

# Diversified Governance in a Sharing Economy

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## ABSTRACT

While sharing economy facilitates people's life, it also brings with it many problems. With the idea of pluralistic governance, this paper proposes that, under the purpose of maximizing the utilization efficiency of social resources and promoting the development of the sharing economy, the government, enterprises and individual citizens should give full play to their respective advantages, actively participate in governance and form good cooperation to cope with the negative effects brought by the sharing economy.

**Keywords:** *Sharing Economy, Diversified Governance.*

## 1. INTRODUCTION

With the advent of the internet era, sharing economy has developed rapidly. In a broad sense, sharing economy refers to an economic form in which the stock resources are activated, idle resources are matched, available resources are matched, and users are provided with more personalized services and diversified products, in which both the supply and demand parties need to jointly improve resource utilization efficiency and realize value maximization through sharing behavior.[1] In a narrow sense, sharing economy refers to economic mode of temporary transfer of the right to use goods between strangers for the main purpose of obtaining a certain reward.[2]

The report of the 19<sup>th</sup> National congress of the Communist Party of China (CPC) mentioned the need to implement the concept of innovative, coordinated, green, open and shared development. It can be seen that the state supports and encourages the sharing economy, so the sharing economy develops rapidly in China. From the initial sharing of intangible products such as knowledge and information, more and more physical products become the main body of the sharing economy and are welcomed by more people. On the network platform, we can share all kinds of knowledge, information, search for information, understand hot topics. We have shared bikes and shared power banks, shared houses, shared cars and other things to solve our rainy days when we need them.

All kinds of shared products not only directly facilitate our lives, but also improve the utilization rate of resources, which is conducive to the sustainable development of China's economy and plays a certain role

in the construction of ecological civilization. However, there are always two sides to a story. This new economic model, which relies on the internet platform to establish the exchange of goods and services between individuals and to integrate and share resources, brings convenience to the society, but also produces negative problems.

## 2. PROMBLES ARISING FROM THE SHARING ECONOMY

Sharing economy will be accompanied by some social problems, first of all, guarantee for the new type of labor relations is vacant, just as Reardon thinks, rapid advance in new commercial activities isolates the diverse non-traditional labor relations from the social security safety net, a new type of labor relations led to a surge in labor dispute relating to the rights and interests' protection problems, making massive risk control more difficult for the government.[3]

Secondly, the development of sharing economy has caused an impact on the traditional industries in China. For example, the use of shared bikes can facilitate People to go out for short distance, and at the same time, it can make the cyclists get physical exercise. Therefore, the introduction of shared bikes has been supported and welcomed by more and more people. But this is bad for the development of the bus industry; The same applies to Didi Dache, which will impact the traditional taxi industry.

Thirdly, the sharing economy takes the initiative in the market by virtue of its huge scale economy and user groups. Moreover, the sharing economy has sufficient

funds and can form user groups quickly. After the formation of user groups, the scale group, the scale economy effect will inevitably appear. As a result, in the fiercely competitive market, some large enterprise with sufficient capital will have more market share and absolute say, forming absolute monopoly power, leading to market share is divided by a few oligarchs.

There is a conflict between the government's existing mode of supervision and the development of sharing economy. And the government has deficiencies in the supervision of sharing economy, mainly manifested in the government approval setting, threshold access, supervision means and other aspects. For example, bike-sharing developed rapidly in the early stage, and the public's demand for bike sharing surged, resulting in the emergence of many bike sharing companies. Such temporary demand expansion also affects traffic, and even causes traffic jams. In addition, there are uncivilized phenomena in the use of bicycles. We often see the phenomenon of shared bikes being abandoned and destroyed at will, resulting in a waste of social resources. In addition, the current laws and regulations of the government cannot cover all the fields of sharing economy. The cross-field and diversified characteristics of sharing economy must be restrained by laws and regulations of industries or regions. Lagging laws and regulations are difficult to adapt to the development of sharing economy.

### **3. CONVERGENCE OF DIVERSIFIED GOVERNANCE THEORY AND SHARING ECONOMY**

Sharing economy is a kind of cooperative economy in network society. In fact, it is an objective historical inevitability of generating cooperative relationship in network structure. Therefore, we can only recognize the social network structure and make corresponding system design and arrangement according to its characteristic. The internal cooperation mode of sharing economy provides us with the idea of pluralistic cooperation governance. The emergence of social network not only provides the possibility for people to cooperate in the economic field, but also provides the necessary premise for the cooperation in the field of social management. The emergence of social network deconstruction means the arrival of a cooperative society, which provides objective and basic support for people to cooperate in various fields. It is precisely because of the network structure of today's society that cooperation becomes a basic behavior mode, making the society have the characteristics of cooperation, and making all the common actions of human being have the nature of cooperation.

This specific application of diversified cooperation theory in the field of public management is also based on the nature of network social cooperation, so as to propose

that all subjects involved in management form a management network, play their respective roles and advantages together, and achieve the fundamental goal of management. Compared with other governance theories, multivariate cooperation theory is both macroscopic and micro-subjective. On the one hand, it plays attention to the diversity of subjects and requires them to give full play to their respective advantage. On the other hand, it pays attention to the cooperative relationship among multiple subjects and form a good cooperative mechanism.

Therefore, based on the theory of diversified governance, this paper explores how to promote the sustainable development of the sharing economy and solve the common problems through diversified management from the perspective of the government, enterprises and the public.

### **4. PROMOTING DEVELOPMENT OF SHARING ECONOMY THROUGH DIVERSIFIED GOVERNANCE**

In order to promote the long-term sustainable development of sharing economy, government, enterprises and citizens need to participate in governance and solve current difficulties so that sharing economy can better promote social development.

#### **4.1. Government level**

First of all, the most important thing for the government is to establish and improve relevant laws and regulations. The shared goods involved in the sharing economy generally belong to quasi-public goods, which have certain exclusivity and non-competition in terms of consumption attribute. Generally speaking, the government need some degree of intervention in the management of such quasi-public goods. The government needs to issue relevant laws and regulations to improve the management of the segmented fields involved in sharing economy. Taking shared bikes as an example, the government needs to clarify the governance norms and treatment methods of shared bike problems at the legal level, and improve corresponding supporting measures, such as the problem about shared bike parking places, the contradiction between shared bikes and traditional bikes. The government must take corresponding measures to deal with the impact of sharing economy on traditional economic model, unfair competition behavior and market monopoly behavior in sharing economy, and the infringement of citizens' personal information and privacy caused by sharing economy.

As sharing economy occupies an increasing share in China's market, the original legal system that regulates the traditional stable and single economic relationship

responds slowly to the new characteristics of sharing economy and other new forms of business.

Taking labor security of sharing economy as an example, the emergence of new employment relationship makes the management of laws and regulations in this field appear vacuum. Many employers avoid the existing labor law provisions and reduce labor costs, so it is difficult to effectively protect worker's rights and interest. The current development momentum of sharing economy is largely suppressed by traditional laws and regulations, so the government must formulate new laws and regulations for sharing economy and revise the parts of traditional laws and regulations that do not adapt to the current development of sharing economy.

Second, the sharing economy covers a wide range of areas and operates at a fast speed. Huge amounts of data are generated during operation. Until August 4, 2020, the total number of registered users Harrow Travel APP has exceeded 400 million, covering more than 360 cities in China, and the total number of short-distance travel data has exceeded 10 billion. The same is true of other large sharing platforms, such as Didi Chuxing. The ever-changing data has posed pressure on government oversight. Therefore, relevant government regulatory departments should strengthen technology integration, cooperate with relevant enterprise and social organizations, speed up the opening and sharing of their own data, break the obstruction of departmental information, and then integrate the data advantages of various regulatory departments to improve the accuracy of the regulation of sharing economy.

Third, the government should strengthen cooperation with other entities. First, it should strengthen cooperation with specific sharing economy enterprises to understand the market demand of the industry through cooperation and avoid the stimulation of supply exceeding demand and supply exceeding demand. The government should strengthen cooperation with citizens, supervise problems in the operation of enterprise, synthesize public opinion and regulate the behavior of enterprises. With the development of modern information technology, the separation of ownership and property rights in the sharing economy is no longer limited to the traditional field of revenue sharing, but gradually develops to a wider range of fields such as production, consumption, circulation and distribution. Thus, the more complex Sharing economic platform increases the difficulty of government regulation. Drawing on its own authority and role of policy makers, government can cooperate with social organizations which have technology and channel advantages in the aspects of information processing, data obtaining. In this way, government can integrate advantageous social resources, realize the internalization of external information resources, expand a broader information Channels to promote the regulation of the

sharing economy and promote the development of sharing economy.

#### **4.2. Enterprise level**

Enterprises are the leading forces of the sharing economy, and many sharing economy platform have accumulated a lot of self-management experience and effective self-regulation measures in the process of entrepreneurship and operation. Food sharing platform, for example, "go home to have a meal" make strict standards and establish credit evaluation mechanism for the food supplier. This platform developed 10 standards for admittance into the kitchen environment. By means of internal management, Pinghe, the food sharing platform, not only alleviates the government's food supervision pressure, but also provides a guarantee for the public to enjoy a safer and healthier catering service environment.

Failure of traditional laws and regulations in the field of shared economic regulation to a certain extent prompted a regulatory shift. High-tech personnel and capital ownership to a certain extent, act as the role of the judge and sanctions, by making the internal rules, serving as a "public power" for internet users.[4] Although this regulatory power strengthens the unequal relationship between platforms and users, it still alleviates the pressures of government regulation.

In addition, enterprises can also solve some practical problems in the sharing economy through the improvement of software and hardware, the improvement of business mode and the optimization of service level. For example, bike-sharing companies can monitor the loss of resources caused by human waste and damage by optimizing the quality of bikes and improving their apps. For the pricing and quantity of shared bikes, enterprises can cooperate with the government to understand the local economic development level and the market situation of bicycles, determine the appropriate price, and put them reasonably according to local conditions.

#### **4.3. Citizen level**

Firstly, for citizens, the most important thing is to improve their own quality and degree of civilization. The shared goods involved in the sharing economy are generally used freely by the public without supervision, so the care and storage of the goods largely depends on the self-will of the users. Therefore, as beneficiaries of shared goods, the public should take corresponding responsibilities while enjoying welfare and consciously abide by the regulations of the government and enterprises. Secondly, the public should consciously abide by the relevant laws and regulations. For example, when using shared goods, parents should consciously register their real identity, and supervise children who do

not meet the age requirements to use shared goods alone. Finally, the public should be actively involved in the governance of shared goods. The public is the beneficiary of shared goods and therefore has the most first-hand experience of the problems in their development. The public can report to the government and enterprises any problems they find, such as the quality of the shared goods, the reasonableness of the charges, and the infringement problems in the use of the process. At the same time, the public can also actively participate in supervision to prevent the intentional damage of shared goods.

In short, the public serves as a bridge between the government and enterprises. They can feedback their positive and negative feelings in the experience of sharing economy as consumers, enabling enterprises to formulate targeted measures to prevent problems and maximize the utilization of social resources. The government can also collect useful information from the feedback of the public, so as to obtain the basic data of the government's regulation of the sharing economy. In this way the government can adjust the original regulatory model that is compatible with the traditional economy to a more flexible regulatory model that can improve product quality, service level and user experience.

## 5. CONCLUSION

As a new economic form, the development trend of Sharing economy is irreversible. The use of shared goods greatly improves the utilization rate of social resources, which is conducive to the establishment of environment friendly cities. Therefore, we must solve the ensuing problems and promote its better development.

The problems in the development of sharing economy are not only caused by the attributes of the shared goods, but also caused by inadequate government supervision, vicious competition among enterprises and irregular behavior of citizens. in order to solve these problems, it is not enough to rely on the efforts of one party. The nature of the sharing economy determines that the solution of problems requires the participation, cooperation and efforts of the other party. All the participants should recognize and solve the problems under a cooperative framework.

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