

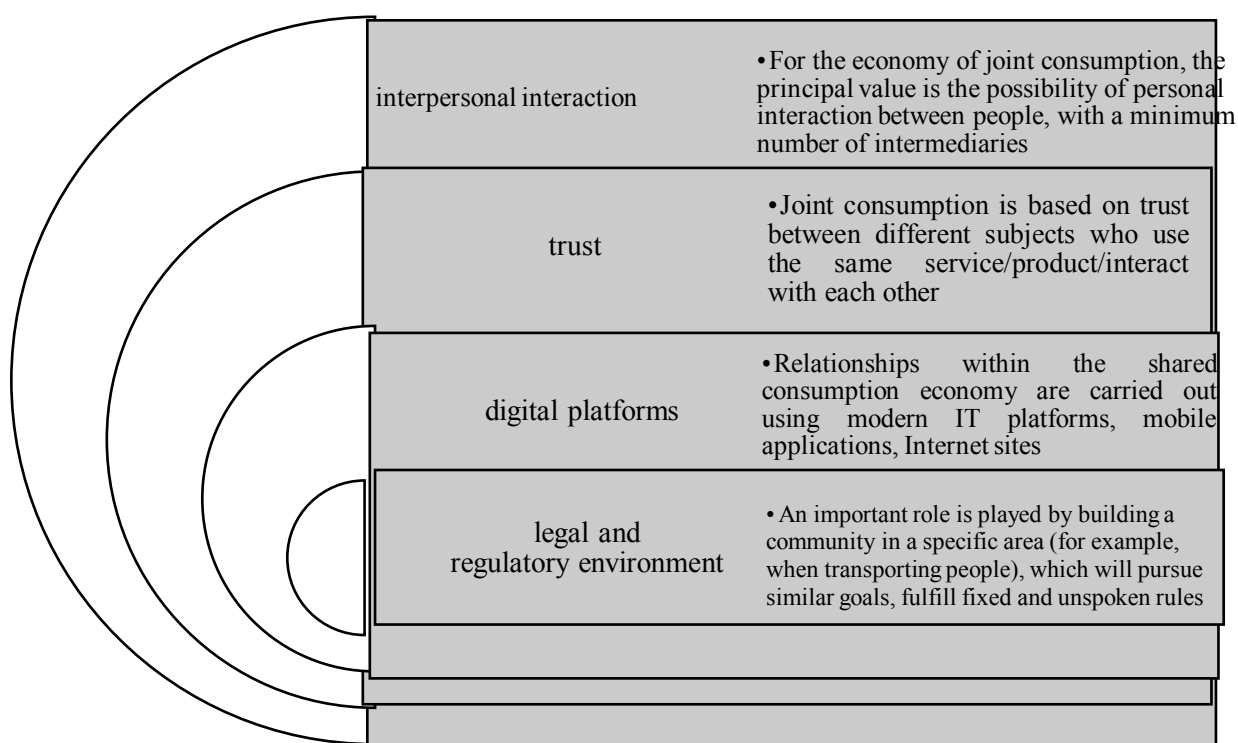
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INSTITUTIONAL FACTORS OF THE SHARING ECONOMY DEVELOPMENT AND THEIR FEATURES IN THE PRC

Currently, the new economic model, the sharing economy, is gaining more and more attention in theoretical and practical aspects. This new model of socio-economic relations was a consequence of the formation of the information economy and the Fourth Industrial Revolution and, according to experts, became the basis for revolutionary changes in consumer behavior in relation to traditional business models.

Obviously, the development of the sharing economy depends on several institutional factors (Figure 1):



**Figure 1 - Institutional factors influencing the development
of the sharing economy**

Digital platforms as an infrastructure element for joint consumption.
Digital platforms play a key role in the development of the sharing economy, providing convenient and efficient tools for the exchange and sharing of

resources. For example, rental platforms such as Airbnb and Booking.com allow people to rent out their apartments or rooms to other people, which leads to more efficient use of space. Sharing platforms like Uber and Lyft allow people to share transportation and save on travel costs, as well as reduce the number of cars on the road and reduce pollution. Digital platforms are also improving the accessibility and usability of sharing services, for example through mobile apps and online booking. However, digital platforms also pose certain challenges, such as income inequality between platform owners and workers, and security and data protection issues. Therefore, it is important to develop regulation and legislation that would provide fair conditions for all participants in the sharing economy.

Legal and regulatory environment. Many sharing platforms face regulatory challenges from the government, which may restrict access to resources or require special permissions to use them.

Joint consumption radically transforms the ways in which the supplier and recipient of goods and services interact. The interaction takes place on an equal footing and in most countries does not imply the participation of state institutions, becoming a factor and a consequence of a large complex of fundamental transformations of an economic, social, cultural and psychological nature.

From the standpoint of state regulation, joint consumption is under indirect control, since unified legal acts of regulation have not been formed, there is fragmentation and incompleteness of the institutional design of this economic activity [2].

Confidence and trust. Users must have trust in the platform and other users to share their resources and use other people's resources. Sharing platforms such as Airbnb and Uber typically provide mechanisms for user verification and rating to improve trust between users. It is also important to take into account economic conditions, such as the level of income of the population, the availability of credit and the technological level of development. The more people need additional income or access to resources, the more attractive the sharing economy can be. Interpersonal interaction, taking into account the use of digital platforms, allows minimizing the asymmetry of information using online reputation tools, participant filtering, as well as a system of guarantees from the owners of sharing resources [3].

4. *Interpersonal interaction* – for the sharing economy, the possibility of personal interaction between people with a minimum number of intermediaries is of fundamental importance.

Trust and authority are becoming increasingly important links in the sharing relationship, increasing the demand for various kinds of reputational and rating elements in information about a particular product. According to research, potential consumers express their trust more in group ratings, and the introduction of digital technologies into processes reduces the risks of

relationships with strangers, creating prospects for meeting needs, providing a sense of security, reliability and safety. Some studies show that not only business ties, but also friendships can arise between the parties to sharing consumption [4].

The term "sharing economy" was included in the "13th Five-Year Plan" for the development of the PRC until 2030. Currently, sharing business areas are concentrated mainly in the areas of transportation, rental, training, maintenance and service delivery. Researchers estimate that in 2019, approximately 800 million people in China participated in joint economic activities, with 78 million service providers employing 6.23 million workers [5-6].

There are several institutional factors that influence the development of the sharing economy in China:

1. *Government support.* The Chinese government actively supports the development of the sharing economy in the country by providing financial and tax incentives for start-ups working in this field.

2. *Technological progress.* China is one of the most technologically advanced countries in the world, which creates favorable conditions for the development of the sharing economy. New technologies allow creating more convenient and accessible services for users.

3. *High level of mobility of the population.* Most Chinese people use smartphones and the Internet to carry out their daily activities, which makes the use of sharing services possible.

4. *Developed economy.* China is one of the largest economies in the world, which allows companies in this field to receive large investments and resources to develop their projects.

5. *Widespread use of electronic payments.* Electronic payments are widely used in China, which simplifies the process of paying for the services of the sharing economy and improves the security of transactions.

From the standpoint of the realities of the new information economy, government structures should support the innovative concept of the sharing economy as much as possible. Despite the actively ongoing research in this area, today we can state the insufficiency of the theoretical and methodological base of the institutional foundations for the development of the sharing economy. The search for new scientific approaches to the study of the essential features of the sharing economy, the factors of its development, social, economic and environmental consequences have formed the need to deepen research in this area.

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