enhance work efficiency, thereby promoting rapid economic and social development.

2. Weaknesses

First, Unclear Functional Positioning. As the jurisdiction of development zones expands, urbanization accelerates, and both the economy and population grow, many

regions have gradually transformed their development zones into new urban areas, leading to an expansion of their management and service functions. However, since development zones are not independent levels of government, they must still undergo assessments from higher-level governments and departments. As administrative and social affairs increase, the development, economic, and innovation functions of these zones have gradually weakened. Additionally, the gradual repeal of special policies granted to development zones and the reduction of economic management authority have led to a convergence with general administrative regions, distorting the functional positioning of development zones. In the context of China's current situation, development zones are not formally recognized within the country's administrative hierarchy. Although the management committees of these zones exercise the powers of a government-level entity, there is no specific national legislation to clarify their role. Management of these zones still primarily relies on guidance from commerce-related departments and authorization from higher-level governments to perform relevant administrative functions. In many places, development zones are often integrated into municipal (county, district) departments, resulting in a lack of authority in the status of the development zone, instability in policy formulation, and a lack of legitimacy in management actions.

Second, Inadequate Functional Transition. Since its establishment, the development zone has focused primarily on economic management, with a noticeable lag in adapting its social management functions to meet the evolving demands of economic and social development. Although development zones have made some progress in functional transition compared to general administrative regions, they still

rely heavily on administrative methods to manage economic and social affairs. Issues such as inadequate market mechanism development, incomplete intermediary service organizations, and limited social management tools have emerged. Problems that should ideally be addressed through legal means or social intermediary organizations are often managed by specific government departments or newly established government agencies, which undermines the creation of a fair and relaxed market competition environment. The initial purpose of establishing development zones was to overcome the constraints of the old system and establish a new system, accelerating economic and social development through innovative development and management models. Therefore, creating a new administrative management system that aligns with global trends and international planning, and promotes balanced and rapid development of the development zone, is both a fundamental requirement and an inevitable trend of institutional innovation in development zones. Currently, the conflicts arising from the management system are becoming increasingly apparent and widespread. It is necessary to incorporate successful experiences from advanced countries and regions, reform the old system, and implement new systems.

Third, Unclear Separation of Government and Enterprise Responsibilities. With the accelerated development of the socialist market economy, most development zones have established development companies, and in some cases, multiple state-owned investment and financing platforms to handle investment, financing, and infrastructure development. This has significantly contributed to the construction and growth of development zones. However, the vast majority of these development companies operate under the same personnel as the Management Committee, functioning as "one

team, two signs." Even in cases where there are separate teams, independent operations are difficult to achieve. These companies often merely use their names to advance market activities, leading to instances of industry monopolies that harm the environment of fair competition and do not align with current international practices.

Fourth, Unclear Administrative Law Enforcement Authority. The Management Committee of the development zone requires authorization from higher-level relevant departments to exercise administrative powers and enforce administrative law, especially in areas such as environmental regulation, cultural law enforcement, handling of illegal constructions, and social affairs management. Due to the lack of clear legislative definition of the Management Committee's administrative subject qualification, its authority to exercise powers and implement management penalties lacks a solid legal foundation and support. This ambiguity can lead to a passive position in administrative reviews and lawsuits, making it difficult for the Management Committee to fully perform its relevant functions and fulfill its intended role.

Fifth, Rapid Expansion of Institutions. When development zones were first established, the number of institutions was relatively small, with many functions consolidated, resulting in a management system characterized by a small workforce, quick decision-making, and strong coordination. This led to the establishment of an efficient and lean management structure. However, in recent years, there has been a growing trend of government departments setting up more offices within development zones. Many development zones, in their efforts to align with the corresponding higher-level departments, have gradually expanded the Management Committee's institutions beyond the original intent of establishing the development zone. This expansion

inevitably impacts the efficiency and management advantages of the Management Committee.

3.Opportunities

The deepening global technological and industrial revolutions have led to the emergence of a large number of new technologies, industries, models, and business formats, which are increasingly becoming new growth drivers for regional economies. This provides a favorable opportunity for various development zones to "replace old growth drivers with new ones" and promote transformation and upgrading. Located on the eastern coast, the Haiyang Economic Development Zone not only enjoys the general advantages common to development zones at a macro level but also benefits from unique regional opportunities and conditions.

1. Integrated Development of Port, Industry, and City

Driven by the "Eastward and Southward Expansion, Coastal and Riverfront Development" strategy, the metropolitan structure of Haiyang has largely taken shape. Traditional industries are accelerating their transformation, while advanced manufacturing, high-tech industries, modern logistics, and other sectors are steadily developing. Additionally, new business formats such as the digital economy, platform economy, building economy, headquarters economy, and cross-border e-commerce are thriving, highlighting the growing spatial agglomeration advantage of the integration between port, industry, and city. The level of transportation network construction in Haiyang City is continuously improving, resulting in a well-developed and smoothly functioning road network. The comprehensive transportation network of a modern provincial capital international city is becoming increasingly complete, enhancing

coordination with metropolitan area industrial planning, transportation networks, and public services. This provides a more convenient transportation foundation for deeply integrating into the metropolitan area economy.

2. Continuous Improvement of the Business Environment

Haiyang City upholds the work ethic of "handling special matters with special urgency and acting immediately," continuously improving the business environment of the provincial capital. The city has optimized government organization and functional division, implemented the "separation of permits and licenses" reform, increased the proportion of matters that can be handled without a single visit, and enhanced work efficiency. The "Internet + Government Services" initiative has been optimized, successfully establishing an integrated government service network that fully merges online and offline services, raising the service standards of government service centers to be more standardized, intelligent, and user-friendly. The city has also advanced the "one industry, one license" reform, addressing the issue of "entry without operation" for businesses and establishing an efficient management and service system. The development zone was the first in Shandong Province to establish an Internet of Things (IoT) Industry Development Center, vigorously promoting the IoT industry and positioning it as a new competitive growth area. By 2022, the development zone had attracted 228 IoT enterprises, generating a revenue of 38 billion yuan and contributing 1.18 billion yuan in taxes. This growth has driven the rapid expansion of local companies such as Fuguang Co., Xingyun Electronics, Newland, NetDragon, and Tengjing Technology, while also attracting high-quality companies like Huawei, Times Xingyun, and Unicom to establish a presence in the zone.

4. Threats

Chinese development zones generally face a dilemma of "internal and external troubles," dealing with both the weakening of external policy advantages and excessive competition among zones, as well as internal issues like weak innovation capabilities and land space saturation.

On the one hand, there are challenges from the external environment. Within Shandong Province, the Haiyang Economic Development Zone faces intense competition in its external development environment. According to the quantitative evaluation results of the comprehensive development levels of 160 development zones in the province published by the Shandong Provincial Department of Commerce, Haiyang Economic Development Zone ranked 3rd in 2019 and 4th in 2020. In terms of actual utilization of foreign investment, it ranked 6th in both 2019 and 2020. Two development zones in Qingdao (Qingdao Economic Development Zone and Jinan Economic Development Zone) were among the top three in Shandong Province in terms of comprehensive development level, while Yantai Economic Development Zone jumped from 6th place in 2019 to 2nd place in 2020. In contrast, the Haiyang Economic and Technological Development Zone was squeezed out of the top three, with the Qingdao Economic Development Zone falling to 3rd place.

On the other hand, there are internal challenges. Within Shandong Province, the Haiyang Economic Development Zone is at a critical stage of transitioning from factor-driven to innovation-driven development, and it still faces several shortcomings. First, there is a lack of driving factors for technological innovation, and the innovation capability remains relatively weak. Second, the industrial ecosystem is still quite fragile. The development of the zone is overly dependent on a few key enterprises, resulting in limited synergistic effects within the industry. Most of the zone's small and micro

enterprises are located in the middle and lower reaches of the industrial chain and face numerous difficulties, such as increased costs, financing challenges, and transportation issues, particularly under the impact of the pandemic.

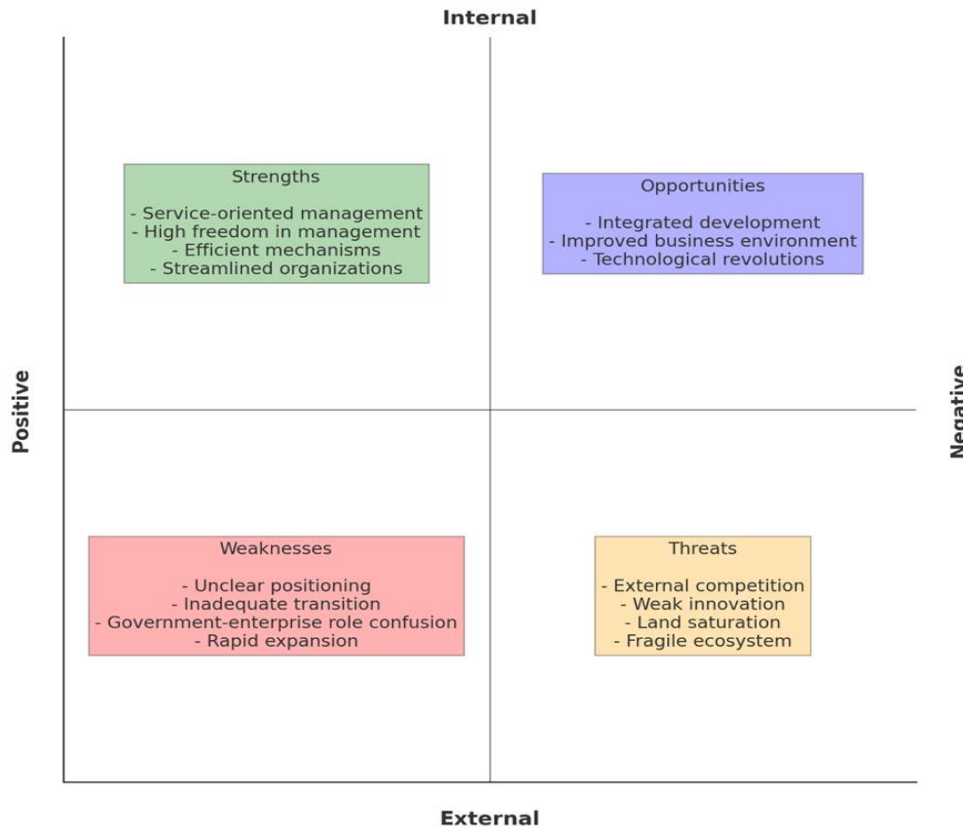


Figure 2.3 - SWOT Analysis of HYEDZ Management

Third, the level of park planning needs improvement. The efficiency of resource conservation, intensive use, and recycling needs to be enhanced. The spatial layout of port, industry, and city integration requires optimization, and the quality of urban functions needs further enhancement. Land development bottlenecks have not been effectively resolved, and there is insufficient momentum for attracting high-quality and large-scale projects. Fourth, the level of openness and the ability to promote cultural heritage need significant improvement. There is still room for further exploration of the cultural significance of shipbuilding culture.

CHAPTER 3

IMPROVING ADMINISTRATIVE MANAGEMENT AT HAIYANG ECONOMIC DEVELOPMENT ZONE

3.1 Strategic Goals and Objectives

Separation of Social Affairs Management and Clarification of Responsibilities

In practice, the Haiyang Economic Development Zone finds it challenging to avoid being assigned various administrative tasks by the local government, such as safety supervision, environmental protection, public security, and petition stability. This situation has led to the development zone being nominally separated from social affairs, but due to the constraints of the "local management" mindset, county-level functional departments only play a supporting role in the actual regulation of these affairs. As a result, the development zone continues to bear the primary responsibility for local oversight, requiring significant human and material resources to manage these tasks.

The Haiyang Economic Development Zone Management Committee is not part of the statutory administrative hierarchy and does not constitute an independent level of local government. Consequently, it lacks certain political and social functions that are typically associated with local governments, which hampers its ability to carry out some administrative approvals and procedures. There is a mutual constraint on powers

and responsibilities between the development zone management committee and the local government. The management committee and its internal departments do not possess administrative enforcement authority. However, in practice, some county-level departments in Haiyang City adhere to the "local principle," pushing their responsibilities down to the Haiyang Economic Development Zone without simultaneously transferring the necessary resources and administrative enforcement powers. This situation has left the development zone management committee with responsibilities but no corresponding authority, creating a significant imbalance between authority and responsibility, unclear jurisdiction, and inadequate financial resources, which severely impacts the zone's effective governance and development.

On the other hand, administrative enforcement activities within the zone, such as safety supervision and environmental protection, rely heavily on relevant county-level units to carry them out. This reliance has significantly subjected the Haiyang Economic Development Zone to multiple constraints, diminishing its enthusiasm and proactivity. The increased complexity of work and reduced efficiency are direct consequences of this fragmented approach. For the enterprises within the development zone, the lack of a unified department to coordinate and manage various inspections at different levels forces them to cope with numerous, uncoordinated checks. This not only burdens the enterprises but also, in the long run, negatively impacts the overall business environment and economic development of the entire development zone.

Improving Institutional Setup and Operational Mechanisms

The institutional setup of the Haiyang Economic Development Zone is organized according to provincial government planning and deployment. However, after years of

development, it has not fully aligned with local economic needs.

Lack of a Dedicated Approval Center: The Haiyang Economic Development Zone lacks its own independent approval center. Consequently, businesses face challenges when handling project approvals, registration, safety assessments, and environmental evaluations. Interdepartmental coordination issues result in complex procedures and prolonged approval times. The development zone's internal functional departments lack proper alignment with the county party committee and county government units, leading to inefficiencies. Projects must navigate through multiple departments from registration to construction, severely affecting administrative efficiency and the business environment. In 2021, the satisfaction rate for the business environment in the Haiyang Economic Development Zone was only 90.47%. Although there have been improvements in service functions compared to before the 2020 reforms, the absence of an independent approval center means that projects cannot truly benefit from a "one-stop" approval process.

Secondly, under the current system, on the one hand, the Haiyang Economic Development Zone promotes a streamlined and efficient management model. However, its organizational structure does not correspond directly with higher-level supervisory departments or county-level departments, resulting in a situation where "one person is responsible for multiple tasks." In some cases, work is entirely dictated by the personal decisions or temporary arrangements of the top leader, leading to functional overlap and confusion between departments, which has become a significant factor hindering the efficient operation of the provincial-level development zone. On the other hand, there are no clear guidelines in central or provincial, and municipal documents

regarding the internal departmental setup of provincial-level economic development zones, nor on the number of personnel or staff allocations. As the development zone continues to expand, the demands and functions of the original internal departments have grown significantly. When this growth reaches a certain point, the existing departments and personnel are no longer sufficient to meet development needs, necessitating the reorganization of original departments or the establishment of new ones. This may lead to continuous expansion of internal institutions and the extension of functions. However, the delineation of responsibilities between departments has become increasingly vague, making it easy for departments to have overlapping authority and to shirk responsibility. This ultimately affects the operation and further development of the economic development zone.

Another important aspect is the lack of long-term, effective, and systematic supervision of the Development Zone Management Committee. As a special institution, the Development Zone Management Committee is significantly different from ordinary administrative entities. Due to its long-term interaction with enterprises and its direct service and oversight relationship with them, it is easy for issues such as abuse of power, overreach of authority, and even corruption to arise in its operations.

Thirdly, the 2020 Shandong Provincial institutional reform document clearly requires provincial-level economic development zones to separate their operational functions and transfer them to platform companies and industrial park companies, which are market-oriented entities. However, in practice, the platform companies and park companies in the Haiyang Economic Development Zone are still constrained and managed by the Development Zone Management Committee, continuing to carry out

tasks assigned by the committee. Their operations and management have not truly entered the market. Some companies were established merely to meet the requirements of higher-level departments, without substantial business or revenue. Some companies are running at a loss and rely on irregular capital injections from the Development Zone Management Committee to survive. Internally, these companies are still managed with the same administrative mindset and methods as before the reforms. The establishment and meetings of boards of directors and boards of supervisors are often formalities and fail to play their intended roles effectively.

Fourthly, during the reform of the development zone, it was clearly stated that departments such as the County Finance Bureau, County Natural Resources Planning Bureau, County Emergency Management Bureau, County Tax Bureau, Ecology and Environment Bureau, Audit Bureau, and Public Security Bureau would set up branch offices in the development zone according to their respective authorities and perform their corresponding duties within the zone. These branch offices are subject to dual management by both the development zone and their respective parent agencies. Personnel appointments and staffing are primarily managed by the parent agencies, while service effectiveness and performance evaluations are mainly handled by the development zone. However, in practice, although various units have stationed personnel in the development zone, due to various factors, most of these staff members hold part-time roles and remain connected to their original units, balancing responsibilities in both places. Furthermore, the Development Zone Management Committee has not established effective incentive or evaluation mechanisms for these units, resulting in reduced working hours and efficiency of the personnel within the

development zone.

Reforming the Personnel System to Ensure Mobility of Cadres

In the management and utilization of cadres, the problem of outdated personnel systems is particularly prominent. Although the Haiyang Economic Development Zone has carried out significant reforms in its personnel system, with reform documents stipulating the implementation of a competitive hiring system for all positions, the zone is still restricted by higher-level leadership departments. The development zone is unable to independently appoint cadres above the middle level, as they must undergo unified evaluation and selection by the county or district organization departments. As a result, the competitive hiring and independent personnel management system remains largely formalistic.

Shortage of Specialized Talent, Especially Knowledge-Based and Professional Leadership Cadres. Currently, the staffing of the Haiyang Economic Development Zone is generally managed through unified recruitment and assignment by local organizational or personnel departments. Although the 2020 Shandong Province Development Zone Reform granted the Development Zone Management Committee the authority to independently recruit staff, the organizational department of the development zone lacks long-term planning and design for talent development. On one hand, recruitment often focuses on addressing immediate shortages of professionals, following conventional methods or staffing quotas. On the other hand, there is a lack of training to enhance the professional knowledge and skills of existing employees, resulting in slow knowledge updates and limited capacity for innovation among staff. Since the 2020 reforms, only three leadership cadres from the Haiyang Economic

Development Zone have participated in secondment and exchange programs in other regions, and their professional development has been largely limited to attending party lectures and studying related party documents and theories, with little training in professional knowledge. Over the past 30 years since the development zone's establishment, successful development zones across China have invariably had strong leadership teams characterized by high qualifications and innovative spirit. However, in the Haiyang Economic Development Zone, leadership teams are typically appointed through recommendations by local county or district governments, evaluated by higher-level governments, or filled by county-level officials in part-time roles. The leadership team has long been incomplete, and meetings of the standing committee and leadership team are often formalities, with the principle of democratic centralism not being fully applied. Furthermore, the development zone generally lacks knowledgeable and professional leadership cadres. The broader societal context demands that leadership cadres quickly adapt to new roles and responsibilities, often neglecting the need for specialized knowledge. The shortage of professional talents proficient in management, economics, and law has hindered the high-quality development of the development zone.

In terms of promotion for positions and professional titles, the staff of the Haiyang Economic Development Zone faces significant disadvantages. Apart from the members of the Party Working Committee, who are appointed by the municipal party committee, government, or the county (district) party committee and government, most other staff members are restricted to internal transfers within the Management Committee or can only move through competitive examinations, resulting in low

mobility. Career advancement channels are obstructed, leading to a "glass ceiling" effect. Many employees have worked in the development zone for over 10 years without any changes in their roles, which stifles motivation, initiative, and creativity, leading to complacency.

Furthermore, the number of professional titles in the development zone is regulated according to uniform municipal and county standards, without offering any preferential treatment for talent in the development zone. The limited number of titles, combined with an aging workforce, severely affects the enthusiasm and creativity of cadres and staff. However, most cadres and staff in the development zone are between 30 and 50 years old, with relatively rich work experience, energy, and a high overall level of education, as the vast majority hold university degrees. Overall, working in the development zone is complex and stressful, with most tasks closely related to enterprises. However, due to the lack of a well-functioning and fluid mobility mechanism, talented individuals in the development zone cannot move out, while external talent cannot come in. The promotion channels for positions and professional titles are not smooth, and over time, this severely impacts the motivation and initiative of the staff in the development zone.

Improving Relevant Legislation and Clarifying the Status of Administrative Entities

China's vast territory and widespread development zones across various regions, coupled with differing levels of development and local policies, have created challenges for national legislation regarding development zones. The legal status of the Management Committees of these development zones has not been uniformly and

explicitly defined, leading to unclear rights and responsibilities under the law. Some scholars in China have successively studied and analyzed the difficulties and solutions related to the legal status of these Management Committees, but no unified conclusion has been reached so far. One researcher has suggested that the legal status of these Management Committees should not be studied in a generalized manner, but rather differentiated between national-level and provincial-level development zones. The Management Committees of national-level economic and technological development zones are dispatched agencies of the government, while national-level high-tech development zones are organizations authorized by regulations. The legal status of provincial-level economic development zones can be considered in two ways: First, for those zones where local regulations such as development zone management ordinances have been enacted, the relevant administrative powers are granted to the Management Committees by local laws, making them legally authorized organizations with standing as defendants in administrative lawsuits. Second, for zones without unified local regulations, the Management Committees are considered entrusted organizations, lacking legal authorization and therefore not having standing as defendants in such lawsuits.

Although the latest judicial interpretation by the Supreme People's Court clarifies that the Management Committees of development zones have standing as defendants, it does not explicitly define their status as administrative entities. The lack of clear legal definition regarding the administrative status of these committees has led to numerous issues, such as unclear responsibilities and authority, irregular institutional structures, and a lack of proper law enforcement authority. An administrative action by the

government can only be valid if it is based on principles established by the Constitution and laws. Without a clear legal status, it is impossible to ensure that the various administrative actions taken by the development zone Management Committees are fully lawful. When they lack statutory authority and procedures for exercising public power, it becomes difficult to prevent the abuse of administrative power.

As a dispatched agency of the county party committee and county government, Haiyang Economic Development Zone lacks the status of a primary administrative government entity. In practice, it must rely on the authorization of the local party committee and government, but this delegated management authority is often uncertain and incomplete. Consequently, administrative decisions made in the name of the development zone's Management Committee are in a state of pending validity. This severely undermines the credibility, initiative, and motivation of the Management Committee, negatively impacting the development of the zone. Moreover, this situation is contrary to the original intent and purpose of establishing the development zone.

Enhancing Talent Management Concepts

Outdated talent management concepts have become a key factor hindering talent development in the Haiyang Economic Development Zone. Due to the constraints and influences of the management entities and leaders' own management philosophies, insufficient attention has been paid to talent development. Talent work is often viewed as merely "the icing on the cake," and talent management efforts remain superficial, primarily reflected in policy documents. In practice, recruitment is generally handled by the local county (district) organizational departments without a deep understanding of the critical role that talent plays in the management and development of the

development zone. The recruitment process focuses only on basic criteria like education and professional qualifications, which has led to insufficient attraction of high-level specialized talent. The development zone's organizational departments also tend to approach talent cultivation and reserves in a formalistic way, lacking a long-term plan for nurturing and assessing the development of staff members.

As provincial-level economic development zones serve as dispatched agencies of the county party committee and county government, their organizational structure, while not identical to regular administrative units, is similarly affected by hierarchical thinking and the notion of a "job for life." This results in a "boiled frog" effect among employees, where effort levels make no difference, leading to a lack of motivation, initiative, and competitive awareness. The development zones' own incentive and restraint mechanisms are generally underdeveloped. Though many development zones have implemented performance evaluation systems as part of their reforms, these systems are often superficial and not thoroughly enforced. Factors such as leadership preferences, duties, and public opinion heavily influence performance evaluations, resulting in a situation where "the form changes, but the substance remains the same," with performance merely being distributed in a different format. Over time, this will severely diminish the enthusiasm and proactivity of cadres and employees.

The appointment of key members in provincial-level economic development zones is generally based on recommendations from the county party committee and county government, with upper-level government conducting assessments and appointments, or county-level leaders concurrently holding positions. During the assessment and appointment process, the focus is typically on their past performance

in terms of political integrity, diligence, achievements, and honesty.



Figure 3.1 Reform Goals

However, there is rarely any consideration of their expertise in management, economics, finance, or technology. The series of assessment and evaluation systems for party and government leaders issued by upper-level departments are not tailored to the specific needs of development zone leadership. There is no customized leadership evaluation system that reflects the unique situation of development zones. As a result, the assessments for development zone leaders have gradually become mere formalities, failing to accurately or scientifically reflect their achievements in development zone management.

3.2 Process Optimization

Clarifying the Administrative Subject Status

The legal and administrative subject status of provincial-level economic development zones is not clearly defined at the national legal level, nor are these zones included in the administrative management hierarchy in China. This lack of clarity has resulted in numerous constraints on provincial-level economic development zones, hindering their development. To address the issues within the management system of these zones, the following steps should be taken: First, laws and regulations should be enacted at the national level to clearly define the legal status and administrative subject status of provincial-level economic development zones. These laws should specify the nature, functions, rights, and obligations of these zones, and clearly outline their rights and obligations as independent administrative entities. Second, each province (region, or municipality) should explore and formulate its own "Development Zone Regulations" or "Management Measures" based on the actual development conditions of its zones. A provincial-level development zone management office should be established, with all provincial-level economic development zones uniformly managed and assessed by the provincial or municipal development zone office. Some responsibilities that previously required approval by county (district) functional departments should be directly transferred to the development zones for approval and management by the corresponding provincial or municipal departments, with only the county (district) government responsible for record-keeping. This would legally streamline the relationships between development zones and county-level departments,

reduce inter-departmental friction, and allow provincial-level development zones to legitimately take charge of their main responsibilities with appropriate authority. Third, the fiscal management system of the development zones should be legally improved, with a reasonable division of fiscal responsibilities and expenditure items between counties/districts and the development zones. A regulatory system should be established to ensure that fiscal responsibilities align with expenditure responsibilities, helping development zones overcome the dilemma of "responsibility without authority." This approach not only enhances the zones' autonomy in development but also helps consolidate their strength, attract investments, and improve service efficiency, thereby contributing to the creation of a better business environment.

Developing a Responsibility List for the Development Zone and Clarifying Core Responsibilities

In the reform of development zones, these zones are positioned as leaders in technological innovation, pioneers of reform and opening-up, and models of high-quality development. Provincial-level development zones should transfer social management functions to local governments, stripping away related social responsibilities and focusing on their core mission of economic development. This also includes accelerating the establishment of more flexible and practical development and operational mechanisms.

The management committees of the development zones should concentrate on key areas such as economic development, technological innovation, and reform and opening-up. Their primary responsibilities should include implementing development plans, ensuring the execution of policies, strengthening initiatives to attract investment

and talent, coordinating services for enterprises, and promoting industrial development.

In line with the principle of local governance, social affairs management functions—such as land acquisition and demolition, forestry production, poverty alleviation, community management, social stability, ethnic and religious affairs, family planning, and social welfare—should be transferred to the original local townships or streets. Responsibilities related to safety production, environmental protection, natural resource management, illegal construction, and comprehensive law enforcement should be managed by relevant county departments or specialized agencies established by these departments within the development zones.

Streamlining Institutions and Actively Exploring Enterprise Management Models

In the organizational structure of development zones, it is essential to gradually implement a "large department, flat management" model based on the principle of streamlining and efficiency, tailored to the actual work requirements. This management model involves two key aspects:

High Staff Qualifications: Staff must possess strong professional knowledge, problem-solving skills, self-discipline, and team spirit, along with a high sense of collective honor.

High Degree of Informatization: The model requires a high level of informatization, fully leveraging the capabilities of e-government.

While actively promoting "large department, flat management," development zone management committees should also explore enterprise management models. Enterprise management offers the advantages of being streamlined and efficient, which can help maximize the role of the development zone as an "economic main battlefield." To this end, the management committee should divest the development and operational functions within the zone, transferring these responsibilities to market entities such as platform companies and industrial park

companies. Over time, these companies should be encouraged to operate in the market, allowing competition to determine their success. Additionally, the management committee should support capable enterprises within the zone to manage and operate "parks within the zone" through alliances, councils, or similar structures. These enterprises would handle project packaging and submission, R&D for technology platforms, financing, and investment. Furthermore, social capital should be actively attracted to participate in the investment and construction of the development zone. The Suzhou Industrial Park, as a successful example of enterprise management in development zones, provides valuable lessons for the reform of provincial-level economic development zones.

Deepening Personnel System Reforms and Implementing Flexible Management

Strengthening the Leadership Team

Selecting and Strengthening the Leadership Team: The selection and enhancement of the leadership team are critical. The Secretary of the Party Working Committee, the Director of the Administrative Committee, and the Secretary of the Discipline Inspection Committee of the development zone should be included in the unified management of the municipal party committee. Other deputy positions within the Party Working Committee and Administrative Committee of the development zone should, in principle, be recommended and managed by the development zone itself, with appointments and dismissals handled by the municipal or county party committee. Appointments made by the county party committee should be reported to the organization department of the municipal party committee for the record. Other

leadership positions should be appointed and managed according to the corresponding cadre management authority, avoiding any preferential arrangements. The Director and Deputy Directors of the Administrative Committee may be selected through competitive recruitment.

Diversifying Leadership Structure: The leadership team's structure should be diversified, considering factors such as age distribution, educational and work experience, and personality alignment to ensure balanced and effective management.

Enhancing Training and Exchange Programs: Provincial supervisory departments or relevant units should intensify training and temporary assignments for the leadership team to enhance their knowledge and capabilities. Promoting cadre exchanges will help optimize and upgrade the skills and competencies of the leadership team.

Establishing a Professional Evaluation System: A professional evaluation system should be established, emphasizing both moral integrity and professional competence, with a priority on character. This system should include scientifically sound and reasonable assessment criteria for leadership, with evaluation results serving as the primary reference for leadership promotions and development.

Implementing a Full-Staff Appointment System

In terms of personnel management, a competitive mechanism that includes full-staff appointments and a last-place elimination system should be adopted. The management institutions and staff of the development zone's administrative committee, as well as associated companies, should generally be appointed through an "open competition and mutual selection" process, with recruitment open to the public. Various methods such as direct appointment, competitive appointment, and social recruitment should be employed during the appointment process, with all employees required to sign employment contracts. Daily management should be conducted through target management, performance assessments, and a merit-based system where the best

performers are retained. Performance evaluation results should serve as a critical basis for job adjustments, position changes, contract renewals, or terminations. A warning system (yellow card) and last-place elimination mechanism should be established, ensuring that performance assessments drive the implementation of work responsibilities. Employees who perform exceptionally well and meet the criteria for promotion should be eligible for position upgrades and the appointment of professional technical titles. They should also receive the appropriate benefits when handling promotions, transfers, or retirement procedures, thereby enhancing their work motivation and initiative. The development zone should actively recruit outstanding professionals from various relevant fields to ensure a steady inflow of talent. The development zone's administrative committee should also maintain a clear pathway for staff exits. When the local party committee and government select and appoint personnel, they should prioritize outstanding individuals from the development zone's administrative committee who hold cadre status, provided all other conditions are equal. This approach would ensure career advancement opportunities, safeguard political treatment for the staff, and alleviate any concerns about their future prospects.

Implementing Performance-Based Salary Reforms

The development zone can explore and pilot a performance-based salary incentive mechanism and a performance evaluation system to effectively motivate staff to fulfill their duties and actively contribute to development. The following measures can be considered:

Tailored Evaluation Criteria: During the overall evaluation of the development zone, the unique developmental foundation and overall conditions of each zone should be fully considered. Task objectives should be set according to classification and categorization, emphasizing growth and incremental progress. Indicators and weights should be reasonably set, and a scientific evaluation method should be implemented. Only those assessments explicitly required by the central government or the provincial party committee and government should be included in

the evaluation indicators, gradually establishing a scientific, reasonable, and comprehensive "guiding framework." **Goal-Oriented Compensation:** Work goals should be set according to job responsibilities, with corresponding objectives being detailed and quantified. A "quantitative assessment, position-based salary" approach should be used, where compensation is determined based on job responsibilities and performance. Performance-based salaries should be directly linked to work achievements, and salary distribution should follow the principle of "rewarding excellence and penalizing poor performance."

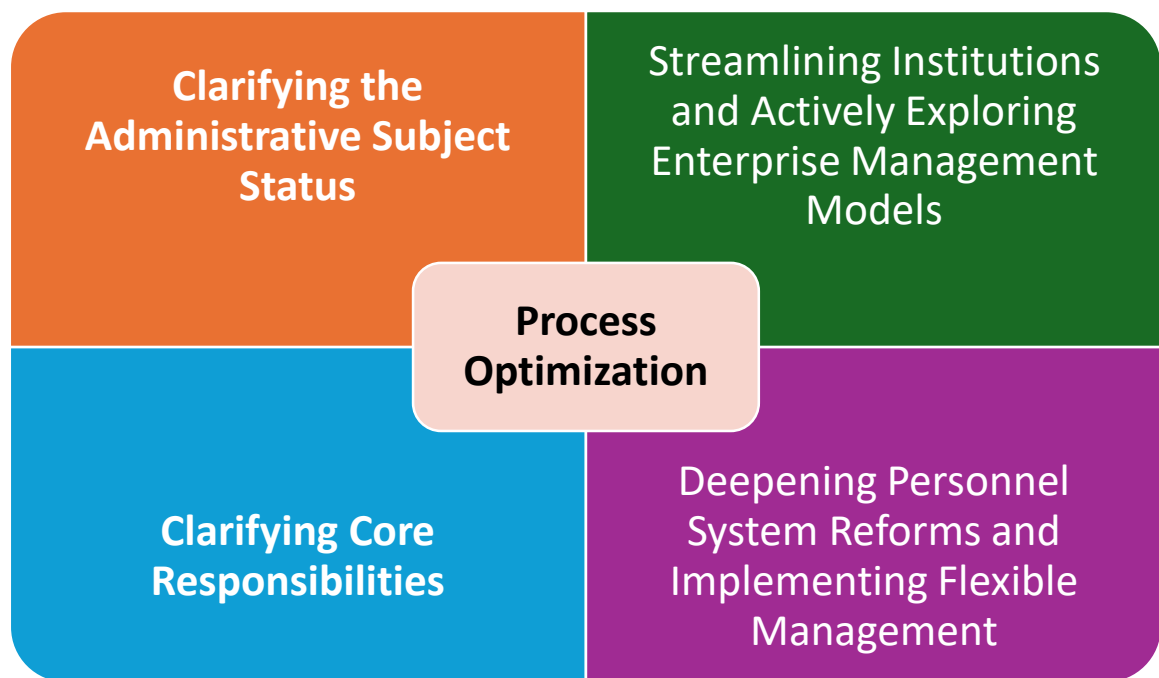


Figure 3.2 - Process Optimization Mind Map

Strengthening Incentive Mechanisms: Implement a scientific and reasonable KPI (Key Performance Indicator) assessment, focusing on practical work, actual results, and effectiveness. Set targeted, differentiated assessment indicators. **Special Rewards:**

Special financial rewards should be provided to units, enterprises, and individuals who excel in areas such as "dual recruitment and attraction," technological innovation, transformation and upgrading, or who make significant contributions. For specially recruited high-level talents, various compensation methods, such as annual salary or contract-based wages, should be adopted, with special positions receiving special salaries. Flexible Performance Pay: Develop a scientific and feasible performance evaluation method. Based on each employee's actual work and performance, implement flexible performance pay options, including basic salary, position salary, contract salary, efficiency salary, and project-based salary. This approach will fully mobilize employees' enthusiasm and creativity, especially for frontline staff responsible for attracting investment and serving enterprises. If necessary, special positions should be granted special salaries. This system is designed to enhance the motivation and creativity of employees, ensuring that they are actively engaged in their roles, particularly in critical areas such as investment attraction and enterprise services.

3.3 Human Resource Development

Eliminating Value Chain Pain Points and Establishing Cohesive Development Goals

The appointment system serves not only as a fundamental employment structure but also as a specific organizational model. Its value orientation is passed down from the organization to the individual through layers of interests and expectations. To achieve alignment in both the value chain and development goals, a process of shared

cognition and consensus-building is essential. The following are specific suggestions and approaches:

Absorb and Transform the Excellent Organizational Culture of the Bureaucratic System

In the traditional bureaucratic system, the relationship between individuals and the organization is one of administrative dependency. This often results in employees staying within the same organization for an extended period, which facilitates the formation of a stable organizational culture, such as a culture of trust. Such stability can easily be translated into a strong work synergy, which in turn drives the progression of work. As the reform of the appointment system in development zones continues to deepen, it is crucial to absorb and carry forward the strengths of the bureaucratic system's organizational culture.

In particular, development zones should foster a stable work environment among appointed employees, encouraging mutual trust and collaborative efforts. By doing so, the organizational culture can be transformed into a cohesive force that enhances overall work performance. This creates a foundation for long-term success, even as the development zone moves towards more flexible employment models.

Changing Individual Mindsets That Affect the Transmission of Organizational Values

Scholars argue that the target group of the appointment system consists of highly knowledgeable and proactive individuals. These individuals possess rational thinking and a tendency to pursue self-interest. Without external guidance, their pursuit of personal benefits during performance evaluations can lead to a Nash equilibrium that

overlooks collective interests. In the context of the performance management system in development zones, where assessment results are linked to compensation, data analysis has revealed the negative impact of the appointment system. Specifically, there is a tendency for employees to prioritize their personal goals over team collaboration. From a cultural perspective, this issue requires leadership and management in the development zone to guide individual thinking toward an orientation that prioritizes organizational interests and goals. By reshaping individuals' self-serving tendencies and ingrained mindsets, the aim is to better align personal value goals with organizational value goals, ensuring that they are compatible and mutually supportive. This shift would help reduce the focus on individual achievements at the expense of teamwork, fostering a more collaborative environment that promotes the overall success of the organization.

Establish a Bureaucratic-Market-Driven Value Culture within the Appointment System

In the operation of the appointment system, driven by both bureaucratic and market forces, work habits and organizational culture that meet current development needs naturally emerge. These include an emphasis on work efficiency, economic benefits, and the promotion of social responsibility, as well as a focus on providing high-quality services to the enterprises within the development zone. To solidify these positive work habits, it is essential to institutionalize them and embed them into the organizational culture. By doing so, these practices can be transformed into enduring value orientations that align both top-down and bottom-up efforts within the development zone. This alignment fosters a cohesive value system where economic

performance and social responsibility coexist, reinforcing the development zone's commitment to excellence while supporting the overarching goals of the organization. Through this integrated value culture, the development zone can achieve sustained growth and effective management.

Filling Control Chain Gaps to Improve Vertical Management Efficiency

In the bureaucratic-market-driven logic of the appointment system, the control chain plays a crucial role as the link that transmits values and guides behaviors. It must be continually refined, dynamically adjusted, and closely connected to enhance vertical management efficiency, thereby ensuring that upper-level decisions and organizational development goals are effectively implemented.

Optimize Flat Management to Improve Decision Execution Efficiency

After the appointment system reform in development zones, a personnel quota system was implemented, leading to significant streamlining of internal structures and personnel compared to the pre-reform period. The management hierarchy has been simplified into three levels: leadership, management, and general staff. Therefore, to further optimize the bureaucratic management approach, a flat management model should be adopted.

(1) Reduce Layers of Work Transmission

Within the "leadership—management—general staff" structure, there should be no intermediate "information relay agents." The management level, in particular, should assign tasks directly to the execution personnel, ensuring that those executing the tasks understand the management's intent without intermediaries. This direct communication will improve work efficiency by shortening the decision-making and execution cycle.

By minimizing unnecessary layers of communication and decision-making, the organization can ensure that decisions are implemented more swiftly and accurately, better aligning execution with strategic objectives. This streamlined approach empowers employees at all levels to act more effectively, reducing bureaucratic delays and enhancing overall performance.

(2) Cultivate a High-Efficiency Work Environment

Creating a high-efficiency and high-quality work environment can be achieved by instilling better work habits and providing regular education and training. For example, setting clear expectations in advance regarding deadlines and desired outcomes for tasks can help focus employees on delivering results with precision.

Through a continuous cycle of "expectation setting—execution—feedback—reinforced learning," staff members can develop a laser focus on achieving work goals effectively. This process fosters high-efficiency work habits, as employees become accustomed to executing tasks with speed and quality while constantly improving through structured feedback and reflection.

By embedding these practices into daily routines, organizations can create a culture where efficiency is not just encouraged but becomes second nature, driving overall productivity and performance across the development zone.

Conduct Dynamic Job Analysis to Enhance Job Management Efficiency

As the reform of the appointment system in development zones continues to deepen, it is essential to conduct dynamic analysis and matching of positions based on the evolving needs of the development zone and the actual performance of employees.

(1) Clarify Current Job Responsibilities and Establish a Dynamic Adjustment Mechanism

Based on the actual operation of positions after the reform, job responsibilities should be further clarified and formalized through normative documents such as job descriptions. This will help avoid issues like overlap in responsibilities, which can lead to conflicts and inefficiencies. Given that the appointment system reform is still in its early stages, with many tasks in the exploration and validation phase, and some positions and personnel quotas have been reserved in certain development zones, a dynamic adjustment mechanism for positions and responsibilities should be established. This mechanism would allow for the ongoing alignment of personnel with evolving job requirements.

(2) Conduct Dynamic Suitability Assessments for Appointed Personnel

To ensure effective alignment between employees and their roles, dynamic, multi-dimensional assessments of job suitability should be carried out. These assessments would consider dynamic job demands and annual work goals, and could be conducted through a combination of daily observations, performance evaluations, leadership reviews, and democratic appraisals. Based on the results of these suitability assessments, decisions can be made regarding retaining or reassigning employees, thereby ensuring continuous alignment between individuals and their roles as job requirements evolve.

By implementing these mechanisms, development zones can ensure that employees remain well-matched to their positions, which enhances both individual performance and overall organizational efficiency.

Strengthen Incentive Mechanisms to Enhance Individual Work Motivation

The most sensitive and core aspect of reform involves the distribution of benefits

among personnel. To ensure stability, it is important to secure employees' interests in terms of promotion and compensation, minimizing psychological disruption during their contract period. At the same time, the incentive structure should gradually be strengthened, encouraging employees to seek higher positions and better remuneration based on their abilities. This will help reinforce their recognition of the value of their appointed status through healthy competition.

(1) Enhance the Development Zone's Recommendation Power for Personnel Exiting the Appointment System

The development zone should be granted the authority to recommend positions for personnel exiting the appointment system, particularly those with established roles within the system. At the end of each appointment term, when system personnel fail to secure a renewed position or choose to leave the system, the development zone should have the right to recommend their return to government roles at a higher rank, based on their performance during their appointment. This provision would serve as a strong incentive for civil servants, encouraging them to work diligently during their appointment terms.

(2) Implement Dual Promotion Paths for Management and General Positions within the Appointment System

To enhance the career prospects of all employees, a dual promotion pathway should be introduced for both management and general positions. For general positions, job grades should be subdivided into five levels: junior staff (levels 1, 2, and 3), mid-level staff, and senior staff. Salaries for mid- and senior-level staff should correspond to those of lower- and upper-level managers, respectively. This system allows personnel to move fluidly between management and general positions, breaking the

compensation ceiling often associated with non-managerial roles. It addresses the issue of limited advancement opportunities in general positions, thereby maximizing individual motivation. Furthermore, creating a dual promotion path introduces a sense of healthy competition for management roles, motivating those in leadership to continuously improve their managerial capabilities. This dynamic environment will foster teamwork and cooperation, leading to higher overall efficiency.

(3) Refine Pay Scales and Establish Special Contribution Awards

To motivate employees further, the pay scale should be detailed and segmented into new salary grades across all levels. Senior staff, for example, could have four salary grades, mid-level staff three, and junior staff two. This structure ensures that as positions become more senior, the number of employees occupying them decreases, while also offering junior staff the opportunity to advance more quickly through hard work. This approach will significantly boost motivation and help retain talent.

Additionally, a special contribution award should be established alongside the salary grades. This award would recognize exceptional contributions, such as in areas like technological innovation or foreign trade performance. Employees who play key roles in securing top rankings for the development zone in provincial assessments could receive substantial bonuses or salary upgrades. These market-oriented incentives will further drive performance and innovation within the development zone.

By refining the incentive structure, the development zone can create a more dynamic and motivated workforce, ultimately contributing to greater overall success and organizational growth.

Improve Exit Policies to Achieve Closed-Loop Management of the

Appointment System

The exit and elimination process is a crucial element in achieving closed-loop management of the appointment system within development zones. Since it directly affects the personal interests of appointed employees, it requires authoritative policies to ensure smooth implementation.

(1) Integrate into Policy Agenda

During previous reforms, the exit and elimination policies for appointed personnel were included as part of broader reform documents for the development zone system. However, these policies were not issued as standalone guidelines. In the next phase of deepening reforms, exit and elimination policies should be elevated to stand-alone policies and integrated into the policy agenda. This would provide strong support for decisions related to personnel transfers, downgrades, or dismissals at the end of the three-year appointment period.

There are two key reasons for establishing a stand-alone policy:

From a decision-maker's perspective: In 2022, pilot units of the appointment system reform in Shandong Province will complete their three-year terms. At that point, personnel movement will inevitably arise, necessitating a policy framework to guide these transitions. Policymakers must plan ahead for this situation.

From the perspective of appointed personnel: As the three-year term ends, questions of personal advancement or demotion become increasingly pertinent. Employees will seek clarity on policies regarding their future, thus creating pressure for the timely release of such policies.

(2) Define Clear Exit and Elimination Standards

In developing and implementing exit and elimination policies, several factors must be considered to make the policy actionable and effective:

Establish comprehensive work objectives for the entire appointment term. Beyond annual goals, each position should have defined work objectives for the entire term, linked to the needs of the job and organizational development. These objectives will serve as benchmarks for exit and elimination decisions based on actual performance at the end of the term.

Ensure a clear link between performance evaluations and exit or elimination. The policy should specify the performance rating thresholds that justify staying in a position, transferring to a new position, being demoted, or being dismissed. This will help prevent difficulties in implementing the exit and elimination process.

Account for individual preferences. For personnel who wish to exit the appointment system voluntarily, specific procedures should be outlined. For those recruited from the public, the policy should define how labor contracts can be terminated legally and in accordance with proper procedures. For civil servants returning to the public sector, their reassignment or transfer needs to be carefully coordinated.

Promote collaboration among different departments. If dismissals occur, the development zone's Management Committee should terminate contracts in line with legal agreements. For public sector personnel, coordination between the district/county's organizational departments, human resources departments, and reassignment units will be necessary to manage transfers effectively. The policy must clearly define the rights, responsibilities, and obligations of each party to streamline

the exit process.

(3) Optimize and Adjust the Appointment Period Length

In surveys conducted on the length of the appointment period, the majority of respondents expressed that the three-year term was too short. It is recommended that in future reforms, the appointment period be extended to five years. This adjustment offers several benefits:

Promotes continuity in work. Development zone Management Committees are primarily economic bodies, with most of their departments closely tied to business services. These departments often interact with a wide range of agencies, including the National Development and Reform Commission, the Investment Promotion Department, and various other financial, land, and planning authorities. Extending the term to five years allows staff to accumulate experience, promoting continuity and stability in their work.

Prevents work inertia. A five-year term is long enough to provide substantial experience but short enough to prevent burnout or complacency in any one position. It allows staff to gain sufficient expertise while maintaining their focus and effectiveness in the role.

By establishing strong exit policies, extending appointment periods, and ensuring the system remains dynamic and responsive, development zones can enhance the effectiveness of their appointment systems and achieve more sustainable, high-performance outcomes.

3.4 Technology Integration

Standardizing Development Zone Jurisdiction and Implementing "One Zone, Multiple Parks" Management. To optimize the management of economic development zones, it is essential to scientifically and reasonably define their jurisdiction based on factors such as development planning, industrial layout, and land use. This approach is a fundamental step in applying the "small government, big services" concept within development zone management. The "one zone, multiple parks" model involves integrating newly established parks or parks with existing economic foundations into a unified core area. This expands the area of the economic development zone and leverages the advantages of location, resources, services, and policies to actively promote growth. The "one zone, multiple parks" management model is a practical application of the "growth pole" theory. It effectively addresses the spatial limitations currently facing development zones by avoiding disorganized and homogeneous competition among nearby parks. By expanding the scope and depth of industrial clusters, this model enhances the competitiveness of all parks involved. It encourages initiative and proactivity within each park and aligns park development with industrial trends and requirements, facilitating the construction of specialized industrial parks with distinct advantages. This approach supports the long-term, healthy, and sustainable development of economic development zones by fostering industrial clusters with broader synergies and promoting diversified growth that aligns with regional and national economic strategies.

Addressing the Challenges of "One Zone, Multiple Parks" Management

The implementation of the "One Zone, Multiple Parks" management model can face challenges such as difficulties in coordinating cross-boundary management and balancing competing interests. To fully leverage the advantages of this model, the following approaches are recommended:

1. **Innovating Top-Level Design for the "One Zone, Multiple Parks" Management System:** The top-level design for this management system should be guided by principles of unified planning, collaborative development, coordinated management, and shared outcomes. The government should utilize its macroeconomic regulatory role while allowing the market to play a decisive role in resource allocation. A flexible organizational structure that adapts to current conditions should be developed. This structure should clearly define the functional roles of each park within the "One Zone, Multiple Parks" model to better showcase the unique characteristics of the entire economic development zone.

2. **Coordinating Administrative and Economic Development Authorities:** A dual management system separating administrative jurisdiction and economic development authority should be implemented. The provincial government and provincial departments, such as the Department of Commerce, should maintain overall control over the economic development of the zone, while city and county-level governments retain administrative management rights over the economic development zones within their territories. This separation allows for focused economic growth while ensuring efficient local governance.

3. **Establishing a Scientific Government Management Structure for the "One Zone, Multiple Parks" Model:**

To enhance management efficiency, it is necessary to innovate the organizational structures of the parks. A shared-risk and shared-benefit community should be created, involving both the government and the enterprises operating within the development zone. An autonomous decision-making body composed of government representatives and businesses should be established to facilitate collaborative governance. By adopting advanced management concepts and introducing competitive mechanisms, a service-oriented system focused on meeting the needs of enterprises can be established.

4. Maximizing and Equitably Distributing the Benefits of the Parks:

A coordinated development management system that aligns with local realities should be established to balance the interests of all stakeholders within the "One Zone, Multiple Parks" model. Expanding the depth and breadth of technology innovation clusters is key to maximizing benefits for all parties. A comprehensive mechanism for interest coordination within the development zone should be developed to ensure that relationships between different parks and managing entities are well-defined and fair. By balancing the interests of all management bodies, the economic development zone can achieve fully coordinated and sustainable growth under the "One Zone, Multiple Parks" model.

This strategy will help overcome the potential challenges and ensure that the "One Zone, Multiple Parks" model effectively promotes long-term economic development and innovation.

Strengthening the Drive for Technological Innovation

Provincial-level economic development zones need to actively explore diversified development in management models by introducing a shared risk and benefit

community into their organizational structure. This should fully support technology companies or other enterprises in building platforms for technological innovation, thereby promoting industrial upgrades within the zone.

First, a high-tech enterprise growth development plan should be established, with continuous improvement of the high-tech enterprise cultivation pool. Policies for rewards and subsidies should be introduced for independent innovation-oriented small and medium-sized enterprises (SMEs) entering the pool. The construction of technology business incubators, makerspaces, university science parks, and other research platforms should be accelerated to create a comprehensive incubation system for technology-based SMEs, forming a full-chain "makerspace-incubator-accelerator-science park" model for enterprise growth.

Second, the development zone should actively establish new types of specialized research and development platforms, such as industrial research institutes, public research and development centers, and industrial technology institutes. These platforms should serve as highly integrated innovation and entrepreneurship communities with strong resource synergy and spillover effects, aimed at promoting the integration of industry, academia, and research. It is also essential to balance the various interests involved and encourage collaboration across sectors.

Third, the zone should accelerate the construction of talent cultivation platforms and develop high-tech talent recruitment policies tailored to local conditions. A favorable policy and living environment should be created, with improvements to surrounding infrastructure and living facilities, to increase the appeal of the zone to top talent. This will ensure that high-end talent is attracted, retained, and effectively

utilized, providing strong human capital and intellectual support for the development of local industrial clusters. Moreover, outdated institutional barriers should be dismantled to create reasonable high-end talent mobility policies, ensuring smooth talent circulation and attracting more top professionals. Efforts should also be made to draw researchers from scientific institutions and universities to work in the relevant industries within the development zone.

Fourth, the development zone authorities must fully leverage national and local innovation incentive policies and financial subsidies, applying them thoroughly to innovation efforts. They should provide multi-dimensional guidance and support to enterprises engaged in innovation within the zone, fostering a positive atmosphere that values science and innovation. The management systems of Kunshan Economic Development Zone, Tianjin Economic and Technological Development Zone, and Suzhou Industrial Park all emphasize integrated development of industry, academia, and research, focus on talent acquisition, and build strong research platform carriers. Tianjin Economic and Technological Development Zone is also a national base for high-level overseas talent innovation and entrepreneurship. Talent acquisition and management directly impact the level of technological innovation in a region.

CONCLUSIONS

The Role and Future Reform of Provincial Economic Development Zones

As the main battleground for economic development in counties and districts, provincial-level economic development zones are of great significance to both local and national economic growth in China. Innovating administrative management functions at the root level and effectively implementing advanced management models are critical to optimizing administrative services, improving management capabilities, and increasing the operational efficiency of these zones. Most of China's provincial-level economic development zones were established in the late 20th and early 21st centuries. After around two decades of rapid growth, these zones have achieved significant success.

However, they now face several common challenges that have become key factors restricting further economic development. This article focuses on the current state of management system reform in the Haiyang Economic Development Zone, a representative provincial-level economic development zone in Haiyang City, and delves into the developmental bottlenecks it faces in its management structure. These include unclear delineation of authority and responsibility, outdated organizational and personnel systems, incomplete governmental administrative structures, and insufficient innovation drive. Through a deep analysis of the underlying causes of these issues and drawing lessons from the management and operational models of more developed regions such as Kunshan Economic Development Zone, Tianjin Economic and Technological Development Zone, and Suzhou Industrial Park, this article suggests directions for the reform of Haiyang City's provincial-level economic development zones.

No management model is fixed or eternal. Reform is an ongoing process of exploration and experimentation, seeking to find the most appropriate development path for the times. The management system of provincial economic development zones

must continuously evolve, adapting to both internal and external development conditions through further exploration and research in practice. Reform is always underway, and the future success of provincial economic development zones depends on their ability to innovate and adapt their management models to changing circumstances.

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APPENDIXES