

# Discussion on the Legal Regulation of China's Shared Economy and Its Countermeasures

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**Abstract:** The rapid development of the sharing economy has become a hot topic of concern, which has greatly changed people's life concepts and lifestyles. The sharing economy with the Internet as the basic platform has injected new vitality into our business and added new content to people's lives. Based on the sharing of economic phenomena such as shared bicycles, shared electric vehicles, shared vehicles, and shared space, this paper sorts out the connotation of the sharing economy based on the relevant literature, and the background and current situation in China's development. The analysis of some problems and the discussion of the regulations it produces are of great significance for us to introduce corresponding legal regulation measures and establish a relatively complete new market system.

## 1. Development status of shared economic research

### 1.1 Understanding the meaning of shared economy

The sharing economy is understood in a narrow sense. It refers to the use of Internet technology as a platform to fully integrate the idle resources of individuals or enterprises, and to provide or transfer to a needy individual or enterprise for a new type of idle at a lower price or even free of charge. How resources are used. Broadly understood, the sharing economy is not limited to the use of idle resources, but also includes a transfer of usage rights and a business model of pay-as-you-go.

### 1.2 Development Status of Foreign Sharing Economy Research

The concept of the sharing economy was first proposed by Marcus Fisson, a sociology professor at the University of Texas, and Joan Spans, a professor of sociology at the University of Illinois. They described a new life as "collaborative consumption." The main characteristics of the way and life philosophy are: individuals achieve point-to-point direct goods and services transactions through third-party market platforms. In the 1980s, research on the sharing economy focused on both macro and micro aspects. With the development of Internet technology, online and offline idle goods or personal services are integrated through network technology and provided to users at a lower price, thereby constructing an environmentally friendly, healthy and harmonious environment by "utilizing the best use" and "distributing on demand". Life philosophy and business model.

In 2010, American scholar Rachel Bozman proposed that the collaborative era of consumption and development in the Internet era will go through three stages. The first stage is code sharing. The information flow is provided to the user in one direction, and the user cannot participate in the comments and communication. The second stage is life sharing, such as Weibo, QQ social platform and so on. The third stage is the sharing of offline resources. That is, online sharing and collaboration extends to offline, and thus changes people's consumption philosophy and life philosophy. After the emergence of Internet platforms such as Uber and Airbnb around 2010, Uber's commercial operation in the rental market on the rental car market opened the era of shared economy.

### 1.3 Development Status of China's Shared Economy Research

Domestic research on traditional shared economy is based on China's national conditions. Li Bingyan first proposed social sharing economic theory based on Marx's Capital, expounded the

practical form of sharing economy, and defined its development form. At the micro level, the economic effects of the component economy are analyzed, and the idea of establishing the enterprise net asset value accounting system and the net output value distribution system is put forward, and the sharing economic theory is used to solve the two problems of the gap between the rich and the poor and the stagflation crisis.

The first-class enterprise, the establishment of Didi taxi and fast taxi in 2010 is the symbol of the emergence of China's shared economy. Later, shared bicycles, shared electric vehicles and shared vehicles have also developed. In China, 2015 was called the “first year of sharing economy”. Since then, the sharing economy has spread rapidly to all aspects of life, and enterprises and academic circles have also defined it accordingly. The China Information Sharing Development Center released by the National Center for Information Sharing is defined as “making full use of the Internet as a basic platform, using the sharing of rights as the main feature, integrating massive resources, decentralizing resources, and satisfying the diversity of users. The sum of the economic activities of experience and consumer demand.” Some scholars in our country define it as the P2P model, that is, “mainly a transaction between a single natural person and renting an item owned by a certain network platform”.

## **2. New changes brought about by the sharing economy**

### **2.1 New changes in lifestyle and lifestyle**

Under the traditional economic model, the demander needs to obtain the corresponding products and services through the corresponding entity, and the supplier also needs to join the corresponding commercial organization to provide the corresponding goods or services to the user, that is, supply and demand. It is difficult for the two parties to break away from the corresponding commercial organizations under the traditional economic model. However, under the sharing economy platform, the supplier does not need to join the corresponding business organization, as long as the legally registered, the user can provide the corresponding products or services on the basis of the third-party sharing platform. Under the shared economy model, the third party has established a relatively transparent evaluation mechanism between the supply and demand sides, so that both parties can reasonably evaluate the quality and attitude of the products and user services provided by the other party after the transaction is completed. The supplier can also evaluate the user's behavior and feedback accordingly.

### **2.2 New changes in employment transformation**

In recent years, the number and scale of enterprises related to the sharing economy have been expanding. In 2010, the market size of China's shared economic enterprises was just over 10 million, and there were no more than 20 industries related to the sharing economy. However, by 2015, The market for the sharing economy has exceeded 10 billion, and the number of related companies is expanding rapidly.

The development of the sharing economy has also changed our traditional employment methods and created huge employment opportunities. In 2017, China's shared economy has more than 3.1 billion registered users in various industries, and more than 700 million people participated in sharing economic activities. The number of people is about 70 million, of which about 7 million are engaged in the sharing economy.

### **2.3 New changes in the vitality of innovation and entrepreneurship**

In the entire operating mechanism of the sharing economy, each person in the mechanism can be understood as part of creating value or as part of value co-creation, which constitutes an organic whole and value chain. People share the idle resources they possess and play a broader value, which promotes the new structural upgrading of the entire social industry. In foreign countries, the sharing economy model represented by Uber and Airbnb has developed rapidly, which has aroused widespread concern. In China, represented by platforms such as Alibaba and Didi Travel, as the

forerunner of the sharing economy, the scale of development is also growing. Judging from the rapid development of the sharing economy in recent years, the enterprises that share the economic platform as the basic model continue to adopt non-traditional ways of thinking to create value between individuals and individuals, between individuals and enterprises, and between enterprises and enterprises.

### **3. Legal regulation of the sharing economy**

#### **3.1 Legal characteristics of the sharing economy**

##### **3.1.1 Separation of ownership and use rights**

For traditional companies, the main way of consumption is often dominated by ownership to meet the long-term possession and use of the goods. The basis of the sharing economy is the temporary separation of ownership and use rights. Its essence is to use Internet technology as the basic platform, to use information terminals as a carrier, and to use resources efficiently, so that both supply and demand can reduce the corresponding costs. With the change of people's consumption concept, people's concept of "not seeking to own, but seeking to use" has become more and more intense. People no longer pay special attention to ownership, and more tend to value creation.

The sharing economy can be generally divided into a non-profit sharing economy and a profit sharing economy. The non-profit sharing economy is more about the redistribution or reuse of idle resources. It pays more attention to the personal experience of the demanders and improves the user satisfaction and happiness index. The profit-sharing economy is based on the Internet as the basic platform for the cost of resource use and management is lower than the basic market transaction costs. In this process, the most significant thing is that it will produce scale effect, which can reduce the corresponding cost, so as to generate continuous benefits, thus achieving a value creation between the two parties, effectively improving the resources. Utilization and increased social effects.

##### **3.1.2 Public participation**

Under the shared economy platform, the public can use the resources they need only by downloading the corresponding client as required. For example, the shared bicycles and shared electric vehicles that our students use on campus, the demand side finds suitable idle resources according to the shared platform and obtains a diversified consumption experience. Due to the corresponding support and subsidy policies of the country and a good sense of consumer experience and broad market demand, the number of people in demand has increased, which has promoted the diversified service and development of society, and has also caused tremendous impact on our traditional enterprises. . This kind of public participation can mobilize the personalized experience and service of members of the society on the one hand, and stimulate the vitality of the market on the other hand.

##### **3.1.3 Support from third-party platforms**

In the era of the Internet, people use the information exchange, the classification of the platform, automatic matching, etc. to achieve the effective use of idle resources. The network platform is the basis for realizing the integration of supply and demand, and is also the core of the shared economic platform. The support of the third-party platform is based on the corresponding credit mechanism and legal supervision mechanism. It is not only the main body of a market, but also a transparent place for the supply and demand side transactions. This platform embodies efficiency, convenience and security. It can connect the supply and demand entities together to form a strong network structure, reduce the transaction costs between the two parties, and increase the mutual trust between the two parties.

## **3.2 Regulation of the sharing economy**

### **3.2.1 The problem of trust mechanism in the sharing economy**

In essence, the sharing economy is based on Internet technology. A cooperative mechanism established between strangers and strangers is a peer-to-peer economic form. Then, the degree of trust between strangers becomes a big problem in sharing the economy. After all, in many cases, it is done through the Internet platform, and they don't know each other very well. It is very likely that some online fraud will occur. Traditional enterprises have fixed places. Consumers can go to physical stores for on-the-spot consumption, and can clearly understand the actual situation of the company and make their own judgments. However, in the era of sharing economy, the threshold for enterprises to join the platform is relatively low, and there will inevitably be some mixed phenomenon. It has had a serious impact on social order. The Didi business has also suffered corresponding losses and related adjustments to internal mechanisms. Although there is a relevant review mechanism, there may not be much understanding of the driver's own ethics, conduct and other internal behaviors. The consequences of the lack of qualification review may lead to the safety of passengers. The occurrence of these things will seriously affect consumers' credit to resource providers and the sharing economy platform.

### **3.2.2 Principal-agent problem in the sharing economy**

The supply side and the demand side appearing in the sharing economy are respectively based on the corresponding third-party agent supervision platform. The direct association mechanism between the principal-agent mechanism provided by the platform center and the supplier and the demand side is certainly different. This may involve the supplier's illegal breach of contract, such as deposit issues, consumer unethical behavior, and third-party infringement issues, involving the issue of liability between multiple parties. If the third-party regulatory platform does not comply with relevant laws and regulations, the interests of the supplier will be impaired, and the interests of the demand side will be impaired, which will lead to a chain reaction of the demand side, resulting in a decline in the satisfaction of the consumer.

### **3.2.3 Vicious competition between shared economic enterprises**

In a subdivided market, it is very likely that a monopoly or an oligopoly will be formed. On the basis of Internet technology as the basic platform, the technological advantage is more obvious with the support of scale effect, and the marginal cost generated is almost zero. The sharing economy has more efficient matching efficiency and a more friendly consumer experience. Under this environment, some newly entered markets have substantial thresholds and difficulties, have certain monopoly, and have certain technical barriers. In the process of sharing economic development in our country, Didi taxis, Mobike bicycles, and small yellow cars have opened a new page in the sharing economy. In order to gain more customers, more traffic, and get more scale, they will raise funds at all costs and develop their own scale. As a result, all the streets and lanes are shared bicycles for a period of time. Due to the large number of shared bicycles in some cities, urban congestion and public transportation are affected. In addition, in order to win more customers, some companies first adopt a deposit-free model to attract consumers. After reaching a certain scale, they will make up for the previous costs by charging high fees.

### **3.2.4 Security issues in the sharing economy**

The sharing economy platform can provide consumers with diversified and personalized services and user experience. While bringing a diversified consumer experience, the quality of shared products provided by different sharing economic enterprises also varies. Therefore, to a certain extent, ensuring the quality of shared economic products can not only effectively avoid the corresponding risks, but also to obtain a better sense of user experience and improve the trust between the supply side and the demand side. For example, after a shared bicycle enters the market, it is theoretically stipulated that it can be used by a certain age or an adult. However, some children who use bicycles because they have not yet reached the age requirement and are not supervised are

likely to cause traffic accidents. The safety of life poses a threat.

## **4. Legal regulation of the sharing economy**

### **4.1 Strengthening the construction of credit system**

The government should introduce relevant laws and regulations as soon as possible, establish an information exchange network platform between various industries that suits it, and realize a joint credit evaluation mechanism between multiple departments and inter-disciplinary areas. The rewards are for the enterprises with bad credit to take corresponding punishments, and through this credit mechanism and credit system to regulate the behavior of the sharing economy itself. It can not only encourage enterprises with good credit to continue to set a good social role model, and constantly increase the consumer's sense of experience, but also enable credit-stricken enterprises to achieve the role of consciously regulating their own behavior, so that they can jointly create good social effects. Government departments should also strengthen the open sharing and openness of credit data, promote data docking between the sharing economy platform and the credit reporting department, and establish a government-enterprise information cooperation mechanism. It is also possible to establish a credit rating between the enterprise and the user by establishing a more professional credit system standard evaluation department, and establish a corresponding database system to incorporate the untrustworthy entity into the credit system to establish a standing card in the transaction process.

### **4.2 Innovation and sharing of economic supervision mode**

The government should work hard to create an inclusive market environment, through pilot experiments in the corresponding cities, and if the legislative and regulatory systems are effective, they will be promoted nationwide. Regulatory authorities should establish reasonable regulatory mechanisms and corporate accountability mechanisms to ensure the sound development of shared economic enterprises. At the same time, we must give full play to the Internet thinking, give full play to the initiative between the various entities, and give play to the role of public assessment, mutual supervision, and industry self-discipline.

### **4.3 Adherence to the fairness of market position**

In the process of development of shared economic enterprises, they are expanding their scale because they are focusing on lower transaction costs, but participants in other markets may face market unfairness. For example, many Internet platforms play the role of both a credit intermediary and a provider. In order to prevent such vicious competition, the government should always insist on providing an open, fair and transparent market environment for all participants and building a long-term regulatory mechanism to promote the sTable development of the sharing economy.

### **4.4 Strengthening information security construction**

Consumers' personal information plays a very important role in national regulation, combating commercial crimes and even the country's overall security. The government should introduce relevant laws and regulations to strengthen supervision. In particular, personal information should have relatively complete legal definitions and norms. The government can also guide the public to use our online platform correctly by regularly holding large-scale cyber security activities and cybersecurity education. In particular, we should emphasize the issues that should be paid attention to in the process of using the shared economic platform, so that consumers can learn network security. Knowledge to properly maintain your personal privacy and life safety. Of course, in order to adapt to the new normal development of the economy, we should also introduce relevant policies to encourage innovation, especially the supervision of network security equipment innovation.

In short, the sharing economy as a new business model has greatly subverted our traditional economic model. At present, China has not yet formulated a comprehensive and complete law and regulation for the sharing economy. It is normal that the new business model may conflict with existing laws and regulations to some extent. As a government, we should make a reasonable

balance between the advantages and disadvantages of the old and new models. Under the background of mass entrepreneurship and innovation, we should maintain a reasonable and cautious attitude towards the legal regulation of the sharing economy, and formulating laws and regulations that are compatible with the sharing economy is also a direction that our researchers need to constantly think about.

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