

# Research on Internet Platform Economy and Cooperative Governance Model

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**Keywords:** Internet; economy and cooperation; governance

**Abstract:** The Internet platform economy is an economic model newly developed in recent years. Due to its relatively short development time, the problems in practical applications are also prominent. This paper focuses on the research of Internet platform economy and cooperative governance model. The paper first introduces the market failure phenomenon of the Internet platform, then introduces the main characteristics of the Internet platform economy, and finally introduces the structural framework of the platform economic governance cooperation model.

## 1. The market failure of the Internet platform

### 1.1 Monopoly in the economy of the Internet platform

In the traditional market economy, the consumer's own needs must be taken into account in the process of identifying the market. Moreover, the needs of different consumptions do not interfere with each other. The functions of the Internet platform are relatively comprehensive, including communication, social, gaming, and finance. These functional features of the Internet can not only meet the various needs of users, but also these functions. The existence of the relationship can also enhance the relationship between the consumer and the consumer. The user's demand for the platform is often restricted by various factors, including the service conditions of the platform, the needs of other users, and the content of the platform. As the platform is developing towards the trend of "ecologicalization", it can be seen that the network effect of Internet platform economy is quite complex. Application of the "monopoly" in the industrial age without measuring the Internet economy is obviously not in line with the development law of the platform itself.

### 1.2 Negative externalities of the Internet platform economy

The negative externalities of Internet platform economy mainly refers to the fact that each subject participates in market economic activities through network channels, which brings harms to other subjects and leads to the cost increases. Due to the influence of bidding, information search is highly inaccurate, which not only seriously violates users' right to know, but also affects the credibility of the Internet platform. At present, the problem that Internet platform service providers face in the process of operation is that it is difficult to balance bidding ranking with providing real information. Taking for example the Wei Zexi incident happened in 2016, the patient's family went to a hospital searched on Baidu for tumor treatment. Unexpectedly the tumor further deteriorated, and finally he died after ineffective treatment. Since the incident, the outside world began to pay high attention to the negative externalities of the Internet.

## 2. The main features of the Internet platform economy

Compared with the traditional market, the most important feature of the Internet platform economy is to embody the abstract market in the form of a platform. The Internet platform can bring together these markets with common needs and strengthen communication between these entities through the Internet platform. Specifically, the Internet platform economy presents these major characteristics:

First, the mutual penetration and integration of Internet platform content. At first, the Internet mainly existed in a very simple way, and its main function was to transmit information. With the continuous advancement of technology, information needs are essential functions for people in life,

and therefore require the Internet to provide people with comprehensive and humanized services. In addition, as the scale of the platform continues to expand, the quality of services and the volume of services provided by the platform continue to increase, so the Internet needs to further enhance its own responsibilities.

Second, the scale of the platform itself continues to expand. The two main bodies existing in the traditional economy are supply and demand. The main work of the government departments is to supervise the operating bodies, ensure that these operating bodies operate legally, and then protect the interests of customers. In the platform economy, as the third economic entity, the function of the platform has also made a new breakthrough, and the governance mode has changed, we cannot think that the platform is the product of the superposition of Internet technology and traditional economy, but we need to look at the traditional business model and the business model under the Internet economic environment from a changing perspective. Therefore, we should not be limited by traditional ideas, but learn to make bold innovations, strive to play a governance role, and ensure that rights and interests protection and platform economic development are coordinated.

Third, the platform economy is extremely prone to externalities. In economics, it is believed that whether the activity participants bear the costs and benefits of the activity will affect the size of externality to some extent. The Internet economy is characterized by comprehensiveness and openness, which makes other fields vulnerable to the joint influence of platform subjects. Since the Internet has the characteristics of low cost of information transmission and strong openness, it is able to amplify the positive externality and negative externality infinitely. Therefore, it will lead to great difficulties for regulatory agencies to internalize it.

### **3. Structural framework of the cooperation model of platform economic governance**

#### **3.1 The main structure of equality and openness**

The main structure mainly addresses the question of who can be the subject of governance and the connection between the subject and the subject. For the issue of who is the governance subject, in the cooperation mode, the subjects and subjects are open to each other. Internet economic activities are greatly affected by the openness of the Internet. By increasing the openness of the governance subject, the legitimacy of the governance subject can be enhanced. There must be an equal relationship between the subjects of governance, which is manifested in the sharing of discretion among various cooperating entities, and the responsibilities that are ultimately triggered by discretion are also shared by each other. First, equality means that trust is maintained between the various subjects. Regardless of the effect of governance or the characteristics of the economy, the subject and the subject can only act on the basis of mutual trust.

Secondly, equality also requires interaction between different subjects. In each link, different subjects depend on each other, one party provides opinions, and then the other party evaluates the opinions.

Finally, equality can allow cooperation to be incorporated into the rule of law. Legislation needs to be based on equality. This is the premise for people to obey the law, the law is to protect people's fairness. It is worth mentioning that equality can only be relative but not absolute. Different subjects need to combine their own advantages to play their own role within the legal system.

#### **3.2 Flexible operational structure**

The operational structure refers to the way the enterprise operates, the operational structure must be flexible, and the adaptability should be relatively strong. However, there are also many shortcomings in the flexible operational structure. For example, due to the relatively obvious variability of the program, the authoritativeness is insufficient, so that constraint is not strong enough. Strong variability will make the stability of the scheme poor, which makes it difficult to predict. If the change is too frequent, it will often lead to higher costs. The rule "flexible and variable" means that the cost of the change is small, but the change is not subjectively controlled by people, so there is a necessary connection between the change and the realization of the result.

Cooperation mode has a variety of operation modes, including top-down management mode, self-discipline management mode and "horizontal activity negotiation mode".

Internet platform economy is innovating all the time, so there must be a good model to respond to the progress of knowledge and technology. Take the online car-hailing for example, because it is difficult to form a same affirmation between the new taxis industry and traditional taxi industry and the industry is in growth period, its size and pattern are unstable. At this time, if the government forcibly defines and imposes some regulations on it, it will inevitably meet with many people's opposition.

### **3.3 Legal and reasonable method structure**

Cooperation models are diverse, and they all exist legally. In many cases, the Internet economy is in a "gray area", but it does not mean that the law will not impose sanctions on the Internet economy, but a new mode of management is needed. Although the provisions of China's laws on online car-hailing are not clear enough, the infringement behaviors caused by e-commerce platforms on customers still need to be further discussed, there is still a need for further research on the problem of infringement of others' interests caused by competitive ranking in search engines, but there is a common premise for all these phenomena, that is, these situations in the Internet platform economy do not touch the law. The "grey zone" we often say refers to the absence of clear legal provisions in a comparable field. The law is basically for the purpose of "reflecting the will of the state's ruling class." The reason why the Internet develops so rapidly is that it has a close relationship with the people's trust. This kind of trust actually explains the development and conformity of the Internet platform. Required by law.

## **4. Conclusion**

The Internet platform economy is a brand-new economic situation generated by the power of the Internet. The Internet platform economy has the characteristics of "sharing", "micro" as the trend, and "platform". And this new type of economic model is mainly in the form of cooperation, but also in line with the characteristics of the Internet. Compared with the traditional mode, this new mode has advantages in the convenience of treatment. The legitimacy of the cooperation model is very strong, so its internal structure needs to meet these characteristics: diversified operation modes, unified system structure, and conformity to the main structure.

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