

Sharing Economic Chaos and Innovative Regulatory Direction

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ABSTRACT. *While the sharing economy is developing at a rapid pace, it has also exposed many problems and defects. This paper lists the main four-point market chaos in the current sharing economy and analyzes its current situation and causes. Then combining with the actual development of the sharing economy, it puts forward suggestions for regulatory innovation from three aspects: laws and regulations, information security and management methods.*

KEYWORDS: *sharing economy, chaos, regulatory innovation*

1. Introduction

In the context of the Internet plus, the sharing economy as a new economic model, based on Internet technology, quickly penetrates into various fields by reusing idle resources at an unprecedented development speed. According to the "China's Sharing Economy Development Annual Report (2019)" issued by the National Information Center, the transaction volume of the shared economic market in 2018 was 294.2 billion yuan, an increase of 41.6% over the last year; the number of platform employees was 5.98 million, an increase of 7.5% over the last year. At the report meeting, Director Cheng Xiaobo pointed out that in recent years, the market scale and growth rate of China's shared economy have achieved substantial growth, indicating that it has become the main front for the global shared economy innovation and development.

However, while the sharing economy continues to exert its superiority, its shortcomings and drawbacks are gradually exposed. At the end of 2017, at least 28 shared economic enterprises declared bankruptcy or ceased operations, covering seven areas such as shared bicycles, shared motorcycles, shared charger babies, shared cars, shared umbrellas, shared toys, and shared clothing[1]. In February 2018, according to the Ministry of Transport, more than 20 of the 77 shared bike companies have closed down. In addition to the enterprises that have closed down, the remaining companies such as Didi, Mobai and other shared companies are also

in constant turmoil, and the market is chaotic, which brings many management problems to the government.

"Sharing economy is the frontier field of new global business and new model creation. It is of great significance to carry out continuous research around the sharing economy." The exposure of these problems also indicates that the sharing economy market is developing and growing. In order for the sharing economy to grow smoothly and become more and more perfect, we must clearly understand the nature and connotation of the sharing economy, organize the sharing of market chaos, formulate a new management system for this new economic model, build a new management system, and promote the virtuous development of the market.

2. Sharing Economic Chaos

2.1 Artificially Create Idle Resources, Causing Waste of Resources and Environmental Pollution

The essence of the sharing economy is to integrate idle goods or service provider's offline, and efficiently match idle resources to achieve effective use and cost savings. Chen Yuxin, director of the Department of Business at New York University Shanghai and professor of global business studies, said that the original intention of sharing is to make full use of idle resources through certain business models. However, in order to stimulate consumer demand, many companies increase supply by artificially creating idle resources, resulting in oversupply and waste of resources. Taking shared bicycles as an example, the "Research Report on China's Shared Bicycle Industry in 2018" mentioned that in 2017, China's shared bicycle industry has placed a total of 23 million bicycles and covered 200 cities. This made the market become saturated and put tremendous pressure on the public management of urban traffic [2]. And for bicycles, the maintenance and management costs are higher than the purchase of new cars, so the shared bicycle platforms often choose to launch new cars, and do not want to increase management and maintenance personnel to deal with damaged vehicles. In the case that the number of shared bicycles in many cities is saturated, the company is still launching new cars, causing the chaos of new and old vehicles in the streets and alleys. Hangzhou announced in March 2018 that it would reduce the number of shared bicycles. At present, many cities such as Shanghai, Guangzhou, and Shenzhen are also calling for the sharing of new bicycles.

In order to obtain greater profits, some companies artificially produce inferior or even unqualified products. The vivid color of the shared bicycle is completed by the bicycle production process, but air pollution and solid waste pollution will occur during the painting process. Excessive production will lead to unnecessary waste of resources and environmental pollution. In 2017, Tianjin Fujita Bicycle Co., Ltd., the world's largest bicycle manufacturer, as well as the largest supplier of small yellow cars, was ordered to stop production because the workshop production was not up to standard. The paint shop of Tianjin Emma, a supplier of Mobai bicycles, was also

shut down. Big manufacturers like Fujita and Emma have problems, it's easy to know that other small manufacturers have more serious environmental problems. Through the investigation of the resource recycling station, it was found that in early 2017, they began to recycle the "shared garbage" that was scrapped. At present, "shared garbage" in the recycling station accounts for half of the area, with a total weight of more than 1,500 tons [1].

Today's sharing economy not only wastes the resources, manpower and capital of production, but also pollutes the environment, deviating from its original intention of effectively utilizing idle resources and saving costs.

2.2 Blindly Follow the Trend, Causing Industry Confusion

Lei Jun said: "Standing on the wind, pigs will fly." As the sharing economy is getting bigger and bigger, many entrepreneurs are eager to join the sharing industry, looking forward to catching up with the wave of the sharing era and making a career. However, some companies blindly follow the trend and do not understand the nature of the sharing economy. They arbitrarily label their products "shared goods" in an attempt to make a profit. Based on the rapid development of mobile Internet, various shared products emerge one after another. After shared bicycles and shared cars, new forms of sharing economy such as shared umbrellas, shared charger babies, and shared sleep warehouses are emerging. It seems that all needs in life can be solved through sharing. However, the shared sleep warehouse was later exposed only to the capsule apartment that was built many years ago, and has been stopped by the fire department due to fire safety hazards. Compared with the ordinary taboret, the shared taboret in Beijing has only one more QR code, unlocked and unattended. In the end, more than half of them are missing. The emergence of these "shared products" is ridiculous.

Shared products must first meet the idle resources, but shared umbrellas, shared taboret, etc. are all new resources for enterprises. Secondly, the real rights to use most of the so-called "shared products" are still concentrated in the hands of the platform, but the traditional rental industry is based on the "shared" name. A variety of shared products that can be seen everywhere can be called "flooding." Zhu Wei, deputy director of the Communication Research Center of China University of Political Science and Law, believes that the reason for the "shared flood" is that merchants like to use "shared" gimmicks to turn some backward industries into advanced industries, perhaps for propaganda purposes or to charge deposits.

At present, many consumers and entrepreneurs do not really understand the nature of the sharing economy. The blind follow-up of enterprises has brought the cognitive bias of the sharing economy to the public, causing chaos in the industry, accelerating the decline of such shared enterprises, and hindering the development of the sharing industry.

2.3 Misappropriate Deposits, Violating Consumer Rights

The deposit is a commonly used method of transfer of ownership in leasing consumption. With the further development of the sharing economy, fierce market competition and insufficient capital costs in the initial stage of enterprise development, the situation of misappropriation of consumer deposits has occurred. Such acts do not have the consent of consumers, or even touch the legal boundary, and the legitimate rights and interests of consumers cannot be guaranteed. Once the enterprise is closed, the deposit cannot be returned to the user in time [3]. The ofo, which has been optimistic about, now face the phenomenon that the deposit is difficult to retreat, #ofo refund deposit queuing system number# repeatedly on the microblog top search. In addition, Dingding bicycles cannot return the deposit to more than 10,000 users, Kuqi bicycles credit account deposit of more than 700 million yuan, Xiaoming bicycles has not refunded more than 50 million yuan [1]. In addition to shared bicycles, companies such as shared cars and shared charger babies have also been exposed to misappropriation of deposits.

The fundamental reason for the misappropriation of funds by enterprises is that the supply chain is broken and the cost of funds is insufficient. Many companies blindly invest a lot of money but can't achieve the expected results, can't recover the cost, and can't return after the user deposit is misappropriated. This kind of behavior seriously infringes the consumer rights.

2.4 Park Bicycles Disorderly, Existing Security Risks

Due to imperfect management regulations and supervision, many shared products have brought convenience but also trouble to our lives. The most typical phenomenon is the chaos of shared bicycles. The number of shared bicycles is large, and it takes up a lot of public space. In addition, some users park bicycles everywhere for their own interest, such as blind roads, motor vehicle lanes, and waiting areas for driving. On the one hand, these phenomena of chaos have a great impact on the appearance of the city. On the other hand, it hinders people from traveling normally. What's more serious is that there exist security risks. The manager of a bus departure station in Wenzhou said that the shared bicycle parked on the side of the road is likely to be blown down by a fast-moving car. A car is down, then a row of cars around it may be brought down, which is very prone to traffic accidents.

3. Regulatory Innovation

As a new economic form based on the Internet, sharing economy will inevitably bring about a series of problems that are not covered in the original management process. Therefore, it is necessary to improve the existing regulatory system and carry out regulatory innovation for the sharing industry.

3.1 Laws and Regulations

The sharing economy is different from the traditional economy, it has certain innovation. The government should adjust the policy according to the actual situation. For example, traditional administrative supervision imposes stricter restrictions on market access, including civil or commercial restrictions on land, houses, and vehicles operated by enterprises. However, with the rise of online homestays, net cars, and shared private houses and private cars, the form is incorporated into market transactions, breaking commercial and civil restrictions, and placing new requirements on government legal regulation [4]. However, for some companies to misappropriate consumer deposits against consumers, the law should be strictly prohibited. On March 28th, Wu Chungeng, director as well as spokesperson of the Policy Research Office of the Ministry of Transport, said that the "*Measures*" clarified that the operating company does not charge a deposit in principle and clarified the user's fund collection standard, requiring that the deposit cannot be misappropriated, which has caused widespread concern. In addition, for some shared economic activities still in the gray area, the law should be clear, establishing a legal status for China's shared economy, and providing innovative and perfect institutional guarantees.

3.2 Information Security

The sharing economy puts forward new requirements for information security and social credit supervision. The sharing economy is based on a shared platform, and new trading opportunities are realized by matching aggregated information. This new market form also brings information security issues [4]. Whether the consumer's private information is completely confidential or the supplier's information is true, all the things should be considered in the shared economy market. In addition, the transaction of shared products has a one-time, short-term nature, which makes it difficult to fully guarantee the security and reliability of the transaction. The incidents that passengers are killed while taking Didi taxi frequently occurred. Some criminal drivers have already been exposed before. Have the platform given enough attention and timely treatment for the bad comments given by the passengers? Although the rating and scoring mechanism of some shared platforms will play a certain role in restraint, due to the imperfect social credit mechanism, the interests of both parties are still not guaranteed.

The sharing economy and information data are closely related, and the events that a large amount of information leaks out due to inadequate data security supervision frequently occur. According to the statistics of China's E-commerce Research Center, the typical incidents of information leakage of e-commerce users in China have risen sharply in recent years, and the large-scale cases involve as much as 5 billion pieces of information [5]. A series of potential risks, such as the lack of security of information, have caused many doubts and concerns about the sharing economy, and there is antipathy in participating in the sharing economy. The

exposure of such information and the violation of privacy are urgently needed for the government to stop it.

3.3 Management Means

The participants in the sharing economy come from all over the country, so the management under the shared economic market needs to cross geographical restrictions. Therefore, its management mode is mostly based on online management of the Internet. And the rise and development of the sharing economy is based on the Internet and big data technology. The government's regulatory tools should also keep pace with the times, use modern information technology, rely on the Internet and big data to establish a modern management system, and shape a new management model. For example, implant the supervision link in the platform to analyze the collected data information.

In addition to using modern information technology in the management process, it is also possible to establish a cooperative supervision model with third parties, so that social media and other stakeholders can fully play the role of public supervision, and cooperate with internal regulators to explore the laws, regulations and policies for the development of sharing economy, so the defects that internal supervision are too concerned about internal interests, regulatory arbitrage and lack of coerciveness can be made up [5].

4. Conclusion

In a selection of young people from 20 countries along “the Belt and Road”, shared bicycles is known as one of China's “new four inventions”, which is enough to show that the sharing economy has a huge impetus to China's development. As a new economic form, the sharing economy will inevitably have an impact on the traditional industries, and there will inevitably be a series of new problems, which will bring more challenges to the government supervision.

There is still a long way to go in the future of the sharing economy. What we should do now is to clearly define the essence of sharing economy, solve the chaos that appears, and innovate the supervision of the sharing economy, paving the way for the development of the sharing economy.

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