

Research on the Rule of Law Practice Path for Improving Government Efficiency in the Business Environment of Private Enterprises

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Abstract: In 2024, China's private economy has supported half of the GDP. In this situation, a good business environment has become a necessary requirement for building a new development pattern and promoting high-quality development. General Secretary Xi Jinping emphasized that "the rule of law is the best business environment." For private enterprises, the efficiency of government services and the guarantee of the rule of law are the "dual engines" for optimizing the business environment - the former determines whether the enterprise "operates smoothly", while the latter ensures the "expected stability" of the enterprise. However, actual research in many places shows that there are still difficulties such as "policy implementation discounts", "inconsistent law enforcement standards", and "multiple cross departmental trips". How to solve the pain points of business environment development through legal means, promote the transformation of the government from "management oriented" to "service-oriented", and from "extensive" to "precision oriented", and identify the root causes and target solutions to problems has become an important issue in optimizing the business environment for private enterprises. Breaking the dilemma of the business environment requires a transition from "management" to "service", and from "rule of man" to "rule of law". Local governments are guided by the idea that "the rule of law is the best business environment", always striving to set an example and provide high-quality services for market entities. They actively explore practical paths of "institutional constraints on power and service transmission warmth", and use various measures such as the rule of law to build "friendly" and "clean" political business relationships.

1. Introduction

As the private sector's share of the national economy continues to grow, building a high-quality business environment has become a core imperative for stimulating market vitality and driving high-quality development. The central government's assertion that "the rule of law is the best business environment" provides local governments with clear direction in institutional supply and service optimization. While local explorations have yielded some results, deep-seated issues persist—including policy-business mismatches, inconsistent enforcement standards, and fragmented administrative service processes—reflecting weaknesses in embedding legal mechanisms into

governance practices. This paper focuses on the rule-of-law approach to enhancing government efficiency, systematically identifies practical obstacles, and proposes a systematic pathway to optimize policy supply, ensure fair law enforcement, streamline administrative processes, and regulate government-business relations through legal means. It aims to provide operational guidance and theoretical support for building a stable, fair, transparent, and predictable institutional environment for business operations.

2. Realistic dilemma: The "three major obstacles" of government service efficiency and legal protection

Currently, the business environment has shown a good propaganda atmosphere and has achieved significant results in practice in various regions. In the practice of optimizing the business environment for private enterprises, local governments have taken diversified innovative measures such as formulating pro business policies, optimizing approval processes, and reducing taxes. However, the lack of synergy between service efficiency and legal protection still hinders the development of the business environment.

2.1 Policy supply "supply-demand mismatch"

Under the framework of the rule of law, there is a tendency for some local governments to simply stack the quantity and quality of policies that benefit enterprises.

Firstly, there is a lack of systematic research on the real needs of private enterprises before policy formulation, which leads to inaccurate matching between policies and enterprise needs; Secondly, there is a phenomenon of "one size fits all" in policy implementation. For example, in order to achieve project assessment goals, a local government requires all small and micro enterprises to install high priced pollution control equipment within a specified period of time, but fails to implement supporting subsidy policies, resulting in some small and micro enterprises breaking their funding chains and dampening their enthusiasm for development and innovation[1].

2.2 The standards for law enforcement and judiciary vary

Under the authority of the rule of law, "selective execution" of law enforcement and judiciary is the "bottom line guarantee" for the effectiveness of government services, but there are still problems such as "different punishments for the same case" and "new officials ignoring old accounts" at the grassroots level.

If a private machinery manufacturing enterprise complains to relevant departments that the type of punishment for minor environmental violations is different from that of similar enterprises, and the same environmental pollution problem will receive different punishment results. In addition, the trial period is too long, and the court is unable to improve the efficiency of the trial in a short period of time, resulting in frequent situations where the company's financial chain is broken. The arbitrary exercise of government power has increased compliance costs for businesses, weakened government credibility, caused businesses to lose trust in the government, and greatly reduced the effectiveness of optimizing the business environment[2].

2.3 The information sharing mechanism is not sound

Although most government services in China have achieved full online processing under the empowerment of intelligence, private enterprises still face practical difficulties such as information silos and process idling.

For example, when technology companies apply for "high-tech enterprise recognition", they need to repeatedly submit business licenses, tax certificates, and other materials to market supervision, taxation, technology and other departments. However, there are still some data sharing issues that have not been implemented, and the service process is formalistic. During the higher-level inspection, the digital process was complete, and after the inspection was completed, it was restored to the original state of manual operation, resulting in a disconnect between "digital face" and "service interior".

3. Breaking logic

The government's role has transitioned from being a "manager" to a "service provider" to optimize the business environment for private enterprises.

The core is that the government follows the rule of law, is guided by enterprise needs, and takes optimizing services as an important lever to establish a sound service supply system. By establishing the boundaries of government power through the operation of the rule of law, regulating the operation of government services through institutional construction, improving service accuracy through innovative mechanisms, extending government attentive services to the front line of production, constantly coming up with new and practical measures, transforming institutional advantages into competitive advantages, and hoping to achieve the goal of "enterprises do not rely on people to handle affairs, policy implementation is guaranteed, and rights and interests are remedied".

4. Practice path

Using legal means to enhance the effectiveness of government services through the "four major levers" targeted treatment of pain points.

Local governments need to use "legal thinking" to prescribe the right medicine, optimize service content and simplify service processes, and break governance difficulties through "institutional innovation". The focus should be on the following four aspects[3].

4.1 Constructing a Demand-Oriented Policy Supply System for the Business Environment

The government should adhere to the rule of law and establish a closed-loop policy mechanism that encompasses demand collection, evaluation and argumentation, and dynamic adjustment—all within a legal and institutional framework. First, demand collection must go grassroots. Mechanisms such as "Enterprise Service Days" and "Business Environment Observers" should be established and improved to gather real-time feedback from enterprises and the public, thereby guiding policy optimization based on actual needs. Second, the evaluation process must be more rigorous. A "rule-of-law compliance review" should be implemented prior to the release of any business-related policy. Third-party institutions can assess the legality, rationality, and operability of proposed policies to prevent hasty or poorly conceived decisions. Third, dynamic adjustment must ensure responsiveness. A system of policy validity periods and exit mechanisms should be introduced to revise or repeal ineffective measures, ensuring continuous refinement and adaptability in business environment governance.

4.2 Standardizing Law Enforcement to Boost Enterprise Confidence

The government should take the rule of law as a fundamental benchmark, establish a standardized and transparent law enforcement and judicial system, and effectively address the issue

of arbitrary enforcement. First, regulatory authorities should promote the standardization of enforcement practices. This includes exploring the formulation of a negative list for administrative law enforcement concerning private enterprises and establishing a sound system for enterprise inspection and record-filing. Such mechanisms would clearly define “prohibited” and “restricted” actions during enterprise-related enforcement. Second, the judicial system should promote the professionalization of trial procedures. This may involve piloting the establishment of a “specialized court for private enterprise disputes,” forming professional trial panels composed of judges, lawyers, entrepreneurs, and other stakeholders. Emphasis should also be placed on expanding pre-litigation mediation procedures, thereby reducing corporate compliance costs and improving judicial efficiency.

Taking the rule of law as the norm, grasping the direction of dynamic adaptation between institutional innovation and technological empowerment, and aiming for standardization, normalization, and facilitation of government services, government agencies promote the deep integration of “digital empowerment” and “institutional innovation”: firstly, “one-stop service” improves efficiency. The government integrates enterprise related service matters to achieve “one-time login, full process operation”, and solves the problem of information isolation through data sharing. For example, Shandong Province takes “efficiently accomplishing one thing” as the driving force, strengthens the empowerment of intelligent technology, promotes the integration of related matters, policy service exemption from application, and other measures, forming an innovative situation of business environment construction with a hundred boats competing for excellence. Secondly, “enjoy without application” reduces the burden. Through big data comparison, automatically match the policies that enterprises should enjoy, and achieve “policy door-to-door, subsidy direct”. For example, Hangzhou City in Zhejiang Province has used the “Direct Preferential Policies for Enterprises” system to automatically distribute 1.8 billion yuan in stable employment subsidies, research and development expense deductions, and other funds to private enterprises. Thirdly, breaking down barriers through ‘cross domain connectivity’. For private enterprises operating across regions, promoting cross provincial government services such as the “Yangtze River Delta” and “Beijing Tianjin Hebei” greatly saves cross regional service costs[4].

4.3 Building a “pro clean and proactive” political business relationship, making the rule of law the “guiding principle” for government enterprise communication

A well-defined political-business relationship fosters a clean and transparent business environment, and the quality of such relationships directly influences enterprises’ confidence in the overall business climate. The government should take the rule of law as a fundamental benchmark, act as a capable “service assistant,” strengthen service-oriented governance, and establish a comprehensive, full-process service model. First, government departments should set a positive tone as role models in business services. They should extend public service functions into the realm of enterprise-related support, fully highlighting the public service role of government. At business environment conferences, all levels of government can recognize outstanding examples by awarding advanced collectives and exemplary individuals. These achievements in serving private enterprises should be integrated into the performance appraisal system for public officials. Through honorary recognition, performance-based bonuses, and promotion incentives, a service-oriented government culture of “willingness to serve and excellence in service” can be effectively cultivated. Second, regulatory bodies should define boundaries by formulating a “Negative List for Political-Business Interactions,” which clearly prohibits actions such as “accepting gifts or cash from enterprises” or “interfering with business autonomy.” These efforts aim to rectify both passive inaction and disorderly overreach. At the same time, feedback channels for entrepreneurs should be

improved—through suggestion boxes, dedicated email addresses, and regular forums—to expand transparency and provide normalized communication spaces. These mechanisms will help maintain appropriate boundaries while ensuring that cadres can confidently and lawfully support enterprise development. Third, policy-makers and service agencies should enhance trust through long-term engagement. By shifting toward service models that reduce burdens and provide proactive support, governments can assist enterprises in solving critical challenges. Establishing regular interaction mechanisms—such as “Enterprise Reception Days” and “Business Breakfast Meetings”—allows relevant departments to consistently hear enterprise concerns, issue actionable task lists, and respond within defined timelines. Timely resolution of urgent and complex issues will improve the responsiveness of public service and strengthen enterprise satisfaction and trust.

5. Empowering the rule of law to help improve the business environment to a higher level

General Secretary Xi Jinping pointed out that "we need to accelerate the transformation of government functions and cultivate a market-oriented, rule of law, and international business environment." Currently, local governments are shifting from "fragmented policy supply" to "integrated institutional construction", breaking down implicit barriers such as "glass doors" and "revolving doors" by improving basic legal systems such as property rights protection, market access, and fair competition. For example, the "inter provincial connectivity" policy implemented in the Yangtze River Delta region integrates approval processes scattered across different departments into a "one-stop" service. This institutional innovation not only reduces administrative intervention, but also makes business operations more transparent and predictable through standardized processes. The organic combination of the stability of the rule of law and the flexibility of policies is becoming a reassurance for private enterprises to invest with peace of mind. Service oriented: The transformation of building a "heart bridge" for government enterprise interaction from "management and control" to "service empowerment" is essentially a deep transformation of the government's role from "manager" to "shop assistant". In recent years, various regions have adopted a new regulatory model of "one enterprise, one policy" for precise services and "no disturbance, no response to requests", allowing enterprises to shift from passive policy adaptation to active participation in governance. Taking the "Compliance Diagnosis Conference" in Shanghai Pilot Free Trade Zone as an example, government departments, together with law firms, industry associations and other professional organizations, provide "legal examination" services for enterprises to identify business risks in advance. This "preventive compliance" mechanism not only reduces the cost of illegal activities for enterprises, but also reflects the government's governance temperature of "keeping promises and fulfilling commitments". Only when enterprises feel that policies are not "restrictive clauses" but "development assistance", can they truly achieve "safe operation". Taking collaboration as the key: activating the "new driving force" of diversified co governance from "passive response" to "active action" requires the construction of an ecological system of collaborative governance among multiple entities such as government, enterprises, and social organizations. Through mechanisms such as "legislative hearings" and "participation of entrepreneurs in policy-making related to enterprises", the voices of market entities can truly enter the policy design stage. For example, when formulating policies for the digital economy industry in Shenzhen, representatives from companies such as Tencent and Huawei were invited to participate in the draft revision, transforming industry practice experience into institutional innovation achievements. This governance approach of "asking for needs from enterprises, asking for advice from enterprises" not only avoids policy mismatch, but also forces policy goals to align with market demand through legal means, allowing private enterprises to unleash innovative vitality in "focused development". Government departments need to continue to focus on the four key words of

"stability, fairness, transparency, and predictability": safeguarding market fairness through legal "red lines", stimulating innovation vitality with policy "green lights", and enhancing business confidence through service "warmth". When the rule of law becomes the "talisman" for various business entities, and when the government promises to become a "firm" contract, private enterprises will surely enter the field of innovation and creation lightly, injecting more lasting momentum into the stable and far-reaching development of the Chinese economy. The light of the rule of law not only illuminates the path forward for enterprises, but also reflects the bright prospects of the socialist market economy with Chinese characteristics[5].

6. Conclusion

In advancing high-quality development, fostering a favorable business environment for private enterprises not only safeguards market vitality but also serves as a crucial benchmark for evaluating the modernization of government governance systems and capabilities. This paper explores a legal pathway to enhance government service efficiency. By analyzing practical obstacles, clarifying institutional logic, and exploring implementation strategies, it proposes a systematic approach that integrates the rule of law philosophy throughout policy formulation, law enforcement standardization, service optimization, and government-business interactions. Research indicates that advancing precise policy supply, standardized law enforcement and judicial practices, efficient administrative processes, and clean government-business relations has become the cornerstone for establishing a stable, fair, transparent, and predictable business environment. Looking ahead, it is imperative to further strengthen legal safeguards, refine enterprise participation mechanisms, and foster a multi-stakeholder governance framework involving government, enterprises, and society. By leveraging institutional certainty to counter external uncertainties, we can inject sustained legal momentum into the healthy development of the private economy.

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