Simple analysis about how to be a good "guardian" of the sharing economy for the government -- Take the development of Airbnb in China as an example

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Abstract. At the time, sharing economy has dramatically changed the way of people’s live in our rapid-developing country. At the same time, a series of abuses of sharing economy has constantly highlighted. For this phenomenon, first of all this paper analyzes the shortcomings of the current sharing economy and takes one of the representative shared economic enterprise, Airbnb, as the example. Focus on what should the government do as the role of supervisor to protect the steady development of shared economy.

1 Introduction
Nowadays, sharing economy is developing rapidly as a new type of economic model. According to the statistics, the market size of China's "Sharing economy" is 39.45 billion RMB, the growth rate was 76.4 %. And the number of sharing economy’s practitioners has reached 60 million [1].

From the increasing size of the sharing economy and high growth rate and large number of practitioners, we can see this economic approach has great potential for development. From the public point of view, sharing economy has greatly changed the way of people’s life. Share cycling industry represented by Mobike and OFO, B2B short rental industry represented by Airbnb, even the public comments and other user experience exchange platform also had a effect people's lifestyle more or less, brought convenience to the lives of the people. In addition, today, most of the shared economic platforms exist in the form of mobile phone APPs. It makes the convenience and real time of sharing economy more popular. At present, in addition to the basic fundamental fields in terms of sharing bicycle and car, sharing economy has obtained steady development, and also begins to expand to other fields. The idea of a Shared economy is leading radical changes in some areas. However, this “change” is uncertain. Cyber car war which has been widely discussed is a good example. At first, there was no government involved, but both Uber and Didi were losers. This behavior quite dissatisfied with traditional taxi industry. But then the government tried to manage it with traditional regulation, which also had lots of controversy. Therefore, if sharing economy wants a steady development, it must be under reasonable supervision and management by the government. A question which needs to be discussed is how to regulate the self-organized economy of the sharing economy.

2. Sharing economy’s connotation and the problems at the present stage

2.1 Three elements about sharing economy
From the operation mode of sharing economy at present, we can see the main interested parties of sharing economic activities is divided into three parts--sellers, buyers and shared economic platforms.
Above all, sellers provides the "idle resources", which is the prerequisite for sharing economic activity. Nowadays, the theme of business is “supply exceeds demand", therefore idle resources are being generated. According to the thinking of sharing economy, the owner of the resource is not necessarily being the user of the resource, the owner of an idle resource can transfer the right to use of private goods to others to exchange additional economic benefits.

Secondly, the buyer represents "demand", which is sharing economy activities’ motive power. In fact, consumers’ demand about travel and short rental exists all the time. Traditional business models have already met consumers’ demand. But obviously, consumers will like to choose the new pattern which named sharing economic can save consumers’ economic cost, time cost, and make them get better service experience.

Finally, "Platform" plays an indispensable role in it, and it is an important guarantee for the sharing of economic activities. Without platforms, although the supply and demand sides are still possible can "share" trading, it will obviously hinder the development of sharing economy because that is too difficult for both parties to obtain transaction information.

After we have network virtual platform which can offer opportunities for both parties to trade, on the one hand, the cost of the transaction between the buyer and the supplier is greatly reduced. On the other hand, platform can provide precise matching, for the different needs of both supply and demand, increase transaction success rate and improve operational efficiency.

2.2 The problem about the sharing economy model operation
While seeing the rapid development of shared economy and bringing convenience to public life, we can’t ignore the problems behind it, as follows.

2.2.1 A handful of strong companies form monopolies. In China, the sharing economy of each form has a short time, and in general, it belongs to the emerging field. For sharing economic enterprises, first of all, the platform needs to assemble a large number of service groups. So when there's a sharing platform in one area, Platforms tend to invest a lot of money in publicity and give users generous benefits. When more than two platforms compete at the same time, they usually tend to evolve into an “arms race”.

Taking the "Cyber car war" in 2016 as an example, Didi and Uber continuously rise finance on cyber car reserve and increase subsidies. However, the top two of industry’s expansion will make the living space of other small enterprises smaller, this exacerbates the current situation that users focus on the industry. The result of this arms race is the Didi acquired Uber, which has become one of the largest monopoly enterprises in the domestic car market [2]. However, with the formation of monopoly, the original subsidies and benefits are no longer available, and users can only accept the prices and services offered by Didi passively [3].

2.2.2 Error estimation of demand reduces resource utilization. When the sharing platform also plays the role of an idle resource holder. It often increases the supply of idle resources in order to increase market share. Taking the competition between Mobike and OFO for instance, in order to provide more vehicles for users, both sides continuously increase their investment, from the beginning only for Beijing, Shanghai to today's most of major cities have services, from "a car is hard to find" to everywhere. So far, Mobike has operated seven million smart Shared bicycles. A large number of bikes have taken up the city's public space, especially around subway stations, often "crowded" and crowded on sidewalks. In addition, some users illegally parked to make urban traffic chaotic.

2.2.3 C2C sharing economy lack of trust and security. When shared platforms do not provide the same resources as the bicycle industry, but only provide platform services, both supply and demand parties that often have problems with lack of trust and oversight.

Taking the recent rise of crowdsourcing logistics as an example, although “incidental” does save time in distribution, the safety of the goods is getting worse. Even after rigorous training and review, part of the part-time couriers are likely to take goods for granted when delivering high value goods. And
it's also hard to promise users won’t "bite back". If the transaction credit problem which like this cannot be solved, crowdsourcing logistics is obviously difficult to promote in a wide range.

3 How could the government supervise the enterprise effective- take Airbnb as an example

It can be seen from the above analysis that, sharing economy model is hot during the early stage of development due to its huge consumer groups, yet there will be chaos along with its development. As the sharing economy’s development from bottom to top, it also needs to be managed. The following is a case study of Airbnb, a housing sharing enterprise, to discuss how the government escorts the sharing economy.

3.1 The status of short rental sharing economy Airbnb in China

3.1.1 The good development trend of Airbnb in China. Airbnb is currently the world’s leading enterprise in homestay short rent, and was introduced to China on 8th, 2015. In China, Airbnb takes a new type life of homestay sharing to the public, and is devoted to provide overseas housing for Chinese users. After the cooperation with the tourism website, it quickly opened the local market in China, while maintaining its first mover advantage, occupy most of the market share. At the same time, Airbnb valued marketing and publicity, thus maintaining a good momentum development.

3.1.2 The main problems about Airbnb’s business in China. Airbnb guided the homestay short rent as a C2C type sharing mode, the most prominent problem lack of trust between the landlord and the tenant. Some landlords temporarily cancel the order unilaterally so that the tenant has no room to live in, some tenants also destroy their belongings during lodging, resulting in losses to landlords. Secondly, the security of the house can’t be guaranteed. Uneven housing makes it difficult for the platform to install security measures for each premises, the current platform can only issue advice to the landlord, calling for their own fire extinguishers and other related measures. But, in China, the credit system is immature, the advices are almost meaningless. Third, it lacks the guidance of relevant regulations. At present, the nature of its housing supply is still difficult to define, resulting in the distribution of legal responsibility and the insurance purchase problems with contradictions between the platform, the landlord and tenants.

3.2 How does the government regulate effectively

For the above problems, the author thinks that the government should supervise from three aspects to improve the legal system, establish regulatory agencies, developing personal credit evaluation system individually.

3.2.1 Accelerate the improvement of the relevant legal system. Although the sharing economy has the nature of "voluntary" sharing, it is a spontaneous economic activity, but it should also be restrained and guided by laws and regulations. Taking the short stay rental as an example, only clear the legal relationship in the use of housing, and punish the landlord's breach of contract, cancel the order, the tenant maliciously destroyed the house, violate the housing use regulations and other experience affecting the supply and demand sides, some landlords and tenants of wrong practices be constantly corrected and housing short rent benign cycle be guided.

3.2.2 The government, which explicitly targets economies of scale sharing is used to check the infrastructure of the sharing economy and to address possible disputes. In Airbnb’s business, the government should do a good job in the role of a "guardian", on the one hand, to examine whether the landlords equip with renting qualification and relevant safety measures, which can secure the tenants’ public security; On the other hand, in the case of various entanglement in housing, it can be negotiated by the government departments with legal effect when the platform is difficult to solve effectively.
Now we seem to be the responsibility of the platform, but in the future there will be more companies like Airbnb show up. It will be necessary for industry and commerce, public security and other departments to be responsible for such things.

3.2.3 Establish a fair personal credit rating system. The reason why she has a good development in other countries is in foreign countries, she can rely on the real-name credit system to constrain the behavior of users, and landlords or tenants who have too low credit will not be able to continue using her services. Although China began to establish credit evaluation system several years ago, it is still unable to use this system to restrain and guide the behavior in one's life. Once the system is established, even if it cannot be given to the person with low credit, it can be regulated by law.

To sum up, China's sharing economy is in a fast growing period, but the problems occur formed due to insufficient. After being properly regulated by the government, it is hoped to get a good solution, so that the sharing economy can continue to develop at a high speed.

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