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Integrating Leadership and Industrial Policy in Enhancing Public Financial Performance: A Systematic Literature Review

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Abstract. This study aims to synthesize the role of leadership and industrial policy in influencing public financial performance in the post-COVID-19 context, in the midst of limited studies that integrate the two variables comprehensively. This study uses a systematic literature review (SLR) approach based on the PRISMA guidelines by analyzing 50 selected articles from the Scopus database through thematic analysis techniques and narrative synthesis. The results of the study show that industrial policy does not directly affect public financial performance, but through mediation mechanisms such as digitalization, innovation, and governance quality. Meanwhile, leadership plays a key factor that determines the effectiveness of policy implementation through strengthening coordination, institutional capacity, and policy consistency. This finding also reveals that most of the literature still uses economic performance indicators as a proxy, so direct measurement of public financial performance is still limited. This research contributes by developing an integrative conceptual framework that connects structural (industrial policy) and agency (leadership) variables in explaining public financial performance. These findings have important implications for the formulation of more adaptive and institutional capacity-based policies in dealing with post-global crisis dynamics.

Keywords: Leadership, Industrial Policy, Public Financial Performance, Systematic Literature Review

I. Introduction

This research departs from the increasingly complex dynamics of global change after the COVID-19 pandemic, which not only shakes economic stability but also tests the capacity of public policy and leadership in maintaining the country's financial performance. In this context, industrial policy has again become a strategic instrument used by various countries to encourage economic recovery, strengthen industrial structures, and increase national competitiveness. Industrial policy has evolved from a protectionist approach to a more integrative approach, which combines aspects of digitalization, technological innovation, and environmental sustainability.

Research by W. Cai et al. (2026), Bao et al. (2025), and Zhang et al. (2025) emphasized that the integration of digital technology in industrial policies is able to improve the efficiency, productivity, and sustainability of the industrial sector. In addition, Yu et al. (2026) and Chen & Chen (2023) suggests that digitalization serves as a mediation mechanism that strengthens the relationship between policy and performance. Nevertheless, the effectiveness of a policy is not only determined by the design of the policy itself, but also by risk factors, uncertainty, and policy consistency as described by Hudson et al. (2026) and Hedeler et al. (2023). In this context, the phenomenon that emerges is an imbalance between policy ambition and the results achieved, especially in the aspect of public performance. This shows that there are other factors that play a role in bridging policy and outcomes, one of which is leadership. Therefore, it is important to understand how the integration between industrial policy and leadership can affect public financial performance, especially in the context of the post-global crisis.

Further, empirical phenomena show that although various countries have implemented industrial policies aggressively, the results obtained tend to vary and are not always optimal. Research by Hansen & Koslowski (2026), Jean & Sié (2023), and Li et al. (2023) suggests that the impact of industrial policies is heterogeneous depending on sectors, regions, and economic characteristics. In addition, Kwon et al. (2026) and Du et al. (2025) found that industry policies do not always result in performance improvements directly, but are rather influenced by structural factors such as the level of competition, innovation capacity, and market conditions.

In a broader context, Wibisono et al. (2025) and Gianelle et al. (2024) emphasize that governance and institutional quality are key factors in determining policy success. These findings are reinforced by Györfy (2024) and Allan & Nahm (2025), which shows that the political system and the position of the state in the

global value chain also affect the effectiveness of industrial policies. However, most of the research still focuses on macroeconomic performance, such as productivity, innovation, and exports, while public financial performance has not been studied specifically. In fact, public financial performance is an important indicator in assessing policy success, especially in terms of budget efficiency, fiscal stability, and quality of public spending. Thus, there is an urgent need to examine the relationship between industrial policy and public financial performance more comprehensively. This is becoming increasingly relevant in the post-COVID-19 context, where pressure on public budgets has increased significantly. Therefore, this study seeks to fill this gap through a systematic literature review approach.

In addition to policy factors, the literature also shows that leadership has an important role in determining the success of public policy implementation. Blakeley et al. (2025), Wojtaszek et al. (2025), and Won et al. (2024) emphasizing that leadership functions as a link between policies and implementation practices in the field. Visionary and collaborative leadership is able to improve coordination between actors, strengthen institutional capacity, and ensure policy consistency. In the context of industrial policy, Fuentes & Pipkin (2026) and Salihu (2025) shows that leadership style and political support can determine the direction and success of policies. In addition, McLaren & Kattel (2025) emphasizing that institutional capacity influenced by leadership is a key factor in managing complex and innovation-based policies.

Other research, such as Zhou et al. (2024) and Zheng et al. (2024) also show that adaptive leadership to digital transformation is able to increase policy effectiveness in dealing with environmental changes. However, most research on leadership is still separate from industrial policy studies, so it does not provide a complete picture of the relationship between the two variables. This shows that there are gaps in the literature that need to be filled through an integrative approach. Therefore, this study positions leadership as a key variable that mediates and moderates the relationship between industrial policy and public financial performance.

Based on this background, this research is important to be conducted for several main reasons. First, there is a need to comprehensively understand how industrial policies and leadership interact in influencing public financial performance. Second, most of the previous research is still partial and has not integrated the two variables in a complete analytical framework. Third, the post-COVID-19 context presents new challenges for governments in managing public finances, so a more effective and adaptive policy strategy is needed. Fourth, the systematic literature review approach allows for a more in-depth synthesis of various scattered research findings. Thus, this research is expected to make a theoretical and practical contribution to the development of public policy.

Theoretically, this research expands the literature by integrating the concepts of industrial policy, leadership, and public financial performance. Practically, this research can be the basis for policymakers in designing more effective strategies to improve public financial performance. Thus, the urgency of this research lies not only in the academic aspect but also in its practical relevance in facing current global challenges.

In line with this goal, this study aims to synthesize the existing literature to answer the three main research questions that have been formulated. First, this research aims to identify the characteristics, approaches, and evolution of the concept of industrial policy in relation to public performance, especially public financial performance. Second, this study aims to analyze the role of leadership in influencing the effectiveness of industrial policy implementation and its implications on public performance. Third, this study aims to identify patterns of relationships, mechanisms, and research gaps in the literature related to the integration between leadership, industrial policy, and public financial performance. These three objectives are designed to provide a comprehensive understanding of the relationship between variables in a broader context. In addition, the purpose of this research also reflects an exploratory and integrative systematic literature review approach. Thus, this research not only aims to summarize the existing literature but also to develop a more comprehensive conceptual framework. This is important to provide direction for future research and improve the quality of analysis in the field of public policy.

In conjunction with the existing literature, this research serves as an effort to synthesize and further develop various previous studies that have examined industrial policy, leadership, and economic

performance. As shown in various studies that have been compiled, including in previous research review documents, there is a tendency that these studies are still fragmented and have not integrated all variables in one analytical framework. This research tries to bridge these gaps by combining various existing perspectives into one more comprehensive framework. In addition, this research also adopts and develops important concepts such as digital transformation, governance quality, and policy mix to explain the relationship between policy and performance. Thus, this research has a strategic position in the literature because it is not only complementary but also makes a new contribution to the development of theories. Furthermore, this research also emphasizes the importance of a multidimensional approach in understanding the relationship between policy and public performance. Therefore, this research is expected to be an important reference for researchers and practitioners in the field of public policy.

Based on the overall description, the formulation of the problem in this study is focused on three main questions, namely: (RQ1) how the characteristics, approaches, and evolution of the concept of industrial policy in the literature in relation to public performance, especially public financial performance; (RQ2) how the role of leadership in influencing the effectiveness of industrial policy implementation and its implications on public performance; and (RQ3) what are the patterns of relationships, mechanisms, and research gaps identified in the literature related to the integration between leadership, industrial policy, and public financial performance. These three problem formulations are designed to provide clear direction in the literature analysis process. In addition, the formulation of this problem also reflects the systematic literature review approach that focuses on the synthesis and integration of knowledge. Thus, this research is expected to make a significant contribution to the development of the literature and provide relevant recommendations for policymakers.

Based on the description above, the main phenomenon behind this study is the mismatch between industrial policy ambitions and the results achieved in public performance, especially financial performance. Although various countries have implemented industrial policies intensively, the results obtained show variations and inconsistencies, and do not always have a direct impact on performance.

In this context, the state of the art literature shows that industrial policy and leadership have been widely studied as important factors in improving economic performance, with an emphasis on mediation mechanisms such as digitalization, innovation, and governance. However, the existing literature still has significant limitations.

The research gap in this study lies in three main aspects. First, most of the research still uses economic performance indicators as *proxy*, so it has not explicitly examined public financial performance. Second, studies on industrial policy and leadership still tend to be carried out separately and have not been integrated into a comprehensive analytical framework. Third, the mechanism of the relationship between variables is still partial and has not fully explained the interaction between structural and institutional factors, especially in the post-COVID-19 context.

Based on the research gap, the novelty of this research lies in the development of an integrative conceptual framework that connects industrial policy as a structural variable and leadership as an agency variable in explaining public financial performance. In addition, this research also offers a contribution by identifying the role of mediation and moderation mechanisms in the relationship between variables, thereby providing a more comprehensive understanding of the effectiveness of public policy in the context of the post-global crisis.

II. Literature Review

The literature on the relationship between industrial policy, leadership, and public performance develops within a variety of complementary theoretical frameworks. At the most fundamental level, the grand theory underlying this research is rooted in state-led development theory and institutional theory, which emphasizes the role of the state as a key actor in directing economic transformation through industrial policies. In this context, industrial policy is understood as a strategic instrument to encourage economic growth, innovation, and structural change (Singh, 2023; Allan, 2024). In addition, governance theory and institutional capacity are also important parts of the grand theory, which explains that the success of policies

is greatly influenced by the quality of institutions, policy coordination, and the ability of the state to manage policy complexity (Gianelle et al., 2024; McLaren & Kattel, 2025). Within this framework, public financial performance is not only influenced by economic factors but also by the effectiveness of governance and policy implementation capacity (Chen & Chen, 2023).

At a more specific level, the middle-range theory in this study includes policy mix theory, digital transformation, and leadership theory. Policy mix theory explains that the effectiveness of industrial policies is highly dependent on consistency and integration between policy instruments Hedeler et al. (2023). Policy mismatches can lead to uncertainty that negatively impacts investment and economic performance. Furthermore, the theory of digital transformation explains that digitalization acts as a mediation mechanism that strengthens the relationship between policy and performance (Chen & Chen, 2023; Yu et al., 2026). Digitalization allows for operational efficiency, increased innovation, and transparency in policy management. Meanwhile, leadership theory emphasizes that leadership plays a role as an agency factor that connects policy with implementation (Blakeley et al., 2025; Wojtaszek et al., 2025). Effective leadership is able to improve coordination, reduce uncertainty, and strengthen institutional capacity in implementing policies.

At the applied theory level, this research refers to various empirical studies that show how industrial policy and leadership interact in real contexts. Research by W. Cai et al. (2026) and Zhang et al. (2025) shows that digital-based industrial policies are able to improve energy efficiency and industrial performance. Bao et al. (2025) and K. Cai (2025) show that industrial policies can improve the resilience of industrial chains as well as domestic added value. However, research by Hudson et al. (2026) and Wan et al. (2025) suggests that policy uncertainty and risk perceptions can hinder policy effectiveness. In addition, research by Kwon et al. (2026) and Sun et al. (2025) shows that the impact of industrial policies is not always linear and is heavily influenced by the context of the sector and the structure of the industry. In the context of leadership, research by Fuentes & Pipkin (2026), Salihu (2025), and Richardson (2025) shows that leadership style and political support have a significant influence on the success of policy implementation. Thus, applied theory shows that the relationship between policy, leadership, and performance is complex and multidimensional.

Conceptually, this research framework is built on the integration of industrial policy as a structural variable, leadership as an agency variable, and public financial performance as an outcome variable. Industrial policy plays a role in determining the direction of economic development through policy interventions, while leadership functions as a mechanism that ensures that the policy is implemented effectively. In this framework, public financial performance is directly influenced by industrial policies through increasing productivity, efficiency, and state revenue, as well as indirectly through the role of leadership that mediates the effectiveness of policy implementation. In addition, moderation factors such as digitalization, governance, and policy uncertainty also play a role in strengthening or weakening these relationships (Chen & Chen 2023; Hedeler et al. 2023; Gianelle et al. 2024). Thus, the conceptual framework of this study places the relationship between policy and performance within a complex and dynamic system framework.

Previous research has shown that industrial policies have a significant influence on various performance dimensions, both at the micro and macro levels. Wibisono et al. (2025) shows that investment and innovation policies can increase productivity and economic added value. Qanas et al. (2025) shows that industrial policies can encourage economic diversification and increase fiscal stability. However, Bärnthaler et al. (2025) criticize that overly growth-oriented policies can ignore sustainability aspects. In addition, Watkins et al. (2024) show that industrial policies play an important role in increasing production capacity during the COVID-19 crisis. In the context of governance, Györfy (2024) and Allan & Nahm (2025) shows that the quality of institutions and political systems affects the effectiveness of policies. Meanwhile, research on leadership shows that leadership has an important role in improving organizational performance and policy effectiveness (Won et al. 2024; Blakeley et al. 2025). However, most studies still examine these variables separately, so they do not provide a complete picture of the relationship between industrial policy, leadership, and public financial performance.

Based on the theoretical synthesis that has been described, this study develops a number of conceptual propositions that explain the relationship between industrial policy, leadership, and public financial performance. First, industrial policy is seen as a structural instrument that plays a role in improving public performance through various indirect mechanisms such as innovation, digitalization, and economic efficiency. Therefore, the following propositions are formulated:

P1: Industrial policy positively influences public financial performance through mediating mechanisms such as innovation, digitalization, and governance quality.

Second, the literature shows that the success of policy implementation is greatly influenced by leadership factors as an agency variable that bridges the gap between policy design and implementation practice. Thus, the following propositions are formulated:

P2: Leadership mediates the relationship between industrial policy and public financial performance by enhancing coordination, institutional capacity, and policy consistency.

In addition, leadership also plays a role in strengthening or weakening the effectiveness of policies, depending on the institutional context and environmental dynamics. Therefore, the following propositions are formulated:

P3: Leadership moderates the relationship between industrial policy and public financial performance, particularly under conditions of policy uncertainty and institutional variability.

Furthermore, external factors such as digitalization and governance quality play an important role as mechanisms that strengthen the relationship between policy and performance. Thus, an additional proposition is formulated:

P4: Digital transformation and governance quality strengthen the indirect effect of industrial policy on public financial performance.

Overall, this proposition asserts that the relationship between industrial policy and public financial performance is indirect, complex, and multidimensional, with leadership as a key variable in bridging and strengthening these relationships. This conceptual framework provides a theoretical basis for the development of integrative models in subsequent research.

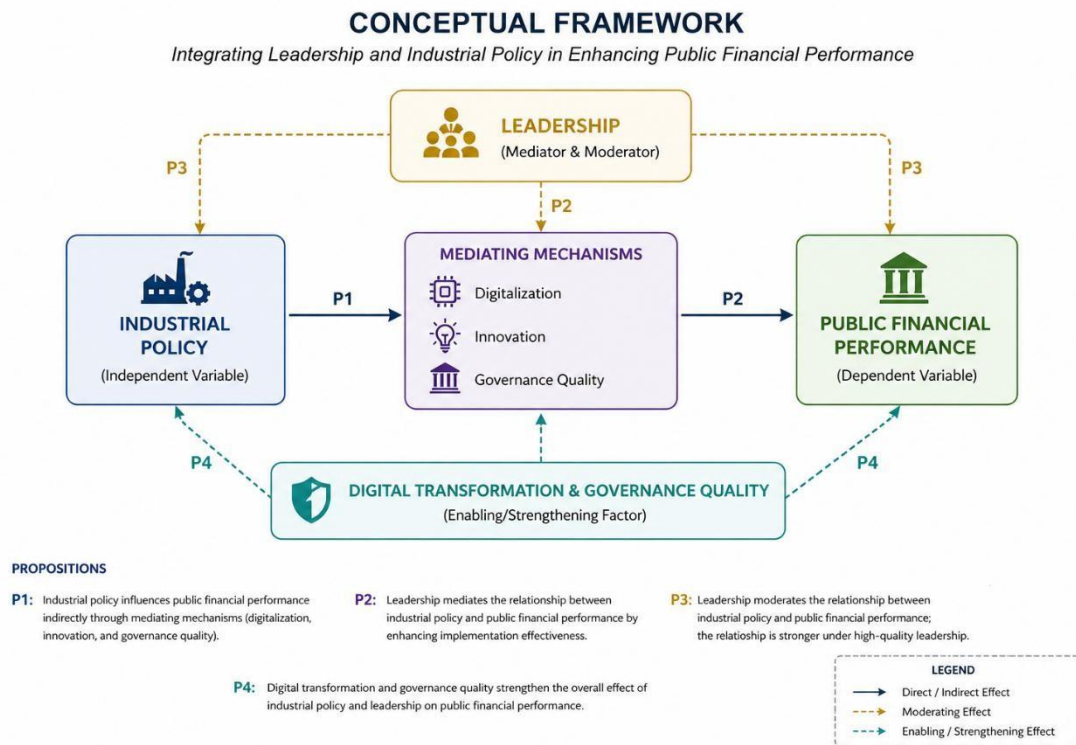


Figure 1. Conceptual Framework

Figure 1 shows a conceptual framework developed based on theoretical synthesis to explain the relationships between variables in this study. Based on the conceptual framework that has been compiled, this study then tests the suitability of the model through a systematic synthesis of the relevant literature. This process aims to identify whether the relationship between the proposed variables, including the role of mediation and moderation, is consistently supported by empirical findings in previous studies

III. Research Method

This study uses a Systematic Literature Review (SLR) design with a PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) approach to ensure transparency, replication, and validity of the literature selection process. The literature search process was carried out on the Scopus database using a combination of keywords that were systematically compiled, namely: “Industrial Policy Reform”, “Industrial Policy Strategy”, “Industrial Growth Policy”, “Industrial Competitiveness Policy”, “Leadership Policy Development”, “Leadership Economic Development”, “Governance Economic Policy”, and “Leadership Management”.

The inclusion criteria in this study include: (1) scientific articles published in reputable journals (Scopus-indexed), (2) articles that directly or indirectly discuss the relationship between industrial policy, leadership, governance, and public/economic performance, (3) articles available in English, and (4) articles with full-text access. Meanwhile, exclusion criteria include: (1) articles that are not relevant to the focus of the research, (2) articles without clear abstracts, (3) non-article documents such as editorials, book chapters, or conference reviews, and (4) low-quality articles that do not meet the standards of reputable journals.

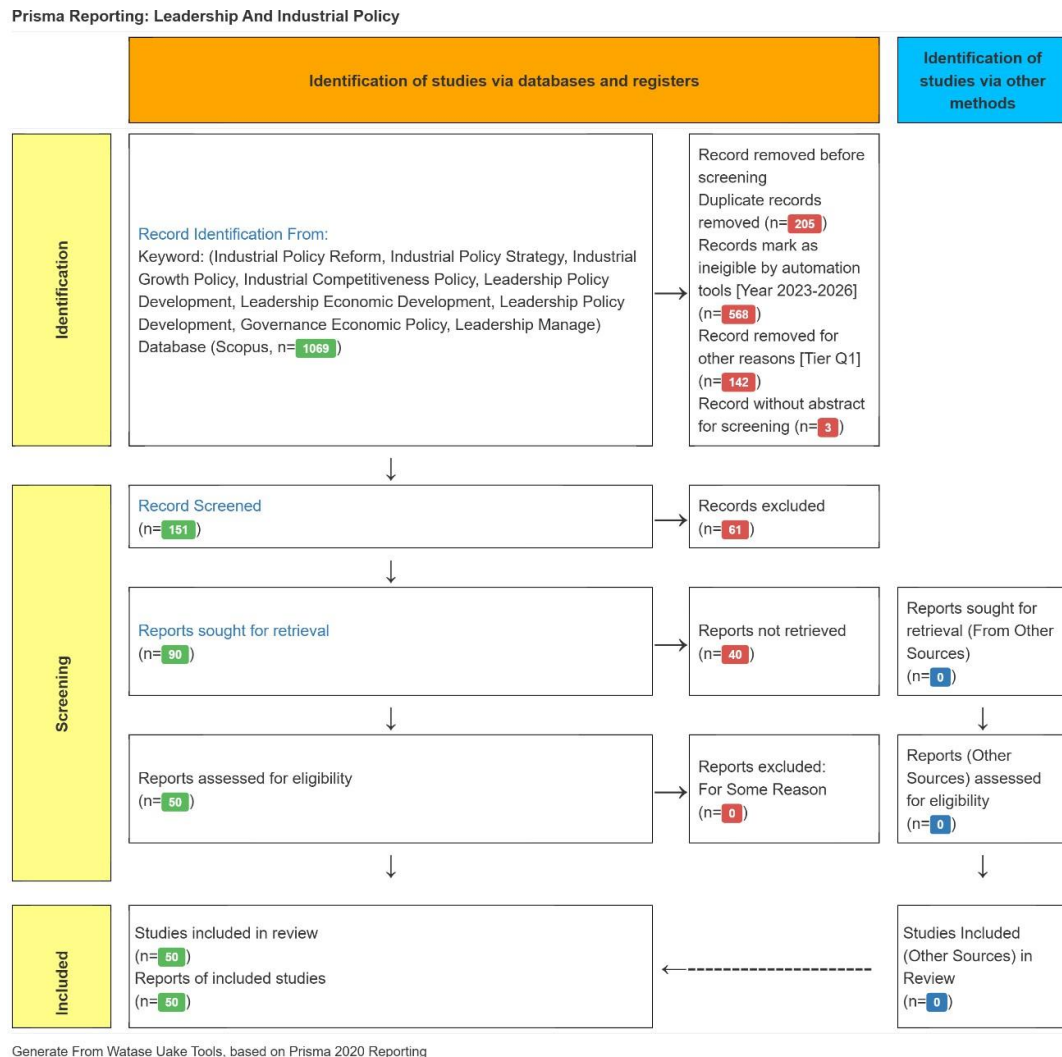


Figure 2. Research SLR Prism

The selection process was carried out through four stages of PRISMA, namely identification, screening, eligibility, and inclusion. In the identification stage, 1,069 initial articles were obtained. After the elimination of duplication and initial screening, articles were selected based on titles and abstracts to determine relevance. The eligibility stage was carried out through a full-text reading to ensure suitability with the research objectives, so that 50 final articles were obtained.

Data analysis was carried out using thematic analysis techniques and narrative synthesis. With this approach, the research ensures that the literature selection and analysis process is carried out in a systematic, transparent, and replicable manner, resulting in a comprehensive and credible synthesis in explaining the relationship between industrial policy, leadership, and public financial performance.

IV. Results and Discussion

Literature Selection Results (PRISMA)

The results of the literature selection showed that the initial identification process resulted in 1,069 articles obtained from the Scopus database based on the predetermined keyword combination. Furthermore, a duplicate removal process was carried out for 205 articles so that the number of articles was significantly reduced in the initial stage of screening. In addition, a total of 568 articles were eliminated through an automatic screening process based on the criteria of the year of publication (2023-2026), and 142 articles were deleted because they did not meet quality standards (Tier Q1). A total of 3 additional articles were also removed because they did not have adequate abstracts for the screening process. After this stage, there were 151 articles that entered the title-based and abstract-based screening stage.

In the next stage, 61 articles were excluded because they were not relevant to the focus of the research. Furthermore, 90 articles entered the full-text search stage, but only 50 articles were successfully accessed and met the eligibility criteria. A total of 40 articles were not fully accessible, so they were not continued in the analysis. In the final stage, all 50 articles were declared to meet the criteria and included in the research synthesis without any additional information from other sources.

Table 1. List of 50 Articles Analyzed (Results of SLR)

No	Research Title	Author Name	Theories Used	Research Methods	Independent Variable (X)	Variable Dependency (Y)	Mediation Variables	Moderation Variables	Research Results
1	Digitalization and Sustainable Industrial Low-Carbon Transformation: Synergistic Effects, Policy Tools, Technical Pathways, and Financial Innovation	W. Cai et al., 2026	Digital transformation theory & sustainability governance	Mixed-method (panel econometric + case study)	Digitalization, public policy, and financial innovation	Sustainability performance (carbon intensity)	There is (technology & finance)	None	Digitalization reduces emissions and improves industrial efficiency
2	"What's the worst that could happen?" Perceptions of Physical, Financial, Reputational, and Policy Risk in the United Kingdom's Low-Carbon Industrial Transition	Hudson et al., 2026	Risk perception & socio-technical transition	Qualitative (in-depth interviews)	Risk perception (physical, financial, policy)	Industry transition decisions	None	None	Risk drives "hedging" strategies and slows the transition
3	Sector-specific Climate Policies for a Green Industrial Transition with Public Support	Hansen & Koslowski, 2026	Political feasibility & just transition	Quantitative (input-output analysis)	Sectoral climate policy	Carbon emissions & employment	None	None	Policies must balance emissions and jobs
4	Is the Pursuit of a Competition-Friendly Industrial Policy Desirable? Evidence from Korea's Post-Asian Financial Crisis Policy Shift	Kwon et al., 2026	Industrial policy & competition	Panel data econometrics	Credit policy, competition level	Investment, R&D, TFP	None	Industrial concentration	Stronger policy effects on concentrated industries
5	Impact of Digital Trade on Tourism Carbon Emission Reduction in China under Industrial Agglomeration and Low Carbon Pilot Policies	Yu et al., 2026	Digital economy & sustainability	GMM + mediation analysis	Digital trade	Carbon emission	Efficiency	Industrial agglomeration & low-carbon policies	Digital trade reduces emissions through efficiency
6	Asymmetric Impacts of Environmental Policy, Financial, and Trade Globalization on Ecological Footprints: Insights from G9 Industrial Nations	Du et al., 2025	Ecological modernization	MMQR & BSQR	Financial globalization, ICT, and environmental taxation	Ecological footprint	None	None	Effective environmental policies, ICT has a double impact
7	Navigating the Energy Transition in the Gulf Cooperation Council (GCC) States: The Role of Industrial Policies in Fostering Sustainable Economic Competitiveness	Qanas & Sawyer, 2025	Developmental state	Conceptual qualitative	Industry policy	Economic competitiveness	None	None	Industrial policy crucial in economic transition

8	Economic Impact of Smart Specialization Policy in the Context of Multilevel Governance: The Hungarian Case	Wibisono et al., 2025	Multilevel governance	Simulation of economic models	Investment, R&D, SDM	GVA, employment, TFP	None	None	Policies have a positive impact on the regional economy
9	Toward a Post-Growth Industrial Policy for Europe: Navigating Emerging Tensions and Long-Term Goals	Bärnthaler et al., 2025	Post-growth & political economy	Critical qualitative	Industry policy	Sustainability & Well-being	None	None	Current policies are not optimal
10	Comparing City Governance Models for Economic Development: The Emergence of Shared, Visionary Leadership	Blakeley et al., 2025	Leadership & governance	Comparative study	Leadership style	Regional economic performance	None	None	Leadership determines policy success
11	Industrial Policy and Domestic Value-Added in Production and Exports: The Chinese Experience	K. Cai, 2025	Industrial Policy & Global Value Chain (GVC)	Propensity Score Matching (PSM) & Input-Output Analysis	Industry policy	Domestic Value Added (DVA) export	None	None	Industry policies increase DVA and reduce reliance on processing trade
12	The Impact of Industrial Policies Oriented toward The Digital Economy on The Resilience of The Agricultural Industrial Chain	Bao et al., 2025	Economic Resilience & Industrial Policy	PSM-DID	Digital economy policy (DEPZ)	Resilience of the agricultural industry chain	Financing constraints, technological innovation	Urban-rural integration	Policies to increase resilience through innovation and access to finance
13	Timber Industrial Policies and Export Competitiveness	Sun et al., 2025	Export Competitiveness & Industrial Policy	Double Machine Learning (DML)	Green industry policy	Export competitiveness (quantity & quality)	None	None	Policy increases product complexity but is not significant for export volume
14	Does this work here? Evaluation and evidence for local industrial strategy and policy	Ioramashvili, 2025	Policy & Governance Evaluation	Conceptual qualitative studies	Implementation of industrial policies	Policy effectiveness	None	None	A robust evaluation system is needed to improve policy effectiveness
15	A Study of the Non-Linear Impact of Climate Policy Uncertainty on Enterprises' Technological Innovation	Wan et al., 2025	Innovation Theory & Policy Uncertainty	Fixed Effect Model	Climate Policy Uncertainty	Technological innovation	Government subsidies	Digital peer effect	Inverted U effect: moderate uncertainty increases innovation, high inhibits
16	Can Functional Industrial Policy Promote Digital-Green Synergy Development?	X. Zhang et al., 2025	Functional Industrial Policy	Difference-in-Differences (DID)	MIC2025 Policy	Digital-Green Synergy Development	Financing constraints, technological innovation	Company characteristics	Policies to improve digital transformation and energy efficiency
17	Documenting The Transition: Sustainable Strategic Management and Leadership in European SMEs	Wojtaszek et al., 2025	Leadership & Sustainability	Comparative Document Analysis (CDA)	Leadership & Public Policy	Organizational sustainability performance	None	None	Leadership and policies support sustainable transformation
18	Demographic Transition, Industrial Policies, and Chinese Economic Growth	Wojtaszek et al., 2025	Economic Growth	Quantitative economic model (general equilibrium)	Industry policy	Economic growth (output per capita)	Human capital	None	Industrial policy increases savings and economic output
19	The Impact of China's New Energy Transformation on The Carbon Performance of Industrial Enterprises	Jin et al., 2025	Low-Carbon Policy & Sustainability	Difference-in-Differences (DID)	Energy policy (NEDCP)	Corporate carbon performance	Technological innovation, productivity	Company characteristics	Policies to improve environmental performance and efficiency
20	From Shielding to Pushing: Evolving Risk Management Regimes in China's Infrastructure Export Industrial Policy	H. Zhang, 2025	Infant Industry & Risk Management	Historical qualitative studies	Industry policy	Global industry & export performance	None	None	Policy shifts improve global industry competitiveness

21	Beyond Industrial Decarbonisation Strategy: Lessons from The Bottom-up Policy Mix in The United Kingdom	Lockwood et al., 2025	Policy Mix	Qualitative (case studies, in-depth interviews)	Policy mix (top-down & bottom-up)	Implementation of industrial decarbonization policies	None	None	Policy inconsistencies due to a lack of coordination and resources
22	Accounting for Divergences in Industrial Policy Performance in the Cement and Textile Industries in Nigeria	Saliyu, 2025	Political Settlement Theory, Technological Capability	Comparative qualitative	Industrial policy	Industrial sector performance	None	Political support, entrepreneurial capability	Policies are successful if they are supported by political elites and industry capabilities
23	Policy Capacities for Mission-oriented Innovation Policy: A Case Study of UKRI	McLaren & Kattel, 2025	Mission-Oriented Innovation	Qualitative case studies	Policy capacity	Implementation of innovation policies	None	Organizational capability	Policy capacity is not optimal in supporting innovation missions
24	Self-reported Technological Pedagogical Content Knowledge (TPACK) of Pre-Service Teachers	Schmid et al., 2023	TPACK	Quantitative (ANOVA, regression)	TPACK	The use of technology in learning	None	Subject group	Subject group is a significant factor
25	Sticky Industrial Policies and Divergent Value Chain Upgrading Patterns	Fuentes & Pipkin, 2026	Global Value Chain (GVC), Path Dependence	Comparative case studies	Industrial policy style	Industrial upgrading	None	Institutional context	Policy style determines the direction and outcomes of industry policies
26	Can Policy Advantages be Transformed into Industrial Advantages?	Zhou et al., 2024	Digital Economy	Quantitative (Difference-in-Differences)	Digital policy	Industrial development	Digital infrastructure, financial development	Level of regional development	Digital policy has a significant positive effect
27	The Impact of Digital Policies on Urban Economic Resilience	Zheng et al., 2024	Economic Resilience	Quantitative (PSM-DID)	Digital policy	Economic resilience	Industrial digital transformation	Environmental regulation	Digital policy has a significant positive effect on economic resilience
28	Open Strategic Autonomy as An Industrial Policy Compass for The EU Competitiveness and Growth	Mariotti, 2025	Industrial Policy, Geodirigisme	Conceptual (literature review)	Industrial policy	Competitiveness & economic growth	None	Geopolitical factors	Industrial policy is again the main instrument of economic development
29	Export Diversification Dimensions and Performance	Barbieri et al., 2024	Economic Complexity	Quantitative	Export diversification	Export performance	None	Export intensity	Diversification increases resilience to economic shocks
30	Development of Sustainable Industrial Safety and Health Policy for the Electronics Industry in Korea	Won et al., 2024	Leadership, Safety Climate	Quantitative (SEM)	Safety leadership	Safety behavior	Safety climate	None	Leadership has a significant effect on behavior
31	Green Financial Policy for Fostering Green Technological Innovation	Fu et al., 2024	Sustainable Development & Green Finance	Quantitative (Difference-in-Differences/DID)	Green Financial Policy	Green Technological Innovation	Financing Constraints, Science Expenditure	Rate of development of green finance & regions	GFP significantly improves GTI through reduced funding constraints and increased science spending
32	Can China's Regional Industrial Chain Innovation and Reform Policy Make the Impossible Triangle of Energy Attainable?	Lu & Li, 2024	Impossible Triangle of Energy & Industrial Policy Theory	Quantitative (Spatial DID & Double Machine Learning)	Industrial Chain Innovation Policy	Energy System Performance	Industrial Chain Resilience	Spatial effects between regions	Policies improve energy coordination and have a spillover effect between regions
33	Place Leadership through Local Planning: Integrating Urban Design and Economic Development	Richardson, 2025	Place Leadership & Governance	Qualitative (Case Study)	Place Leadership	Economic Development	None	None	Local leadership is effective in integrating regional policy and development
34	Liberal and Illiberal Industrial Policy in the EU	Györfi, 2024	Comparative Political Economy	Comparative Qualitative	Industrial Policy	Industrial Development (EV Battery Industry)	None	Political system (liberal vs illiberal)	Liberal models are more effective in supporting industrial and environmental goals

35	Strategies of Green Industrial Policy: How States Position Firms in Global Supply Chains	Allan & Nahm, 2025	Green Industrial Policy	Conceptual (Theoretical)	Industrial Policy Strategy	Firm Position in Supply Chain	None	Global industrial structure	Industrial policies vary depending on sector conditions and the country's position
36	Industrial Policy and the Green State: Forging a World after Growth	Allan, 2024	Political Economy & Green State	Conceptual	Industrial Policy	Economic & Environmental Transformation	None	None	Industrial policy reshaping state and economic relations
37	Institutional Implications for Science and Industrial Capacity: Policy Lessons from the UK's Pandemic Response	Watkins et al., 2024	Institutional & Industrial Policy	Case study	Industrial Policy	Industrial Capacity	Institutional Capacity	None	Industrial capacity increased through domestic and global collaboration
38	European Industrial Policy for the Green and Digital Revolution	Terzi et al., 2023	Industrial Policy	Literature Review	Industrial Policy	Economic Growth & Innovation	None	None	Selective policies to increase competitiveness and innovation
39	Policy Mixes and Policy Feedback: Implications for Green Industrial Growth	Hedeler et al., 2023	Innovation System Theory	Case study	Policy Mix	Industrial Growth	Policy Feedback	None	Policy uncertainty hampers domestic production
40	The Governance of Regional Innovation Policy and Its Economic Implications	Gianelle et al., 2024	Governance	Quantitative (Macroeconomic model)	Governance Quality	Economic Impact (GDP)	None	None	High governance increases economic impact by 40–50%
41	Strategies for Green Industrial and Innovation Policy—An Analysis of Policy Alignment, Misalignment, and Realignment around Dominant Designs in The EV Sector	Narassimhan et al., 2023	Innovation System & Green Industrial Policy (technology push–demand pull)	Conceptual qualitative + comparative analysis of the sector	Industry policy (alignment, misalignment)	Technological innovation performance	None	None	Consistent policy alignment → long-term competitive advantage
43	Industrial Policy, Local Firm Growth Paths, and Capability Building in Low-income Countries: Lessons from Ethiopia's Floriculture Export Sector	Tiruwaha & Lindsay, 2023	Global Value Chain (GVC) & Industrial Policy	Qualitative (in-depth case study)	Industry policy	Company growth & capability building	Company capabilities	None	Policies encourage learning and capability enhancement
43	Industrial Policy and Labour Productivity Growth in Africa: Does The Technology Choice Matter?	Jean & Sié, 2023	New Structural Economics (Justin Lin)	Quantitative (shift-share analysis)	Industry policy (technology choice)	Labor productivity	None	None	Strategies according to comparative advantages → increased productivity
44	Assessing The Impact of A Regional Integration Policy on Corporate Environmental Performance: Micro-Evidence from Chinese Industrial Firms	X. Zhang et al., 2023	Regional Integration	Quantitative (PSM-DID)	Regional integration policy	Corporate environmental performance	None	Type of industry & location	Regional integration → improved emissions efficiency
45	Can Ecological Governance Policies Promote High-Quality Economic Growth? Evidence from a Quasi-Natural Experiment in China	Li et al., 2023	Sustainable Development	Quantitative (DID)	Ecological policy	Quality economic growth	Agricultural production & government revenue	Government intervention	Improve economic structure and well-being
46	The Role of Digital Transformation in the Relationship between Industrial Policies and Technological Innovation Performance: Evidence from the Listed Wind Power Enterprises in China	Chen & Chen, 2023	Innovation Theory & Digital Economy	Quantitative	Industry policy	Technological innovation performance	Digital transformation	None	Digitalization strengthens the effect of policies on innovation
47	The Advance of The State and The Renewal of Industrial Policy in The Age of Strategic Competition	Singh, 2023	Political Economy	Study of conceptual literature	The role of the state (state intervention)	Economic transformation	None	None	The state becomes the main actor of industrialization
48	Digital Economy Drives Regional Industrial Structure Upgrading: Empirical Evidence from China's Comprehensive Big Data Pilot Zone Policy	Yang, 2023	Digital Economy	Quantitative (PSM-DID)	Digital policy	Industrial structure	Technological innovation & financial deepening	Region	Digital policy → industrial transformation

49	Germany's Industrial Strategy 2030, EU competition policy, and the Crisis of New Constitutionalism (Geopolitical economy of a contested paradigm shift)	Schneider, 2023	Political Economy & State	Qualitative (policy analysis)	National industrial strategy	Technological sovereignty and competitiveness	None	Geopolitical context	The state encourages "industrial champions."
50	Towards A Problem-Oriented Regional Industrial Policy: Possibilities for Public Intervention in Framing, Valuation and Market Formation	Flanagan et al., 2023	Innovation Policy & Market Formation	Conceptual qualitative	Regional industrial policy	Regional economic development	None	Territorial context	An important demand-side approach in policy

Temporal Distribution of Research Publications

The temporal distribution of publications shows a significant increase in the number of studies in recent years. Data show that the number of publications before 2000 was relatively very low and tended to be sporadic. Entering the period 2000–2010, the number of publications began to show a gradual increase, although still on a limited scale. A more significant increase began to be seen in the period after 2015, where the number of publications increased consistently every year. This trend of increase became more pronounced in the period 2020–2026, which showed a drastic surge in the number of publications.

The recent years in the dataset show the highest number of publications compared to the previous period. This pattern shows an acceleration of research in the topics of industrial policy and leadership, especially in the context of global changes. In addition, this distribution also shows that most of the articles analyzed are from the most recent period, thus reflecting recent developments in the literature. Thus, these results show the concentration of research in the post-COVID-19 period. This pattern shows an increase in academic attention to the topic of industrial policy and leadership, especially in the post-COVID-19 context. This indicates a shift in research focus towards the issues of policy effectiveness, economic resilience, and governance quality in the face of global uncertainty.

Result from Keyword Search

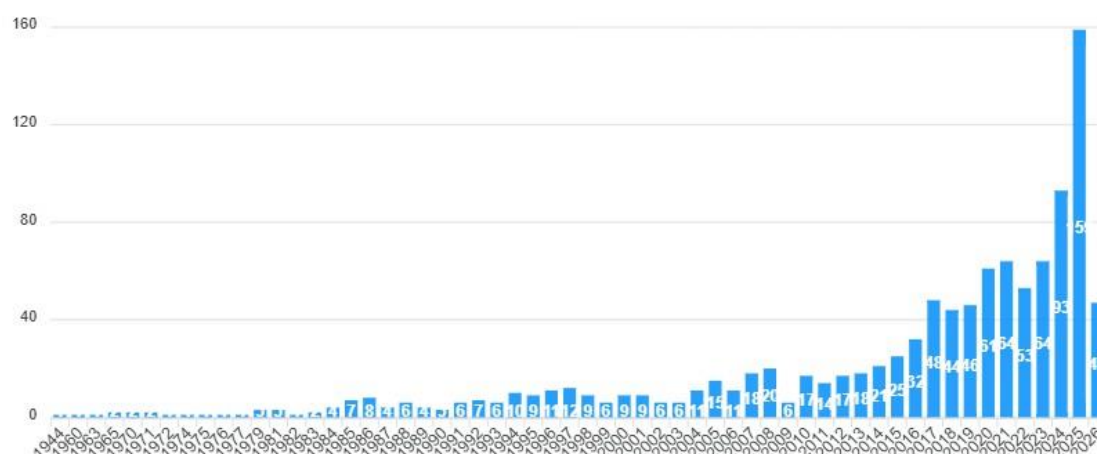


Figure 3. Keyword Research Trends

Research Methodological Characteristics

The results of the synthesis show that the research analyzed uses a variety of diverse methodological approaches. Most of the studies use quantitative approaches based on panel data, econometric regression, as well as Difference-in-Differences (DID) and Generalized Method of Moments (GMM) models. In addition, there are also studies that use qualitative approaches through case studies, in-depth interviews, and policy analysis.

Several studies combine these two approaches in the form of a mixed-method to obtain more comprehensive results. This variety of methods shows that the study of industrial policy and leadership is not limited to one specific approach. In addition, the use of quantitative methods tends to be dominant in

measuring the impact of policies on economic and environmental performance. Meanwhile, qualitative approaches are more widely used to understand the process of policy implementation and the role of actors. Conceptual research is also found in a significant amount, especially in building theoretical frameworks. Thus, these results show methodological diversity in the literature analyzed.

These findings suggest that research in this area is dominated by quantitative approaches that focus on measuring policy impact, while qualitative approaches provide a deeper understanding of the implementation process. This indicates a tendency to integrate methodological approaches in understanding the complexity of the relationship between policy and performance.

Research Variables and Focus

The identification results show that the variables used in previous research can be classified into three main groups, namely policy variables, leadership variables, and performance variables. Policy variables generally include industrial policy, digital policy, environmental policy, and policy mix. Leadership variables include leadership style, governance, institutional capacity, and political support. Meanwhile, performance variables include various indicators such as productivity, innovation, energy efficiency, and economic and environmental performance.

In addition, some studies also use mediation variables such as digitalization and technological innovation. Moderation variables that are often used include industrial structure, level of economic development, and policy uncertainty. The variation of these variables shows that the relationship between policy and performance is complex and multidimensional. In addition, not all studies use public financial performance indicators directly. Most studies still use economic performance indicators as a proxy. Thus, these results show variations in research focus in the literature.

This shows that the relationship between industrial policy and public performance is multidimensional and involves the interaction between structural and institutional factors. In addition, the use of economic performance indicators as proxies indicates that there are limitations in the direct measurement of public financial performance in the existing literature.

Key Findings Related to Industrial Policy

The results of the synthesis show that most studies find a relationship between industrial policy and improved economic performance. Industrial policies are reported to contribute to increasing productivity, innovation, and efficiency of the industrial sector. In addition, industrial policies are also found to play a role in increasing industrial chain resilience and domestic added value. Some studies have also shown that industrial policies can improve product quality and export competitiveness.

However, there are variations in research results regarding the magnitude and direction of policy influence. Some studies show that policy impacts are not always significant or indirect. In addition, there are studies that show heterogeneous effects depending on sectors and regions. Industrial policies are also found to have a relationship with environmental sustainability through reducing emissions and improving energy efficiency. Thus, these results show a variation in findings related to the impact of industrial policy.

These findings show that the influence of industrial policy on performance is not direct, but depends on various mediating factors and implementation contexts. The emerging patterns indicate that the effectiveness of policies is largely determined by structural conditions and sector characteristics.

Findings Related to Leadership in Policy Implementation

The results of the study show that leadership is often associated with the effectiveness of policy implementation. Several studies show that leadership plays a role in improving coordination between actors and strengthening institutional capacity. In addition, leadership is also found to be related to the quality of governance and policy consistency. Leadership variables are also associated with the ability to adapt to environmental changes, including digital transformation. Several studies show that leadership plays a role as a factor that influences the success of industrial policies.

However, there are variations in the way leadership is measured and defined in the literature. Some studies use an organizational approach, while others use a political or institutional approach. In addition, not all studies examine leadership directly in the context of industrial policy. Thus, these results suggest that the role of leadership in the literature is diverse.

This shows that leadership plays a key role in bridging policy and implementation. Variations in the definition and measurement of leadership also indicate conceptual fragmentation in the literature that still needs to be put together in a more comprehensive framework.

The Relationship between Industrial Policy and Public Financial Performance

The results of the synthesis show that the relationship between industrial policy and public financial performance is generally indirect. Most studies use economic performance indicators as a proxy to measure the impact of policies on public performance. Some studies suggest that increased productivity and added value can contribute to increased state revenue. In addition, economic diversification is also associated with fiscal stability. However, there are limitations in studies that directly measure public financial performance. Most studies do not explicitly examine these variables.

In addition, the relationship between policy and public financial performance is often mediated by other factors such as innovation and economic efficiency. The variation in research results also shows that there are differences in context and approach. Thus, these results show that studies on public financial performance are still limited.

These findings indicate that public financial performance has not been studied directly in the literature, indicating a significant research gap. The reliance on economic performance indicators as a proxy reflects limitations in the measurement approach used.

Relationship Patterns and Mechanisms in the Literature

The results of the synthesis show that there are several consistent patterns of relationships in the literature. The relationship between industrial policy and performance is generally mediated by technological innovation and digitalization. In addition, governance and institutional capacity also play an important role in determining policy effectiveness. Leadership emerges as a variable related to policy implementation and coordination between actors.

Some studies have shown that policy uncertainty can affect policy outcomes. In addition, there is a pattern of indirect relationships between policy and public performance through various mediation mechanisms. Variation in results also shows inconsistencies in some of the research findings. Some studies show positive relationships, while others show insignificant results. Thus, these results show the complexity of relationships between variables in the literature.

This shows that the relationship between policy and performance is non-linear and involves various mediation mechanisms such as innovation, digitalization, and governance. This pattern indicates that a more integrative approach is needed to comprehensively understand the relationships between variables. To clarify the patterns of relationships between variables as well as the mechanisms identified in the literature synthesis, the findings of this study are visualized in the form of the following thematic diagram:

Discussion :

Research Question 1: Characteristics, Approaches, and Evolution of Industrial Policy

The results of the synthesis show that the characteristics of industrial policy in the literature have undergone a significant development from traditional approaches to more complex, adaptive, and multidimensional approaches. These findings are consistent with various previous studies that show that industrial policy is no longer limited to the protection of the domestic sector, but has evolved into a strategic instrument that integrates digitalization, innovation, and sustainability (W. Cai et al., 2026; Zhang et al., 2025).

In this study, it was found that most studies place industrial policy as a tool to drive economic efficiency and structural transformation, which ultimately impacts improving public performance. This is in line with the findings Yu et al. (2026) and Chen & Chen (2023) who show that digitalization serves as an important mechanism in increasing policy effectiveness. In addition, the characteristics of industrial policy also show a shift towards a sector- and context-based approach, as shown by Hansen & Koslowski (2026) and Kwon et al. (2026), which emphasizes that policy effectiveness is highly dependent on industrial structures and economic characteristics. Thus, the results of this study confirm that industrial policy is not universal, but rather very contextual and depends on the specific conditions of each country or sector.

Furthermore, the evolution of industrial policy in the literature also shows the integration between economic policy and sustainability goals. Research by Bao et al. (2025) and K. Cai (2025) It shows that modern industrial policies focus not only on economic growth, but also on improving the resilience of industrial chains and domestic added value. These findings are reinforced by Du et al. (2025) which shows that public policy can steer economic activity towards sustainability, despite the trade-offs between growth and environmental impact. Nevertheless, research by Bärnthaler et al. (2025) It shows a criticism of industrial policies that are too growth-oriented, thus ignoring the long-term sustainability aspect.

In addition, Hudson et al. (2026) It shows that the perception of risk and policy uncertainty can affect the effectiveness of industrial policies, which suggests that non-technical factors also play an important role in determining policy outcomes. Thus, the results of this study show that the evolution of industrial policy includes not only changes in policy instruments, but also in the underlying paradigms.

In relation to public financial performance, the results of the study show that the relationship between industrial policy and public performance is indirect and mediated by various factors. This is in line with the findings Wibisono et al. (2025) which shows that industrial policies can increase productivity and added value, which ultimately has an impact on improving economic performance. Qanas et al. (2025) It also shows that industrial policies can encourage economic diversification that contributes to fiscal stability. However, this study finds that most studies still use economic performance indicators as a proxy, so the direct relationship with public financial performance has not been widely studied. Thus, these results reinforce the research gap in the literature that has not explicitly examined the relationship between industrial policy and public financial performance. The significance of these findings lies in their ability to show that industrial policies have great potential in improving public performance, but the mechanisms of these relationships still need to be studied further. Therefore, this study makes an important contribution to broadening the understanding of the role of industrial policy in the context of public finance.

These findings are in line with previous research that emphasized the role of industrial policy in driving structural transformation and economic efficiency. However, this study expands the literature by showing that these influences are not direct, but rather mediated by factors such as digitalization and innovation. This suggests that policy approaches that focus only on sectoral interventions are not enough to optimally improve public performance. Thus, these findings confirm the need for a more integrative approach in understanding the relationship between policy and performance.

Research Question 2: The Role of Leadership in the Effectiveness of Industrial Policy

The results of the study show that leadership has a very important role in determining the effectiveness of industrial policy implementation. These findings are consistent with various previous studies that show that leadership functions as a link between policy and implementation (Blakeley et al., 2025; Wojtaszek et al., 2025). In this study, it was found that leadership plays a role in improving coordination between actors, strengthening institutional capacity, and ensuring policy consistency. This is in line with the findings McLaren & Kattel (2025) which shows that institutional capacity is a key factor in managing complex policies. In addition, Fuentes & Pipkin (2026) shows that policy styles influenced by leadership can produce different outcomes, which shows the importance of the role of leaders in determining policy direction. Thus, the results of this study confirm that leadership is an important variable in explaining the success of industrial policies.

Furthermore, the results of the study also show that leadership plays a role in managing uncertainty and risks in policy implementation. Hudson et al. (2026) suggests that the perception of risk can influence actors' responses to policies, suggesting that effective leadership is needed to manage those dynamics. In addition, Wan et al. (2025) It shows that policy uncertainty has a non-linear relationship with innovation, which suggests that the role of leadership is critical in maintaining a balance between policy stability and flexibility.

In the context of digital transformation, Zhou et al. (2024) and Zheng et al. (2024) shows that adaptive leadership can increase the effectiveness of policies in dealing with environmental changes. Thus, the results of this study show that leadership plays a role not only in policy implementation but also in managing complex environmental dynamics.

In relation to public financial performance, the results of the study show that leadership plays a role as a mediating variable that links policy to performance. Brandt et al. (2025) shows that industrial policies supported by strong leadership can boost long-term economic growth. In addition, Won et al. (2024) shows that leadership has a significant influence on organizational performance through various internal mechanisms. Thus, the results of this study show that leadership has an important role in improving public performance through increasing policy effectiveness. The significance of this finding lies in its ability to show that policy success does not only depend on policy design, but also on leadership quality. Therefore, this research makes an important contribution to integrating leadership variables in industrial policy studies.

These results confirm previous literature that places leadership as a key factor in policy implementation. However, this study contributes further by placing leadership not only as a supporting factor but as a strategic variable that mediates and moderates the relationship between policy and performance. In contrast to some studies that view leadership separately from industry policy, this study shows that the two are integrated in determining the effectiveness of public policies.

Research Question 3: Relationship Patterns, Mechanisms, and Research Gaps

The results show that the relationship between industrial policy, leadership, and public financial performance is complex and multidimensional. The most common relationship pattern found is indirect relationships mediated by innovation, digitalization, and governance. This is in line with the findings Chen & Chen (2023) and Yu et al. (2026) which shows that digitalization plays a role as a mediating mechanism in the relationship between policy and performance. In addition, Gianelle et al. (2024) It shows that the quality of governance has a significant influence on the effectiveness of policies, which suggests that institutional factors also play an important role in the relationship. Thus, the results of this study show that the relationship between variables is not linear, but involves various mechanisms that interact with each other.

In addition, the results also show variations and inconsistencies in the findings of the literature. Some studies show a positive relationship between policy and performance, while others show insignificant results. This can be explained by differences in context, methods, and variables used in the study. Kwon et al. (2026) and Sun et al. (2025) It shows that the impact of policies is strongly influenced by the structure of the industry and the characteristics of the sector. In addition, Bärnthaler et al. (2025) show that unbalanced policies can produce negative impacts on sustainability. Thus, the results of this study show that there is a high complexity in the relationships between variables.

The main research gap identified in this study is the lack of integration between industrial policy and leadership in explaining public financial performance. Most studies still examine the two variables separately, so they do not provide a complete picture of the relationship between the two. In addition, there are limitations in the use of public financial performance indicators in the literature. Most studies still use economic performance indicators as proxy, so they do not provide a comprehensive understanding of public financial performance. Thus, this research makes an important contribution in filling the gap through an integrative approach.

These findings reinforce the view that the relationship between industrial policy and public performance is complex and non-linear. However, this study also identifies limitations in the literature that still use economic performance indicators as proxy. This shows that the understanding of public financial performance is still not sufficiently developed. Thus, this study contributes to filling this gap by offering an integrative approach that combines structural and agency variables in a single analytical framework.

The findings of this study not only confirm the results of previous research, but also broaden and deepen the understanding of the relationship between industrial policy, leadership, and public financial performance. This study shows that partial approaches in the previous literature have not been able to fully explain the complexity of the relationships between variables. Therefore, this study offers a new perspective through an integrative approach that emphasizes the importance of the interaction between structural and institutional factors in determining public performance.

Overall, the findings of this study provide strong conceptual support for all the propositions that have been formulated. First, the P1 proposition, which states that *industrial policy* affects *public financial*

performance through mediation mechanisms such as innovation, digitalization, and governance quality, is confirmed through the dominance of empirical findings that show the significant role of digital transformation and innovation in improving efficiency, productivity, and economic performance, which has an impact on public performance. Second, the P2 proposition, which places *leadership* as a mediating variable, is also supported by various studies that show that leadership plays a role in strengthening coordination, increasing institutional capacity, and maintaining policy consistency in the implementation process. Third, the P3 proposition related to the role of leadership moderation is identified in the context of policy uncertainty and institutional capacity variation, where policy effectiveness is highly dependent on the quality of leadership in responding to environmental dynamics. Fourth, the P4 proposition that emphasizes the role of *digital transformation* and governance quality as factors that strengthen the relationship between policy and performance is also strengthened by a consistent pattern of findings in the literature. Thus, the entire proposition in this study is not only conceptually confirmed but also shows that the relationship between *industrial policy*, *leadership*, and *public financial performance* is indirect, complex, and multidimensional.

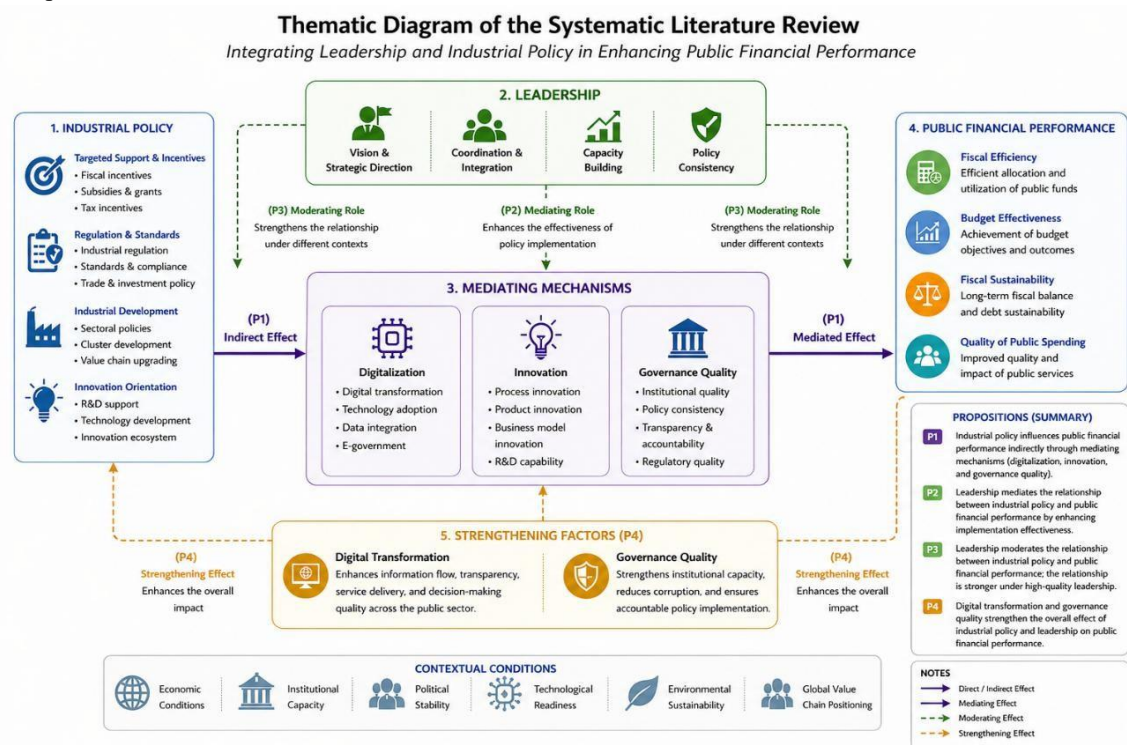


Figure 4. Thematic Diagram
Integrating Leadership and Industrial Policy in Enhancing Public Financial Performance

Figure 4 presents the results of a thematic analysis of the analyzed literature, which illustrates the pattern of empirical relationships between variables found in previous studies. These findings are visually reflected in Figure 2, which shows the pattern of indirect relationships as well as the role of mediation and moderation between variables. Figure 2 shows that industrial policy does not directly affect public financial performance, but rather through the main mediation mechanisms, namely digitalization, innovation, and governance quality. In addition, leadership plays a key role both as a mediator in policy implementation and as a moderator who strengthens these relationships under certain conditions. These findings also indicate that reinforcing factors such as digital transformation and governance quality contribute significantly to increasing the effectiveness of the relationship between variables. The empirical findings from the literature synthesis show consistency with the conceptual framework that has been built previously.

Significance, Implications, and Limitations of Research

The significance of this research lies in its contribution to integrating three main variables, namely industrial policy, leadership, and public financial performance, in one comprehensive analytical framework. This research makes a theoretical contribution by developing an understanding of the relationship between policy and public performance and placing leadership as a key variable in this relationship. In addition, this research also makes a methodological contribution through the use of a systematic literature review that allows a more in-depth synthesis of the existing literature. From a practical perspective, this research provides implications for policymakers in designing more effective strategies to improve public financial performance. The findings of this study show that industrial policies must be supported by strong leadership and adequate institutional capacity to achieve optimal results.

However, this study has several limitations. First, this study only uses articles that are available in a specific database (Scopus), so there may be relevant research that is not included in the analysis. Second, most of the studies analyzed use economic performance indicators as a proxy, so there are limitations in measuring public financial performance directly. Third, the systematic literature review approach has limitations in generalizing the results because it depends on the quality and variety of the research being analyzed. Therefore, further research is recommended to use an empirical approach to test the relationship between variables directly. In addition, further research can also develop a more comprehensive analytical model by considering other factors that affect public performance. Thus, this study provides a solid basis for the development of further research in the field of public policy and leadership.

V. Conclusion

The conclusion of this study shows that the relationship between industrial policy, leadership, and public financial performance is complex, indirect, and influenced by various mediation mechanisms and contextual factors. Industrial policy does not directly determine public financial performance, but operates through channels such as innovation, digitalization, and governance quality. Meanwhile, leadership plays a key role as a factor that bridges policy design and implementation, as well as determines the effectiveness of policies in producing optimal outcomes.

This research offers a novel contribution by developing an integrative conceptual framework that connects structural variables (industrial policy) and agency variables (leadership) in explaining public financial performance. This approach expands on the literature that has tended to be partial by showing that the success of public policy is not only determined by policy design, but also by the quality of leadership and institutional capacity in implementation.

In addition, this study also identifies limitations in the literature that still use economic performance indicators as a proxy, so that the study of direct public financial performance is still not adequately developed. These findings show the importance of developing more specific and relevant indicators in measuring public financial performance.

The practical implication of this research is the need for policy formulation that is not only oriented towards policy instruments, but also on strengthening the capacity of leadership and institutions in policy implementation. Thus, an integrative approach that combines policy and leadership aspects is key in improving the effectiveness of public financial performance, especially in the face of post-global crisis dynamics.

Further research is suggested to test the conceptual framework generated through empirical approaches, both using quantitative and mixed-method methods, as well as to develop more comprehensive indicators of public financial performance. In addition, cross-border comparative studies and longitudinal approaches are also needed to understand the dynamics of relationships between variables in the long term.

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