

# Research on the Autonomy of Industry Associations

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**Abstract:** With the continuous advancement of the modernization of the national governance system and governance capacity, industry associations, as an important part of social governance, play an increasingly important role in social life, which also poses greater challenges to the autonomy of industry associations. However, due to the complex and changeable industry environment and the influence of the industry association's own characteristics, the industry association has passive autonomy behaviors such as arbitrary fees, overcharging, and organizational monopoly in the actual performance of its responsibilities, which not only damages the reputation and autonomy of the industry association itself, but also seriously affects the healthy development of the industry as a whole. Therefore, this paper studies the problem of poor autonomy of industry associations, in order to provide valuable strategic suggestions for promoting the effective autonomy of industry associations and improving the autonomy level of industry associations.

**Keywords:** Industry associations, Poor autonomy, Effective autonomy.

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## 1. Introduction

Industry associations are an important subject in building a new pattern of social governance and an important part of promoting the modernization of the national governance system and governance capacity[1]. In China, industry associations are the most fully developed social organizations that have been prioritized and developed, and they undoubtedly play an important role in the process of comprehensively deepening the reform of the social system [2]. According to data from the Social Organization Administration Bureau of the Ministry of Civil Affairs, since the decoupling reform of industry associations and administrative organs in 2015, by the end of 2021, a total of 729 national industry associations and 69,699 local industry associations had completed the decoupling reform, with completion rates of 92% and 99% respectively. The successful completion of the reform task of decoupling industry associations[3] puts forward higher requirements for industry associations to clarify their rights and responsibilities and actively govern themselves. Industry associations, as social organizations between the government and enterprises, can effectively solve the dilemma of "double failure" of market regulation and government intervention in the operation of the market economy, which is conducive to achieving industry autonomy and innovating social governance [4], over the years, industry associations have played an active role in providing consulting decision-making, serving enterprise development, and innovating social governance, and decoupling reform can also significantly enhance the policy participation of industry associations [5], but in the process of development, industry associations serve as a bridge connecting the government and enterprises. When participating in social governance, it is easy to be affected by the complex industry environment, it is often difficult to maintain neutrality and independence, and some industry associations still have problems such as violations, duplication, excessive fees, excessive representation of members' interests, and damage to the overall interests of the industry [6-7], and the effective autonomy of industry associations has not yet been truly realized.

In the face of the practical dilemma of poor autonomy of

industry associations, China has successively introduced a number of political measures to give clear instructions on the prominent problems existing in industry associations. In August 2016, the General Office of the State Council issued the Opinions on Reforming the Management System of Social Organizations and Promoting the Healthy and Orderly Development of Social Organizations, which proposed to improve the pre-review of professional supervisory units, strictly register important links such as the level review of management organs; In December 2017, the National Development and Reform Commission issued the Opinions on Further Standardizing the Management of Fees Charged by Industry Associations, emphasizing the need to strengthen the management of fees charged by industry associations and strengthen their awareness of self-discipline. In January 2018, the Ministry of Civil Affairs issued the Measures for the Management of Social Organization Credit Information, which regards the annual report information formula system, the list of abnormal activities, and the list of the seriously untrustworthy in violation of laws and regulations, as well as corresponding disciplinary measures, as important measures to regulate social organizations' credit management; In July 2022, the Ministry of Civil Affairs, the National Development and Reform Commission, and the State Administration for Market Regulation jointly issued a notice on carrying out the self-inspection and self-correction of fees charged by national industry associations in 2022, improving the service capabilities of industry associations and promoting their healthy and orderly development. At the same time, the academic circles also pointed out that the government should play a major role in promoting the high-quality development of social organizations, and Chai Yifan believes that in order to promote the high-quality development of social organizations, it is necessary to comprehensively strengthen the party building of social organizations and accelerate the formation of a regulatory pattern that combines internal supervision and external supervision of social organizations[8]; Lu Xiangdong studied the decoupling reform of industry associations from the perspective of "control-function", and proposed that the overall direction and principle of "party building core, rights protection, and risk prevention" should be adhered to in the face of the

relationship between politics and society[9].

Through the combing of the existing literature, it is found that the research on the governance of industry associations is relatively scattered, and there is no research to systematically summarize the connotation of industry associations and the reasons and performance of poor autonomy. This article will explain in detail the concept, characteristics, classification, performance and causes of poor autonomy and governance status of industry associations.

## **2. The Basic Concept of A Trade Association**

### **2.1. The concept and characteristics of industry associations**

In recent years, with the continuous development of China's economy and the continuous increase of social governance needs, industry associations have also developed rapidly, and their influence in social governance has become increasingly significant, playing an important role in many fields. Different scholars in different countries and regions have different definitions of the concept of industry association, and the British academic community defines it as a non-profit organization composed of independent business units to protect and promote the established interests of all members. Japanese scholars believe that industry associations refer to professional, industry-oriented, voluntarily organized groups of peers or businessmen with the goal of promoting common interests. In the existing legislative norms on industry associations, industry associations are generally defined as economic associations, that is, professional associations are clearly excluded, and existing local legislation has basically the same definition of industry associations, and it is generally believed that industry associations refer to non-profit economic social group legal persons voluntarily formed by economic organizations and relevant units in the same industry in a certain region [10]. According to the second paragraph of Article 14 of the Interim Provisions on Prohibiting Monopoly Agreements, industry associations refer to various associations, societies, chambers of commerce, federations, promotion associations and other social group legal persons composed of economic organizations and individuals in the same industry and exercising industry services and self-discipline management functions.

Industry associations have the following distinctive characteristics: (1) Non-governmental. Industry associations are social organizations independent of the government, which are not formed by government order, but are voluntarily formed by relevant organizations, and they are self-managed internally, rather than under the direct control of government departments; (2) Autonomy, that is, industry associations "govern themselves". Autonomy is the most essential feature of industry associations[10], and the autonomy of industry associations mainly includes the right to manage autonomous affairs, the right to organize personnel, and the right to raise and use funds[11]; (3) Intermediary. The intermediary nature of industry associations is mainly reflected in acting as an intermediary institution in the process of state management of society and social participation in national activities, specifically, industry associations are not only "helpers of the government", but also "representatives of enterprise interests", and are bridges and intermediaries for communication between the government and enterprises; (4)

Non-profit. The purpose of the existence of industry associations is not to make profits, but to safeguard the common interests of the industry and safeguard the legitimate rights and interests of members.

### **2.2. Classification of trade associations**

As a non-profit intermediary organization that serves and manages member enterprises, industry associations can classify them from different angles, so as to clarify the types and characteristics of industry associations, so as to manage industry associations in a more targeted manner. The four common division angles are classified according to industry, function, nature and regional scope, among which classification by industry: the "National Economic Industry Classification and Code" shall prevail, which is the main division basis for the current industry association industry classification in China; According to the function: it can be divided into comprehensive associations and professional associations, comprehensive associations focus on the comprehensive functions of industry associations, and professional associations emphasize the economic functions of associations within the profession; According to the nature: it can be mainly divided into government-run, private-run and semi-official and semi-civilian industry associations; Classification by regional scope: can be divided into national, regional, local industry associations. Cui Xinsheng elaborated on the relationship between industry associations and the government, put forward the concept of spontaneous, management and mixed industry associations, and pointed out that China's industry associations should be mainly management industry associations in the short term, supplemented by spontaneous industry associations, and should adhere to the development direction of mixed industry associations in the long term [12]; Sun Jingjing pointed out that before the decoupling transformation, industry associations with a controlling power structure should be transformed into industry associations with decentralized or creative rights as the main power structure after the decoupling transformation[13].

## **3. Research on the Current Situation of Autonomy of Industry Associations**

### **3.1. Poor performance of industry association autonomy**

Industry association autonomy is to prevent industry associations from exceeding the rules, inhibit industry violations, and promote industry associations and industry good development behavior is a means or model, but in actual development, industry association autonomy ability and effect have encountered further tests, affected by the complex and changeable social environment and their own development interests, industry associations may appear some behaviors that are contrary to the overall economic and public interest goals of society, only from some cases exposed by relevant government departments in the past two years. For example, in April 2021, the State Administration for Market Regulation and the Ministry of Civil Affairs exposed 10 cases of illegal fees charged by industry associations, including the China Jewelry and Jade Jewelry Industry Association and the Henan Engineering Construction Association; In June 2022, the official website of the First Department of Anti-monopoly Enforcement of the Administration for Market Regulation disclosed that the Sheyang County Rice Industry Association

was punished for organizing operators in the industry to engage in monopoly associations, which is a rare anti-monopoly law enforcement case in the grain industry; In June of the same year, the State Administration for Market Regulation reported six typical cases, exposing the charging of industry associations' evaluation and commendation activities, the use of administrative power to force membership and fees, and illegal fees for self-supporting projects. In September 2022, the Zhejiang Provincial Bureau for Market Regulation imposed an administrative penalty of RMB 400,000 on the Zhejiang Civil Blasting Equipment Industry Association for allegedly organizing member enterprises to reach and implement monopoly agreements. The above phenomenon shows that the poor autonomy of industry associations is mainly reflected in two aspects: First, due to limited funding sources, some industry associations may satisfy their own operations by providing unreasonable paid services or charging arbitrary fees. Industry associations are prone to the "two governments" style by virtue of their own rights, charging member enterprises arbitrarily, overcharging, and obtaining improper profits from them, which erodes corporate profits and has strong social reactions; Second, in order to seek the interests of member enterprises, industry associations organize or condone member enterprises to implement agreements suspected of monopoly, that is, industry associations may have behaviors that restrict competition. Since industry associations usually manage a large number of business operators, and associations may have the power to punish business operators who refuse to implement their anti-competition agreements, the scope of the industry's anti-competition conduct is greater than that of ordinary business operators, which seriously infringes on the freedom of will of opposing business operators, harms the interests of fair competition enterprises, and undermines the market environment of fair competition in the industry as a whole. The above behaviors all reflect that the industry association has not achieved strict self-discipline and fair and just performance of its responsibilities, which is not conducive to the improvement of the industry association's own ability and the healthy development of the industry as a whole, and belongs to the poor autonomy of the industry association.

### **3.2. Reasons for poor autonomy in trade associations**

In view of the problem of poor autonomy of industry associations, Guo Wei analyzed from the level of industry associations that the reasons for the lack of self-discipline functions of industry associations in China are mainly caused by the role conflicts of industry associations themselves [14]. The root cause of the role conflict lies in the dual attributes of private interest and publicity owned by industry associations[6], private interest means that industry associations seek to maximize the interests of association members, and public nature means that the duties of industry associations are mainly to participate in the formulation of industry association policies, plans, standards, etc., and supervise the industry, so it has obvious publicity. When industry associations play multiple roles at the same time, and there are conflicts of interests between roles, it is difficult for industry associations to maintain their neutrality and impartiality, and behaviors that infringe on the interests of member enterprises or harm the interests of the industry as a whole may occur, and it is difficult for industry associations

to achieve effective autonomy. Hu Huihua et al. believe that the general root cause and the deep root cause of the failure of the self-discipline function of industry associations in China refer to the non-voluntary association or "association failure" of industry associations in China [15]. Scholars' analysis of the reasons for the autonomy of industry associations shows that there are problems in the autonomy of industry associations at this stage, and it is urgent for the regulatory authorities to take corresponding measures to deal with them.

### **3.3. The current state of governance with poor autonomy for industry associations**

In view of the current autonomy problem of industry associations, the academic circles have also paid great attention, and through literature research and analysis, it can be seen that the existing research mainly discusses from the aspects of strengthening the autonomy of industry associations and optimizing the relationship between government and society.

In terms of strengthening the autonomy of industry associations, Zhu Lili et al. pointed out that in order to improve market credit supervision, it is necessary to give play to the role of industry associations, industry associations should strengthen their own information disclosure, consciously accept social supervision, actively realize industry self-discipline, and better play the functions of industry associations to assist the government, maintain industries and service enterprises[16]. Through the analysis of the relevant theory and practice of the autonomy of industry associations in the United States, Wen Shuangge pointed out that China should promote the construction of the system of industry association autonomy with the rule of law, and attach importance to the coexistence and interaction between autonomy and the rule of law[17]. Li Jigang suggested optimizing the self-discipline mechanism of industry associations in the current food safety governance in China from two aspects: implementing the de-administrative reform of industry associations and improving the service level of industry associations[18]. Some scholars explored how to strengthen internal supervision from the perspective of council governance and implement the information disclosure system.

In terms of optimizing the relationship between politics and society. Ren Yi pointed out that the relationship between the government and industry associations needs to be changed, no longer simply dependent on the government by industry associations, but gradually form a relationship of interactive services between the two, which is conducive to promoting the independent participation of industry associations in social governance and playing their due functions[19]. Wang Tiannan explored and obtained the optimal path of government supervision and mutual assistance and complementarity of industry autonomy from the perspective of national governance, which provides a reference for optimizing the relationship between government and society[20].

From the above literature analysis, it can be seen that with the vigorous development of industry associations, it has gradually become a research hotspot in the field of social organizations and market supervision, for the development process, industry associations may appear poor autonomy, functional failure and other problems, there are more fruitful research results, but the current research is more reflected in

the natural and macroscopic research, and the actual and micro research is less, the industry association involves many relationships with the government, the market, the public, etc., therefore, it is necessary to study both industry associations and national policies, The relationship between laws and regulations should also explore microscopic issues such as the strategic selection mechanism of each subject and the intrinsic relationship between subjects, which is also a research direction and focus of this research in the future.

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