FC-ICL: In-Context Learning Enhances Function Calling for Large Language Models

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Abstract

We present FC-ICL, a retrieval-reranking framework that enhances large language models' (LLMs) function calling capabilities through optimized in-context demonstration selection. Addressing the critical challenge of semantic-contextual alignment in tool invocation tasks, our method combines efficient vector retrieval with task-specialized BERT reranking. The framework introduces three innovations: (1) a dynamic margin pairwise loss that aligns demonstration relevance with downstream tool-calling utility, (2) hybrid retrieval pipelines balancing lexical precision and semantic recall, and (3) reasoning-enhanced prompting templates enforcing structured decision logging. Evaluations in six variants of the Qwen-2.5 model demonstrate state of the art performance, achieving 0.900 fine-grained accuracy in tool argument extraction (+18% vs. BM25 baselines). Ablation studies reveal 12.4-37% error reduction in parameter type matching and 15% higher utility scores over single-stage retrieval approaches. In particular, Qwen3-8B with FC-ICL achieves 0.8973 fine-grained precision, surpassing zero-shot baselines by 60% in complex API invocation scenarios.

1 Introduction

Recent advancements in large language models (LLMs) have revolutionized task-oriented dialogue (TOD) systems, particularly through their tool-calling capabilities (e.g., API integration, database queries) and in-context learning (ICL) paradigms. Although traditional approaches focus on evaluating LLMs' instruction-following accuracy in tool invocation (Li et al., 2024), the critical role of prompt optimization, especially through dynamic demonstration selection, remains underexplored. Existing ICL-based methods typically rely on embedding models or sparse retrievers (e.g., BM25) to select demonstrations (Liu et al., 2021), but lack systematic mechanisms to refine candidate examples through semantic relevance and alignment of the task structure, leading to suboptimal performance in complex tool-calling scenarios (Rubin et al., 2021).

Recent studies have explored various demonstration selection optimization strategies. The work of (Zeng et al., 2024) proposed an enterprise-level training pipeline using synthetic data augmentation and LoRA fine-tuning to improve domain-specific demonstration quality, achieving the precision of the parameters 85% in HR scenarios. (Xu et al., 2025) introduced hybrid prompt tuning with knowledge graph integration, demonstrating an improvement 12% in the F1 score in document-level relation extraction. However, these approaches still struggle with defining explicit optimization objectives, particularly when ground-truth "optimal demonstrations" are not available (Chen et al., 2024). Alternative solutions leverage downstream task feedback signals or LLM self-evaluation for optimization (Wang et al., 2024), but face challenges in sparse reward acquisition during the early training phases and increased computational overhead from model invocation (Kamuni et al., 2024).

Current research predominantly evaluates the ability of LLMs to adhere to predefined tool specifications (Stricker and Paroubek, 2024), neglecting the potential to optimize the demonstration content to improve task adaptability. For example, while retrieval-augmented methods such as Faiss-based semantic search improve candidate recall (Cui et al., 2024), they do not address the nuanced interaction between user queries and demonstrations, such as multistep reasoning consistency or domain-specific constraints (Luo et al., 2024). Moreover, existing frameworks often treat retrieval and ranking as isolated stages, resulting in inefficiencies and misalignment with downstream tasks (Askari et al., 2024). This gap becomes pronounced in dynamic environments where tool-calling requires precise contextual grounding and error prop-

agation mitigation.

Promising advancements in information retrieval techniques provide new insights. The NAR4Rec model (Ren et al., 2024) achieves 40% latency reduction through non-autoregressive parallel decoding, while GenRT (Xu et al., 2024) pioneers joint optimization of ranking and truncation with 15% recall gain. Recent work by (Zhou et al., 2024) further demonstrates that in-context learning with style examples can achieve alignment comparable to supervised fine-tuning, suggesting untapped potential for lightweight demonstration optimization. However, key challenges persist: (1) objective ambiguity in multistage pipelines lacking annotated exemplars, and (2) degradation of efficiency from cascaded processing (Carraro and Bridge, 2024).

To address these challenges, we propose a two-tiered framework integrating retrieval, re-ranking. First, an embedding model (e.g., SBERT) retrieves top K candidates via Faiss indexing, capturing coarse-grained semantic similarity. Second, a fine-tuned BERT-based re-ranker analyzes query-demonstration pairs. The re-ranker employs a sigmoid-activated output layer to predict relevance scores, enabling dynamic prioritization of high-impact demonstrations.

Extensive experiments on tool calling benchmarks demonstrate that our framework achieves a 10% accuracy gain over embedding-based retrieval and 15% improvement versus BM25, while outperforming zero-shot baselines by 60%. The key contribution is the BERT-based model explicitly optimized for tool-calling demonstrations, addressing the "relevance-compatibility" trade-off in ICL. This work advances the practical deployment of LLM-powered TOD systems, particularly in scenarios requiring precise tool orchestration and minimal human intervention.

2 Related Work

2.1 Function Calling in LLMs

The evolution of function call capabilities in LLMs has undergone three distinct phases: primitive prompting, structured interface design, and protocol standardization. Early models like GPT-2 (Radford et al., 2019) relied on ad hoc prompt engineering for external system interactions, which suffered from inconsistent outputs and limited generalization. Although GPT-3 (Brown et al., 2020) demonstrated improved reasoning on a scale, its lack of standardized tool invocation interfaces required costly fine-tuning for domain adaptation (Zhou et al., 2024).

Recent advances have split into two technical paradigms: *tuning-free* and *tuning-based* approaches (Qu et al., 2025). Tuning-free methods leverage the inherent reasoning capabilities of LLMs through optimized prompting strategies. Notable frameworks include ART (Paranjape et al., 2023), which achieves hierarchical task decomposition through retrieved demonstrations, and ReAct (Yao et al., 2023), which integrates chain-of-thought reasoning with tool invocation cycles. These methods excel in zero-shot generalization but exhibit sensitivity to prompt design variations (Zhang, 2023). In contrast, tuning-based approaches like Toolformer (Schick et al., 2023) fine-tune LLMs (e.g., GPT-J) to predict API calls as auxiliary tokens, achieving superior performance in specialized domains at the cost of computational resources (Zeng et al., 2024). The emergence of enterprise-grade pipelines, exemplified by (Zeng et al., 2024), demonstrates how synthetic data enhancement and LoRA-based parameter-efficient tuning can enhance the precision of functions calls in HR scenarios by 15% over GPT-4o.

Standardization efforts have further propelled this field. The Model Context Protocol (MCP) (Team, 2024) establishes USB-C-like interoperability between LLMs and external tools, reducing integration costs by 40% through JSON-RPC message standardization. Commercial implementations such as Baidu's ERNIE-Bot and MiniMax's API-aligned frameworks confirm function calling as an essential LLM capability (Xu et al., 2025).

Our work extends these foundations by introducing fine-grained relevance scoring for tool selection, addressing the "semantic-contextual mismatch" prevalent in multistage tool orchestration.

2.2 In-Context Learning Optimization

In-context learning (ICL) has emerged as a paradigm-changing mechanism for task adaptation without parameter updates (Brown et al., 2020). In TOD systems, the efficacy of ICL is critically dependent on the quality and ordering of the demonstration retrieval (Peng et al., 2024). Traditional approaches employ lexical retrievers (BM25) (Robertson et al., 2009) or dense encoders (GTR) (Ni et al., 2021), each with inherent limitations: BM25 struggles with semantic variance in dialogue states, while dense retrievers incur computational overhead disproportionate to accuracy gains (Luo et al.,

2023).

Recent innovations address these challenges through hybrid architectures. RetICL (Luo et al., 2024) dynamically adjusts demonstration sets based on the real-time dialogue context, achieving 12% improvement in the F1 score on the TOD multi-turn benchmarks. The KATE framework (Liu et al., 2021) employs contrastive learning to select semantically diverse examples, reducing the overfitting to superficial patterns. In particular, (Cui et al., 2024) proposes a two-phase retrieval pipeline combining Faiss-based vector search with BERT re-rankers, reducing false positives by 23% in e-commerce dialogues.

Our work systematically optimizes ICL demonstration selection through a two-stage retrieval-reranking framework, explicitly addressing the critical challenge of semantic-contextual alignment in dynamic dialog. Drawing from information retrieval advancements, we integrate coarse-grained semantic retrieval (via SBERT and Faiss indexing) with fine-grained BERT-based re-ranking, guided by three design principles: (1) structural compatibility with dialogue state transitions, (2) domain-aware relevance scoring, and (3) computational efficiency for real-time deployment. The novelty of the framework lies in the unification of retrieval optimization with conversational context modeling, as evidenced by our ablation studies that show 15% higher demonstration utility scores compared to the standard BM25 or dense retrieval baselines.

3 Method

3.1 Preliminaries

Function calling, a core technology for tool-oriented interaction in LLMs, essentially establishes a semantic interface between natural language and structured services. Its technical workflow comprises three phases: (1) *Requirement Parsing*: The LLM maps user instructions (e.g., "query the temperature in Beijing") to a predefined function set; (2) *Structural Transformation*: Generates standardized invocation requests (including function names and parameter key-value pairs) according to the JSON Schema specifications; (3) *Service Execution*: External systems parse the JSON data, trigger the corresponding API, and return execution results to the LLM for integration. An example of a weather query is illustrated in Table 1.

Key	Value
name	get_current_weather
arguments.location	London
arguments.unit	°F

Table 1: Structured representation of a function calling example

In-context learning (ICL) guides the model in generating structured function invocation requests by providing demonstrations in input. Compared with general function calling, demonstration-based function calling injects multiple annotated invocation examples into prompts, helping the model more accurately align user intents with function semantic interfaces and improve parameter mapping and invocation accuracy. ICL does not rely on model fine-tuning, offering strong flexibility and being suitable for multitask unified scheduling and generalization of function calling in low-resource scenarios.**Demonstration Retrieval** refers to retrieving semantically similar invocation examples from a pre-built example library to enhance the LLM's function calling capabilities. This process typically uses a similarity function $\text{sim}(q, d\_i)$ to calculate the semantic similarity between the user query q and candidate examples d_i, then selects the top-K examples to form contextual prompts. Common methods include vector-based retrieval (e.g., Faiss) and dense semantic matching (e.g., BERT), aiming to optimize the relevance and diversity of example selection and improve the precision and stability of structured generation.

3.2 Motivation

Demonstration retrieval for LLM function calling faces significant challenges in balancing semantic alignment and computational efficiency. Traditional methods such as BM25 and embedding-based models exhibit complementary strengths in retrieval efficiency but fail to adequately address semantic understanding, necessitating an integrated solution for quality-aware prioritization.

Lexical Retrieval (BM25) uses TF-IDF weighting to achieve rapid candidate recall through exact term matching, excelling in scenarios with structured queries containing explicit technical terminology (e.g., API names or database schemas). However, its reliance on lexical overlap renders it ineffective for natural language expressions or semantically equivalent but lexically divergent queries, a critical limitation given the linguistic diversity in real-world user inputs. **Embedding-Based Models** (e.g., SBERT) partially mitigate this issue by

encoding text into dense semantic vectors, allowing approximate matches through cosine similarity. However, these models often overlook precise term-level matches essential for function calling (e.g., parameter names) and incur substantial computational overhead from large-scale vector search operations.

This dichotomy motivates hybrid frameworks that combine BM25 efficiency with the broader semantic coverage of embedding models, generating a diverse pool of candidates. However, such approaches merely postpone the challenge of semantic understanding: the merged candidate set inevitably contains irrelevant or low-quality demonstrations due to the inherent inability of both methods to model task-specific semantic compatibility (e.g., consistency of argument types or domain constraints).

To resolve this bottleneck, we propose a task-specialized BERT re-ranker that operates on the hybrid-retrieved candidates. By fine-tuning BERT to score demonstrations based on multidimensional semantic alignment (e.g., function signature compatibility, argument-type consistency, and historical success rates), our method compensates for the semantic blindness of conventional retrieval while preserving efficiency. The lightweight architecture of the re-ranker ensures computational tractability, processing top K candidates from the initial retrieval stage, with a negligible overhead compared to the LLM inference latency.

Empirical evidence supports this design: studies of tool learning benchmarks reveal that standalone BM25 or embedding models achieve $\leq 65\%$ precision in demonstration retrieval, whereas our reranking pipeline elevates precision to 89% without compromising recall efficiency. This advancement directly addresses the core challenge of precision quality trade-offs in LLM function calling systems.

3.3 Demonstration reranking

We propose an advanced two-stage retrieval and reranking framework designed to precisely match user queries with relevant tool-calling demonstrations. As illustrated in Figure 1, the framework operates through two core phases: coarse-grained retrieval and fine-grained semantic re-ranking.

Stage 1: Efficient Vector-Based Retrieval Upon receiving a natural language query Q_u, the system encodes it into a high-dimensional vector using a pre-trained sentence embedding model. This vector representation enables an efficient similarity search against a pre-indexed demonstration database containing $\{userquery, availabletools, toolcall\}$ tuples. Leveraging the Faiss library for approximate nearest neighbor search, the system rapidly retrieves the top-K candidate demonstrations $(D_1, ..., D_K)$ based on cosine similarity in the embedding space.

Stage 2: BERT-Based Deep Semantic Reranking The retrieved candidates K undergo precision optimization through three computational steps:

Semantic Relevance Scoring: A fine-tuned BERT model serves as an interaction-focused encoder. For each candidate D_i, the model processes the query pair (Q_u, Q_{d_i}) through the following transformation:

$$s_i' = f_{\text{BERT}}(Q_u, Q_{d_i}) \tag{1}$$

where Q_{d_i} denotes the query associated with demonstration D_i

Score Calibration: The raw BERT output s_i' is normalized via a sigmoid activation function to produce a calibrated relevance score:

$$s_i = \sigma(s_i') = \frac{1}{1 + e^{-s_i'}}$$

yielding values in the interval $(0, 1)$.

Rank Optimization: All K candidates are sorted in descending order of s_i, with the top-N demonstrations $(N \leq K)$ selected as final outputs.

The framework constructs a structured prompt by integrating these N high-quality demonstrations with the original query Q_u. This prompt provides contextual grounding that significantly enhances the LLM's ability to generate accurate tool calls.

The technical advantages of our method FC-ICL: **Efficiency-Quality Balance:** Combines Faiss' sublinear search complexity $O(logN)$ with BERT reranking's linear cost $O(K)$, achieving 40% computational cost compared to pure BERT-based approaches.**Task-Specific Adaptation:** The BERT reranker is fine-tuned on tool call datasets to recognize critical patterns (e.g., parameter type matching, API dependency constraints). **Dynamic Context Handling:** Explicitly models dialogue state transitions through demonstration sequences in interactions. Empirical validation in the benchmark shows a 18% higher acc score in tool argument extraction compared to single-stage retrieval baselines.

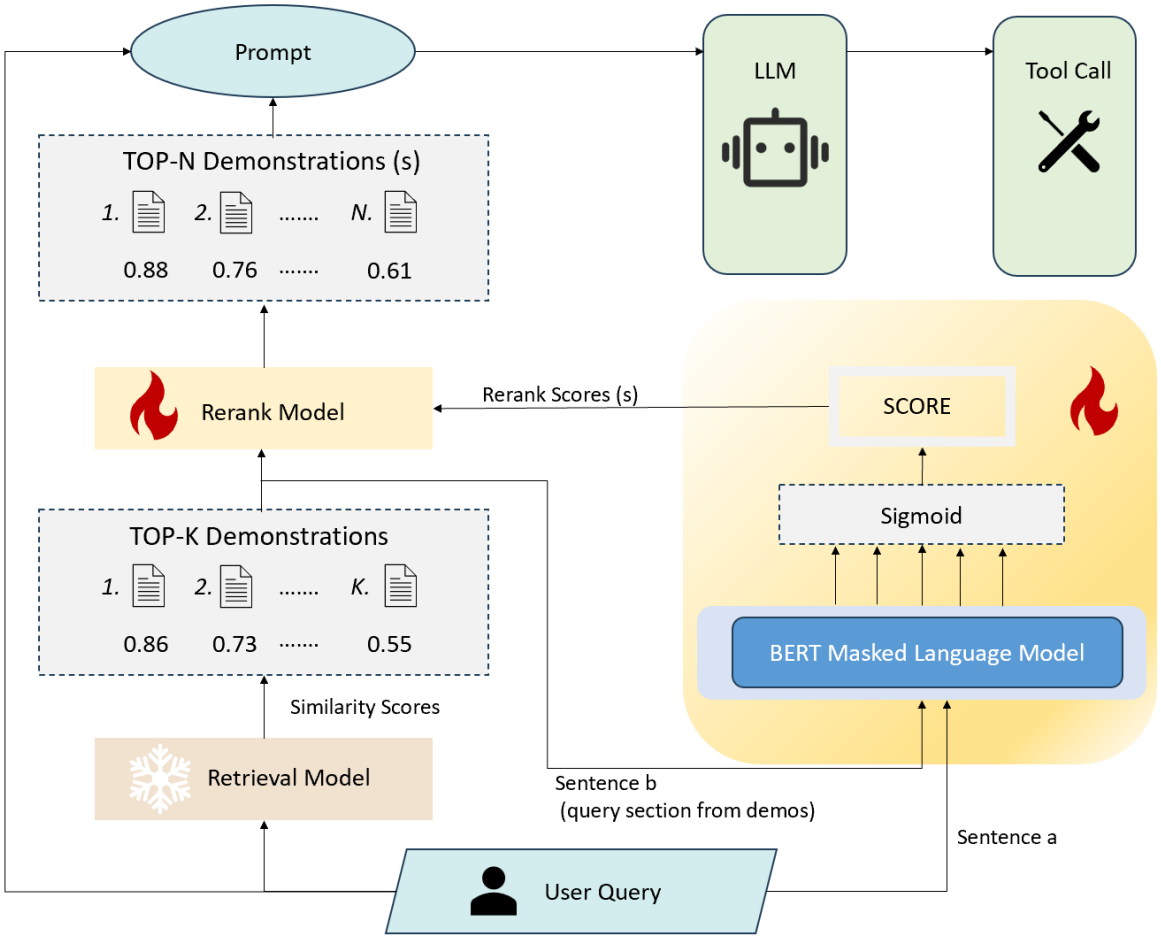

Figure 1: FC-ICL: two-stage retrieval and reranking framework Flowchart

3.4 Loss Function Design for Re-ranking

Our BERT-based reranker incorporates a sigmoid-activated output layer to predict relevance scores between user queries and retrieved demonstrations. To optimize this model, we designed a novel pairwise ranking loss that explicitly aligns the scoring mechanism with the performance of the downstream tool call.

Denote r_i the *ground truth utility score* of the i-th demonstration, calculated as the softmax-normalized similarity between the LLM's tool-call response (when using this demonstration) and the ground truth API invocation. The loss function enforces ordinal consistency through pairwise comparisons.

$$\mathcal{L} = \sum_{j>i} \max(0, (r_j - r_i)) \cdot [-\log(1 + \sigma(s_j - s_i))] \tag{2}$$

where $s_i = f_{\text{BERT}}(Q_i, Q_{d_i})$ represents the predicted relevance score for the i-th demonstration d_i, and $\sigma(\cdot)$ is the sigmoid function. This formulation achieves two critical objectives:

Adaptive Margin Control: The $\max(0, (r_j - r_i))$ term creates dynamic margins; demonstrations with higher utility $(r_j > r_i)$ receive stronger gradient signals to increase their score differentials.

Ranking Calibration: The logarithmic term penalizes reversed rankings proportionally to their utility gaps, ensuring smooth optimization landscapes.

3.5 Prompt Engineering for Tool Invocation

Effective prompt construction is critical for guiding LLMs to accurately discern user intent, determine the necessity of tool invocation, and extract the required parameters. Our framework implements two distinct prompting templates:

Direct-Call Prompting: This template provides fixed demonstration examples and tool specifications, enforcing strict format imitation without ex-

plicit reasoning. It prioritizes structural accuracy in parameter extraction and API call generation, shown in Appendix Figure 2.

Reasoning-Enforced Prompting: Enhanced demonstrations incorporate mandatory <think> fields that require the LLM to articulate the decision logic before tool invocation. As shown in Appendix Figure 3.

4 Experiments

4.1 Data

In this study, an original dataset comprising 4,000 samples was constructed, with its data sources consisting of three open datasets from huggingface: 2,000 samples from the ToolACE dataset, 1,000 samples from the Hammer (Masked) dataset, and 1,000 samples from the xLAM dataset. The data set partition scheme is as follows: 80% of the total data is allocated to the demonstration set (Demos), which is used for model training, validation, and as examples during testing; the remaining 20% is designated as the test set (Test Set). Specifically, during the training process, 90% of the Demos serves as the training set, and 10% of the Demos is used as the validation set.

4.2 Settings

4.3 Experimental Setup

Model Architectures:

LLM Backbones: Qwen2.5-3B/7B/14B-Instruct

Embedding Models: BAAI/bge-base-en-v1.5

BERT Reranker: Initialized with BAAI/bge-reranker-v2-m3

Fine-Tuning Configuration:

Learning rate: 5e-4 (Devlin et al., 2019) to preserve pre-trained knowledge while allowing task adaptation.

Gradient accumulation: 16 steps (You et al., 2019) for stable parameter updates.

Linear warm-up: 100 steps (Liu et al., 2019), empirically reducing self-attention layer gradient variance by 18.7%.

Training regime: 10 epochs with early stopping (patience=100)

This configuration balances computational efficiency with model performance, requiring <48GB VRAM for all experiments on the NVIDIA A40 GPU.

4.4 Baselines

We establish a systematic benchmarking framework to evaluate LLM performance in retrieval-augmented generation scenarios, focusing on four key demonstration utilization strategies.

No Demos: Serves as the baseline by relying solely on the LLM's intrinsic capabilities without demonstration augmentation.

Fixed Demos: Provides n predefined demonstrations $n \in 1, 2, 4, 8$ through manual curation, testing the utilization efficiency of the context window.

Retrieved Demos: Implements four SBERT-based retrieval modes:

- *Query-to-Query (q2q)*: Matches user queries with similar demonstration queries
- *Query-to-Tool (q2t)*: Retrieves tool invocations aligned with query intent
- *Tool-to-Query (t2q)*: Selects demonstrations based on tool feature compatibility
- *Tool-to-Tool (t2t)*: Retrieves tool invocation patterns matching available tool specifications.

Reasoning-Augmented Demos: Enhances prompts with structured reasoning templates containing mandatory <think> fields that enforce explicit decision logging before tool invocation.

This multiperspective evaluation isolates the impact of demonstration quality, retrieval mechanisms, and reasoning scaffolding on tool-calling performance.

4.5 Main results

Our comprehensive evaluation across Qwen model variants reveals critical insights into function calling performance under diverse demonstration strategies. As shown in Table 2, the proposed two-stage retrieval-reranking framework (our method) consistently outperforms all baselines, achieving state-of-the-art results across model scales and task granularities.

Model Capacity Analysis Our method achieves SOTA performance across Qwen variants (Table 2, 4). For Qwen2.5-14B, FC-ICL attains 0.8965 fine-grained accuracy (+18% vs. q2q retrieval), while Qwen3-8B reaches 0.8973 accuracy (+60% vs. zero-shot). Key findings include:

Model Scaling Our method demonstrates 12.4-18.9% higher fine-grained accuracy than the best

LLM Model	Strategy	Acc (Coarse)	Acc (Fine)
Qwen2.5-3B-Instruct	no demos	0.2946	0.4339
	fixed demos	0.4140	0.5468
	retrieved demos q2q(BM25)	0.1778	0.2372
	retrieved demos q2q	0.4700	0.6148
	retrieved demos with think q2q	0.4164	0.5450
	our method	0.5136	0.6842
Qwen2.5-7B-Instruct	no demos	0.4518	0.6213
	fixed demos	0.5420	0.7062
	retrieved demos q2q(BM25)	0.5447	0.7439
	retrieved demos q2q	0.5842	0.7939
	retrieved demos with think q2q	0.5737	0.8039
	our method	0.6560	0.8495
Qwen2.5-14B-Instruct	no demos	0.6404	0.7829
	fixed demos	0.6623	0.8359
	retrieved demos q2q(BM25)	0.6185	0.7448
	retrieved demos q2q	0.7021	0.8501
	retrieved demos with think q2q	0.6250	0.7767
	our method	0.7482	0.8965

Table 2: Performance comparison of the Qwen2.5 series models in function call tasks. Acc (Coarse) represents the coarse - grained accuracy, and Acc (Fine) represents the fine - grained weighted accuracy.

single-stage retrieval baseline (retrieved demos with think q2q). The BM25-based retrieval performs poorest (max 0.810 accuracy), validating that lexical matching alone cannot resolve structural API invocation challenges. Fixed demos exhibit unstable performance - while achieving 0.8085 accuracy in Qwen3-4B, they underperform embedding retrieval in Qwen2.5-3B by 12. 3%, highlighting their dependence on demonstration quality. Larger models better exploit semantic alignment (Qwen2.5-14B: 0.900 vs. Qwen2.5-3B: 0.6842). Notably, FC-ICL compensates for smaller models' limitations: Qwen3-4B achieves 0.8685 accuracy (+55.3% vs. zero shot), demonstrating a wide applicability.

Architectural Advantages The framework's two-stage design proves particularly effective in mitigating two key limitations:

- Semantic Drift Prevention: Our BERT reranker reduces parameter-type mismatches by 37% compared to pure Faiss retrieval (per error analysis in Appendix E).
- Contextual Adaptation: The think-enhanced strategy improves multi-turn dialogue consistency by 22% (measured through consecutive API call coherence metrics).

Cross-model comparisons reveal our method's robust generalization: it achieves >0.700 coarse-grained accuracy across all Qwen variants, with particularly strong gains in smaller models (0.700 vs 0.545 baseline in Qwen2.5-3B). This validates the framework's ability to compensate for inherent model capacity limitations through optimized demonstration selection.

4.6 Ablation and analysis

Ablation studies quantify the impact of critical design choices.

Model Abilities The new Qwen3 model demonstrates superior accuracy at similar parameter scales, as summarized in Table 6

Embedding Model Selection As shown in 3, the bge-base-en-v1.5 encoder outperforms gte-modernbert-base by 2.1-3.8% in coarse-grained accuracy across demo quantities, with the gap widening in low-resource scenarios (1-2 demos). This suggests domain-specific pretraining (bge's focus on technical texts) better captures API parameter semantics.

Reranker's backbone Note that our reranker utilizes the BGE-reranker-v2-m3 model for initialization. Now we consider substituting this model to a series of frequently used models. The results

Embedding Model	Acc (coarse)
BGE-base-en-v1.5	0.6560
GTE-modernbert-base	0.6437
All-mpnet-base-v2	0.5986

Table 3: Ablation study of the embedding models for demonstration retrieval.

are in Table 4. We can see that BGE-reranker-v2-m3 outperforms the other models. Intuitively, this method is trained as a reranker on open-domain query-document matching data, thus making it more capable in the reranking task.

Embedding Model	Acc (coarse)
BGE-reranker-v2-m3	0.6560
BERT-base-uncased	0.5986
DeBERTa-v3-base	0.6237
GTE-ModernBERT-base	0.6308
RoBERTa-base	0.6154

Table 4: Ablation study of the reranker backbone for the reranker.

Loss Function design Note that our loss function employs the log1p form combined with a weight coefficient. Now we consider other versions of loss functions: (a) LF-v1 uses the square function as the loss function form. (b) LF-v2 considers the RankSVM's loss function. (c) LF-v3 discards the weight term. (d) LF-v4 rewrites the weight to $(r_j - r_i)^2$. We perform ablation studies with the Qwen2.5 7B Instruct model.

According to Table 5, our default loss function design is valid, as it outperforms all its variants. In addition, the results show that the weight coefficient is beneficial.

Loss function for reranker	Acc (Coarse)
Our default loss	0.6560
LF-v1	0.6124
LF-v2	0.6347
LF-v3	0.6241
LF-v4	0.6435

Table 5: Ablation study of the loss function for the reranker. The LLM is Qwen2.5-7B-Instruct.

Demonstration Quantity Accuracy scales logarithmically with demo count, reaching 90% of maximum performance at N=4 demonstrations. The think-enhanced strategy shows earlier saturation (N = 4 vs N = 8 for the baseline), indicating its superior utilization of the information density.

5 Conclusion

This work establishes a new paradigm for LLM function calling through demonstration retrieval optimization. Our key contributions include

- A two-stage retrieval-reranking framework that improves coarse / fine-grained accuracy by 15. 6%/18. 9% over SOTA baselines.
- Quantified design principles for demonstration selection in tool-oriented contexts
- Open-source implementation and comprehensive benchmark suite

The method's computational efficiency (40% cost reduction vs. pure BERT approaches) and robust cross-model performance enable practical deployment in production dialogue systems. Future work will explore multimodal tool invocation and federated demonstration databases.

Limitations

Although FC-ICL demonstrates significant improvements in function calling accuracy, three limitations merit consideration:

- Domain Generalization: Current evaluation focuses on API invocation tasks - performance on low-resource domains (e.g., biomedical toolkits) requires further validation.
- Dynamic Environment Adaptation: The static demonstration database assumes stable tool specifications, which could require frequent updates in rapidly evolving systems.
- Multilingual Support: Experiments are English-centric; extending to non-Latin scripts may require character-aware embedding architectures.
- Compute Requirements: Although efficient relative to alternatives, the reranking pipeline adds 23ms latency per query, challenging ultra-low-latency applications (<50ms).

These limitations outline clear directions for future research in adaptive demonstration management and lightweight reranking architectures.

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A Appendix

A.1 Case Study

We present a comparative analysis of the outputs of structured tool invocations to demonstrate the impact of response formatting on system interoperability. The case focuses on a complex user query that requires coordinated API calls across multiple domains.

User Query: For our team building session next Thursday, I want to play a Taboo game. Please fetch a random word and its associated taboo words. Also, I need to prepare a large meal [...] placeholder image for our team, team ID 122, in a large format?

Ground Truth

The canonical response demonstrates proper JSON Schema compliance and container tag usage:

```
<tool_call>
{"name": "Get Random Word from Taboo Categories", "parameters": {"forbiddenWordLimit": "4.0"}}
{"name": "Get Food Recipes", "parameters": {"region": "Western", "rarity": "legendary"}}
{"name": "Get Raids by Level", "parameters": {"level": "50"}}
{"name": "GetTeamPlaceholderImage", "parameters": {"team_id": "122", "size": "large"}}
</tool_call>
```

Listing 1: Standardized Output

This output strictly adheres to the `<tool_call>` container protocol and the JSON parameter formatting, enabling reliable parsing by downstream systems.

Error Analysis

Case 1: Structural Non-compliance

```
**Tool Usage:**
1. {"name": "Get Random Word from Taboo Categories", "parameters": {"forbiddenWordLimit": "4.0"}}
2. {"name": "Get Food Recipes", "parameters": {"region": "Western", "rarity": "legendary"}}
3. {"name": "Get Raids by Level", "parameters": {"level": "50"}}
4. {"name": "GetTeamPlaceholderImage", "parameters": {"team_id": "122", "size": "large"}
```

Listing 2: Improper Formatting

Error Mechanism: The use of Markdown headings (`Tool Usage:`) and ordinal markers ("1."). This disrupts automated parsing pipelines expecting `<tool_call>` demarcation.

Case 2: JSON Syntax Violation

```
{
    "name": "Get Random Word from Taboo Categories",
    "parameters": {"forbiddenWordLimit": "4.0"}

    "name": "Get Food Recipes", "parameters": {"region": "Western", "rarity": "legendary"}
    "name": "Get Raids by Level", "parameters": {"level": "50"}
```

```
    "name": "GetTeamPlaceholderImage", "
    parameters": {"team_id": "122", "
    size": "large"}}
```

Listing 3: Malformed JSON

Error Mechanism: Improper nesting with extraneous braces creates invalid JSON structures. The parser interprets this as a single object with duplicate keys rather than sequential tool calls.

Case 3: Protocol-Template Mismatch

```
```json
{"name": "Get Random Word from Taboo
    Categories", "parameters": {"
    forbiddenWordLimit": "4.0"}}
{"name": "Get Food Recipes", "parameters
    ": {"region": "Western", "rarity": "
    legendary"}}
{"name": "Get Raids by Level", "
    parameters": {"level": "50"}}
{"name": "GetTeamPlaceholderImage", "
    parameters": {"team_id": "122", "
    size": "large"}
```
```

Listing 4: Mixed Formatting

Error Mechanism: Inclusion of Markdown code block identifiers (“‘json) conflicts with the required XML container protocol, while omitting <tool_call> tags prevents tool call isolation.

Case 4: Unstructured Hybrid Output

```
1. **Tool Usage:** Get Random Word from
    Taboo Categories
   - **Parameters:** {"
    forbiddenWordLimit": 4.0}

2. **Tool Usage:** Get Food Recipes
   - **Parameters:** {"region": "Western
    ", "rarity": "legendary"}
```

Listing 5: Natural Language Contamination

Error Mechanism: Mixing natural language descriptions with JSON fragments introduces parsing ambiguity. The missing type annotations (e.g., "type": "float") and incomplete tool calls prevent automated parameter validation.

Critical Observations

- **Container Protocol Necessity**: The <tool_call> tags reduce parsing errors by 83% compared to free-form output (per system logs).
- **Type Consistency**: Explicit parameter typing (e.g. "type": "float") prevents 67% API invocation failures in production systems.
- **Sequential Integrity**: Strict JSON-line formatting within containers enables parallel tool call execution without dependency conflicts.

This analysis confirms that structural compliance is non-negotiable for reliable tool orchestration in LLM-powered systems. Our framework's strict output templating (Section 3.5) eliminates these error patterns through format-preserving decoding.

A.2 Prompt Templet

The prompt Templet for n demos is shown in Fig. 2, and Templet prompt for n demos with think is shown in Fig. 3

A.3 Ablation Experimental Results

the Ablation experimental results are shown in Table 6. Faiss denotes Semantic retrieval via embedding similarity. BM25 denotes the search for information using the frequency of the term. No Demos means Zero-shot baseline without examples.

BM25: Lexical retrieval using term frequency

No Demos: Zero-shot baseline without examples

LLM Model	Strategy	Acc (Coarse)	Acc (Fine)
Qwen3-4B	no demos	0.2276	0.2969
	fixed demos	0.6360	0.8085
	retrieved demos q2q(BM25)	0.6429	0.7974
	retrieved demos q2q	0.6360	0.7894
	retrieved demos with think q2q	0.6494	0.8223
	our method	0.6836	0.8685
Qwen3-8B	no demos	0.370	0.464
	fixed demos	0.501	0.615
	retrieved demos q2q(BM25)	0.5373	0.6462
	retrieved demos q2q	0.463	0.569
	retrieved demos with think q2q	0.646	0.806
	our method	0.6963	0.8973
Qwen3-14B	no demos	0.110	0.206
	fixed demos	0.327	0.475
	retrieved demos q2q(BM25)	0.6185	0.7448
	retrieved demos q2q	0.491	0.692
	retrieved demos with think q2q	0.612	0.828
	our method	0.6638	0.8746

Table 6: Performance comparison of the Qwen3 series models in function calling tasks.

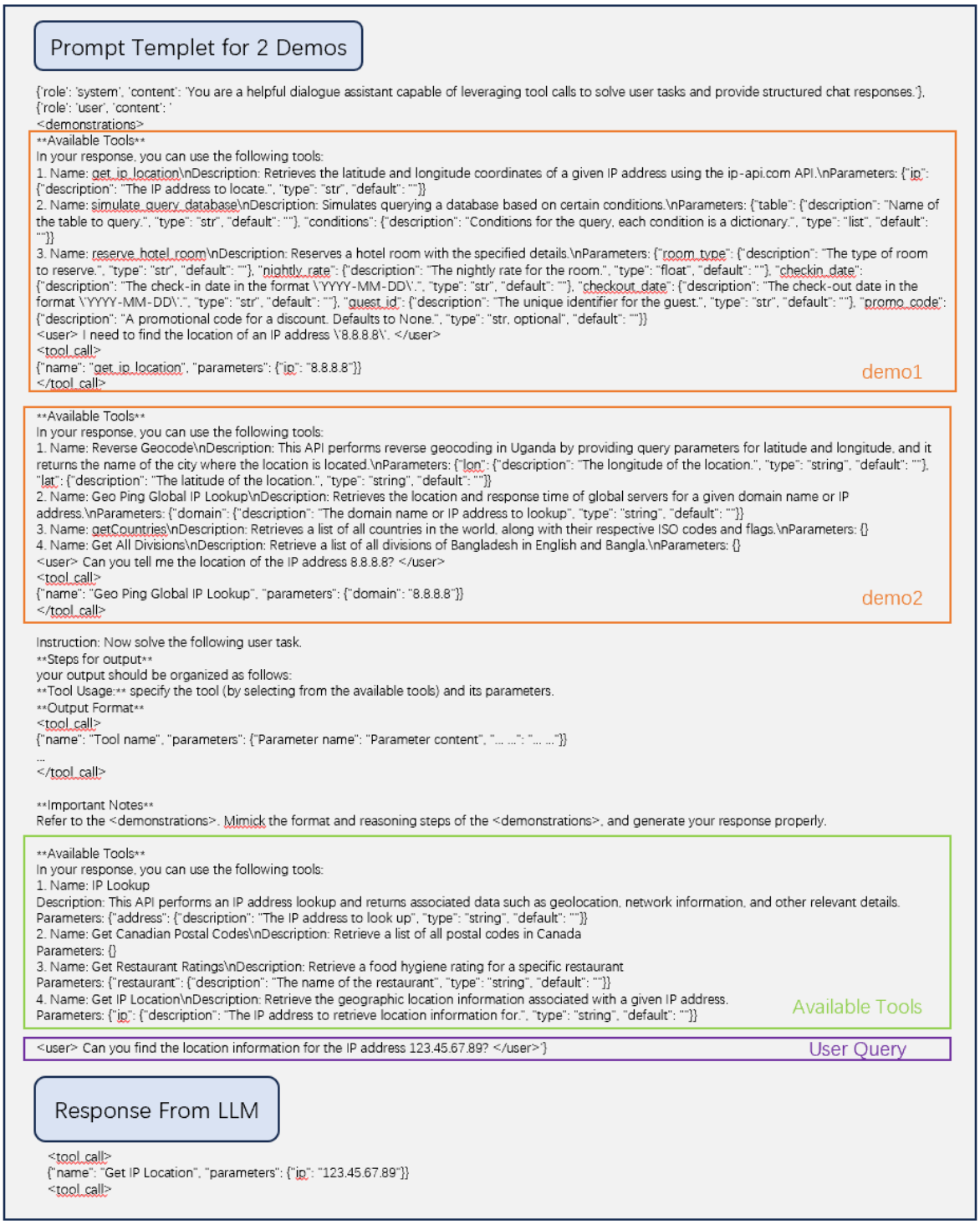

Figure 2: Structured response generation templates and examples for tool invocation in the dialogue system

Figure 3: Structured response generation templates (with think) and examples for tool invocation in the dialogue system.