

Analysis of the Main Body's Behavior in the Construction of China's Urban Social Credit System Based on Collaborative Governance Model

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Abstract: The construction of social credit system is an important support to build a domestic and international double cycle. In the digital era, technological progress has changed the original social characteristics and social environment, social credit system is facing the dual challenges of deconstruction and reconstruction. This paper focuses on a policy experiment of social credit system construction in one city in China, and discusses the behavior patterns and motivations of participating subjects based on the "attitude-behavior" framework, which are used to delineate three developmental stages. The focus of the article is to analyze the third stage of the cooperation model using a combination of visual decision making, field research and data analysis. At the same time, the collaborative governance model is used to derive the pattern of co-construction, co-governance and sharing of China's urban social credit system.

1. Introduction

Credit is the cornerstone of market economy, and social credit system is an important part of socialist market economy system and social governance system. In 2014, China issued the Outline of Social Credit System Construction Plan (2014-2020). In July 2019, The State Council issued the Guiding Opinions on Accelerating the Construction of the Social Credit System and Building a New Credit-based Regulatory Mechanism, pointing out that the construction of the social credit system can further play the basic role of credit in innovating regulatory mechanisms and improving regulatory capacity. At present, 264 prefecture-level cities in China have established social credit systems.^[1] In order to give full play to the promoting role of social credit system in market economy, various localities have made efforts in practice focusing on system design, technological optimization, platform construction and multi-subject participation.

Regarding the participants of the construction of social credit system, scholars agree that the construction of social credit system needs the participation of multiple subjects, and propose to seek multi-subject cooperation on the basis of clarifying the operating subjects.^[2] Some scholars put forward the construction mode for specific fields, and thoughts on how each subject should act in cooperation.^[3] However, the subject behavior discussed by scholars is usually static, and there is little observation on its dynamic change. The discussion on the participation of multiple subjects is limited to who is the subject? Are there any measures or actions? The research does not pay attention to the influence of the change of subject's attitude and behavior on the formation of collaborative governance model. Then, in the process of social credit system construction, how do multiple subjects play their roles? How does its "attitude - behavior" shift contribute to collaborative governance? Around this problem, this paper uses exploratory case study method to try to summarize the collaborative governance model of multi-subject participation in the construction of social credit system.

Since the reform and opening up, Yiwu has adhered to the strategy of "prospering business and building the city", gradually developed into the world's "capital of small commodities", explored a unique way of scientific development of regional economy, and become one of the 18 typical regions of China's reform and opening up. In January 2018, Yiwu became one of the first demonstration cities for the construction of social credit system in China, providing a case for the construction of social credit system under the socialist market economy system with Chinese characteristics. Sorting out,

refining and reflecting on the construction practice of Yiwu social credit system is of great significance for promoting the construction of good faith.

2. Case Study

2.1 Analysis Framework

A positive attitude toward trustworthiness is a good starting point for initiating behavior. Individuals' good trustworthy attitudes and behaviors can promote the establishment of trust relationships between each other, and the gradual stabilization of trust relationships can further motivate individuals to uphold trustworthy attitudes and persist in trustworthy behaviors. A good atmosphere of social trustworthiness can promote the construction of social credit system, and the gradual improvement of social credit system can further strengthen the trustworthy attitudes and behaviors of all social members [4]. According to the different choices of local administrative subjects, market players and society subjects for trustworthy attitudes and behaviors, the process of social credit system construction in Zhejiang Yiwu can be divided into three development stages, as shown in Figure 1.

| | Budding Stage (1982-2002) | | Development Stage (2002-2011) | | Co-Construction Stage (2011-present) | |
|-------------------------------|------------------------------|--|----------------------------------|--|---|---|
| | attitude | behavior | attitude | behavior | attitude | behavior |
| Local administrative subjects | Discipline | Implement administrative penalties or legal sanctions if a merchant fails to trust | Leading | Take a strong push; Implement category-based supervision | guide | Create policy environment; implement credit score; make credit data public |
| Market players | profit-oriented | Risk of breach of trust | compliance | Weigh the pros and cons of choosing whether to keep your word | Leading | Sound party organizations and industry associations to implement organizational constraints; use credit data to achieve benefit constraints |
| Society | — | — | awakening | Weigh the pros and cons of choosing whether or not to defend your rights when you are damaged by a market player's breach of trust | participation | Vote with feet; public opinion supervision; practice the spirit of Yiwu |

Figure 1. Three stages of social credit system construction in Zhejiang Yiwu

2.2 Budding Stage: the Level of Social Integrity Depends on Market Self-Awareness and Administrative Penalties

From the establishment of the first generation of small commodity market in 1982 to the formation of the fifth generation of small commodity market in 2002 is the budding stage, marked by the free development of small commodity market. At this stage, enterprises, as market players, tended to choose the latter when faced with the conflict between keeping credit and pursuing interests, and credit crises such as infringement and breach of contract often occurred. During this period, social subjects were in a state of absence, while local governments relied on administrative penalties or legal sanctions to manage enterprises' breach of trust ex post.

2.3 Development Stage: the Level of Social Integrity Depends on the Strength of Administrative Promotion and the Degree of Market Compliance and Social Awakening

From 2002 to 2011 was the development phase, with Yiwu's major administrative reform as the main symbol, the local administrative subjects led the construction of social credit system. Under the strong leadership of the government, enterprises still weighed the pros and cons and chose whether to keep their trust, but their sense of integrity and responsibility gradually developed in this repeated game process. At the same time, the credit consciousness of social subjects began to awaken, and the most typical behavioral manifestation is that when a market subject's breach of trust causes damage to its own interests, social subjects will weigh the pros and cons and choose whether to defend their rights.

In November 2006, Zhejiang launched the fourth round of county reform, "giving Yiwu City and district cities the same economic and social management authority", Yiwu was elevated to the level of "provincial counties" [5]. After the reform, the government of Yiwu has gained more autonomy in economic management, and a large amount of government data has been generated in the process of

performing administrative power, and the problem of the legitimacy and feasibility of government-led social credit system construction has been solved by the reform.

In 2006, the Yiwu industrial and commercial department set up a "market operator credit classification and supervision platform" for Yiwu International Trade City, establishing a database that includes four types of information: registration information of the industrial and commercial department, monitoring information of the supervisory department, independent declaration information of merchants and evaluation information of purchasers. The system can use the database to automatically conduct credit evaluation, and then the relevant regulatory departments based on the credit evaluation results of business classification supervision ^[6]. The Yiwu market classification and supervision mechanism provides data support for the social credit system and becomes a new tool for the Yiwu government to strongly promote the credit system construction.

2.4 Co-Construction Stage: the Level of Social Integrity Depends on the Wisdom of Local Government Guidance, Market-Led Capacity and the Degree of Social Participation

From 2011 to the present is the co-construction stage, Yiwu social credit system construction presents the characteristics of local government guidance, market-led and social participation. Local government, market and society become the common maintainer and common beneficiary of the credit system.

1) Government-Led Wisdom-Legislation to Lead Supplemented by Credit Data Solid Foundation:

In March 2011, the State Council approved Yiwu to carry out a comprehensive reform of international trade pilot, attracting more foreign investors into Yiwu, but also produced a foreign trade contract fraud and other negative events. To change this situation, Yiwu set up a leading group for the construction of social credit system with the mayor as the head, and introduced the "Measures for the Management of Personal Credit in Yiwu City (for trial implementation)" (hereinafter referred to as "Measures").

The Measures incorporated personal integrity into the scope of social credit supervision, expanded the credit management objects from market business entities to the general public, clarified the disciplinary mechanism for breach of trust, set the bottom line of behavior in the form of a system, made the management objects clear behavior expectations, and were able to avoid further breach of trust to a certain extent ^[7].

At this stage, the information base of Yiwu social credit system evolved into "one network, two centers and four libraries". Among them, "one network" is Credit China-Zhejiang Yiwu Network and Yiwu Market Credit APP; "two centers" are Credit Information Data Center and Credit Information Service Center, with the former positioned as a data center in virtual space and the latter as a new physical space service center. The former is positioned as a data center in virtual space, and the latter is a new physical space service center; "four databases", i.e. the basic market credit database, the basic enterprise credit database, the basic personal credit database and the credit collection database, converge into a basic information platform at the credit information data center.

2) Market-Led Capacity-Organizational Constraints and Interest Constraints in a Two-Pronged Approach:

Party organizations in Yiwu market play a linking role in the operation process of collaborative governance' between government and society" ^[8]. In June 2018, the Party Committee of Yiwu Commodity City established China Commodity City, which is composed of Party members of the Market Supervision Bureau, Party members of the mall group and Party members of market operators, etc. "voluntary consumer rights protection service team", making the party organization an important force in the process of social credit system construction. At the same time, Yiwu explored the implementation of the "party building + credit" work ideas, innovation to achieve the identity of party members and credit assets to promote each other, "by presenting the composition of the credit rating of party members merchants, can bring pressure on social opinion to the merchants, so that the party members of their own requirements more stringent, these party members The credit ratings of merchants are basically maintained above A" .

In September 2018, the credit points bank of Yiwu business entities went online, which realized the transformation of credit data from numbers to money^[9]. The credit information collection mechanism adds corporate social responsibility and other contents to the credit data opened by the government to calculate the credit points of market business subjects. If a market operating entity is blacklisted by relevant departments or institutions for breach of trust, the credit points of that operating entity will be cleared.

3) Degree of Social Participation: Abiding by Credit with the Spirit of Yiwu

In August 2018, the authors conducted a field survey in Yiwu, in which respondents were asked to rank the importance of five factors that may affect the business situation in the market: integrity, product quality, industry competition, innovation awareness and hard work, and the data results showed that integrity has become a consensus (Figure 2).

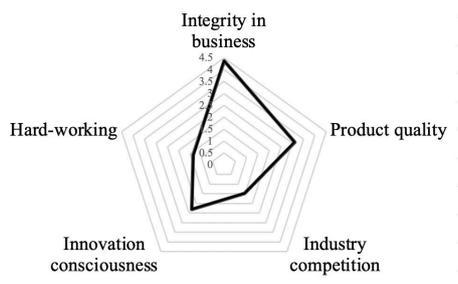


Figure 2. Radar chart of market operation influencing factors

Yiwu people are familiar with the use of social credit query platform, prompting market players in the business integrity as the "default option". "Regardless of the size of the single, we must comply with the time period of the transaction" "Sometimes the customer remittance error operation more than a few zeroes, in this case we will contact the transfer back as soon as possible, so that the customer's trust, these customers have become our very loyal customers, unless the product does not Unless the product is not suitable, we will generally maintain long-term cooperation".

From germination to development to common construction, the role played by local administrative subjects, market players and social subjects in the social credit system keeps changing, and the influence on the level of social integrity also shows a progressive evolution, finally forming a pattern of common construction and sharing of the social credit system (Figure 3).



Figure 3. Evolution of the influence of different subjects on the level of social integrity (The thickness of arrows in the figure indicates the strength of influence)

3. Why Yiwu Social Credit System Construction can Form a Common Construction and Governance Sharing Pattern?

According to Ansell and Gash, the formation of collaborative governance consists of five modules: starting conditions, institutional design, leadership (including empowerment), the collaborative process, and outputs. Among them, the collaborative process is the core, and the starting conditions, institutional design, and leadership (including empowerment) are the foundation, and these four modules are properly matched to form a collaborative governance pattern^[10]. See Figure 4.

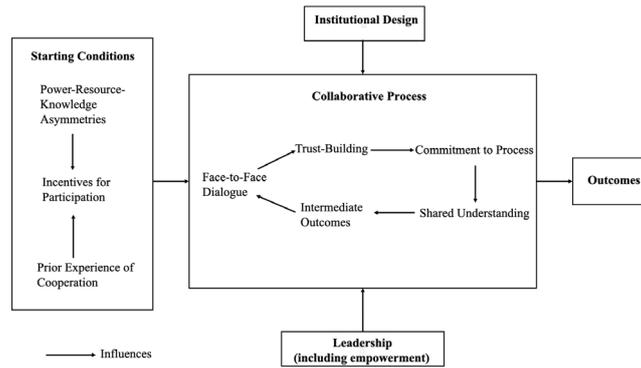


Figure 4. Analytical framework of the Ansell and Gash collaborative governance model

3.1 Starting Conditions: the Triggering Factors of the Co-Construction, Co-Governance and Sharing

The specific starting conditions for cooperation include power, resource and knowledge asymmetries, incentives for participation, and prior experience of cooperation^[10]. In the process of building the social credit system in Yiwu, local administrative subjects, market players and social subjects have asymmetric power and information, and all three have a strong motivation to promote the credit system construction. This motivation comes both from the policy guidance of the central policy and from the intense competitive pressure of the market. Driven by these conditions, after the budding stage and development stage of breeding, the formation of the pattern of co-construction, co-governance and sharing becomes the common choice of the government, market and society.

3.2 Institutional Design and Leadership: Prerequisites for the Pattern of Co-Construction, Co-Governance and Sharing

Institutional design is crucial to the establishment of the legitimacy of the cooperation process. In the process of building Yiwu's social credit system, the government, as the owner of administrative power, has the absolute right to speak in setting up systems and rules. At the same time, the government uses the legal system and the state apparatus as the institutional guarantee to set clear boundaries for the behavior of the participating subjects in collaborative governance^[11]. Leadership emphasizes the important value of leaders in the process of collaborative governance, as well as the joint participation of multiple leaders, the core of which is empowerment. The course of social credit system construction in Yiwu has seen both administrative empowerment from the higher government to the local government of Yiwu through administrative reform and data empowerment from the local government of Yiwu to the market and society through data opening. The authorization leaves room for innovation for all parties involved in the construction of social construction credit system.

3.3 Collaborative Process: the Formation of the Pattern of Co-Construction, Co-Governance and Sharing

In the budding stage and development stage, the construction of social credit system in Yiwu is a process of continuous collision and communication among local administrative subjects, market players and social subjects in the process of practice. Just like a "black box", they repeatedly interact with each other, try again and again, and make mistakes to learn^[12]. In this process, market players and social subjects learn the norms of reciprocity and trust, which lays the foundation for the co-construction stage. In the co-construction phase, local administrative subjects, market players and social subjects, driven by the initial conditions, cooperate within the scope of basic protocols and rules to improve credit scores and credit ratings, and the initial stages are formed on the basis of mutual trust and consensus^[13].

3.4 Output: the Beginning of the Pattern of Co-Construction, Co-Governance and Sharing

In Yiwu, local administrative subjects, market players and social subjects have formed a dynamic balance of social credit system construction in the long-term friction and collision, and formed a

collaborative governance model of government and non-government subjects in social credit system construction. In this governance model, a two-way strong force relationship is established between the government and the market, which is manifested as government guidance and market operation in credit system construction. The relationship between social subjects and market players also a two-way strong force, which is manifested by the public's strategic choice to "vote with their feet" in the market and the guidance of consumer behavior by merchants' honest behavior. The relationship between the government and the public is still the traditional strong control and weak feedback relationship, with the government leading the "credit score for all" system and citizens only forming weak feedback through behavior change and value orientation.

4. Conclusion

It cannot be denied that the formation of the social credit system in Yiwu has its own peculiarities. Although the construction history of Yiwu credit system cannot be fully replicated, the key focus points for promoting the co-construction and sharing of social credit system can still be summarized based on the collaborative governance model.

First, implement administrative authorization and data authorization according to local conditions. Authorization is an input to the co-construction and sharing of social credit system. In Yiwu practice, there is both administrative authorization and data authorization; there is both authorization from the higher government to the Yiwu government, and authorization from the Yiwu government to the market players and social subjects. Yiwu in the process of building a social credit system, through open credit data, guide the market players to quantify the "invisible" credit, and the intelligent terminal as a carrier to guide the participation of social entities. Data authorization has become a realistic grasp of the common construction and sharing of governance.

Second, government-led organizational constraints and interest constraints. In Yiwu practice, organizational constraints and interest constraints are practices explored by market players under the guidance of the government. This process not only promotes the common construction of credit data between market players and local government subjects, but also realizes the mutual governance of the social credit system. More importantly, the awareness of the whole society to participate in the construction of integrity has been strengthened in this process, and the public voted with their feet to eliminate those who fail to trust the business.

Third, allow all parties to collide in practice trial and error, learning reciprocity and trust in the norms. Reform and opening up 40 years is Yiwu from "chicken feathers for sugar" to "international capital of small commodities" leap, is also Yiwu social credit system from scratch, from a single-led experience of both sides of the game to the evolution of multi-party participation. Social credit system construction can not be achieved overnight, the government, and the formation of a shared pattern of government, market and society is a dynamic equilibrium of continuous game.

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