

How Power Inequality Operates in the Gig Economy: Taking Chinese Food Delivery Platform Meituan as an Example

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Abstract

Sharing economy has become a buzzword in the world in recent years. Though it brings lots of convenience to individual daily life and boosts economic growth, it seems to perpetuate and even develop the unfairness between employers and workers, leading to the further deterioration of labour rights. Given this background, this paper will take Meituan as an example to analyse how power inequality operates in the gig economy. Firstly, the presentation forms and possible reasons and consequences of inequalities existing between different stakeholders will be analysed in detail, involving that between riders and the platform, riders and restaurants, riders and customers, restaurants and the company, as well as unfairness between different consumers. Secondly, an analysis of the operating mechanism of inequalities in Meituan will be made from a holistic perspective, followed by a reflection of all the possible results of the unfairness in Meituan. Finally, a conclusion will be made, which argues that the power inequalities between various parties come to fruition through the regulation and algorithm introduced by Meituan, leading to the situation where a few capitalists win at the expense of the interests of the other three stakeholders and even the whole society in an attempt to provide a reflection on the current state and contribute to the development of the future of sharing economy towards a more equal and ideal direction.

Keywords: Sharing Economy, Gig Economy, Power Inequality, Labour Rights, Food Delivery Platform

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Introduction

Sharing economy, a socio-economic system of resource distribution involving 'sharing' with others, has attracted wide attention among the public these years. The integration of it into individual daily life has changed many aspects of society, one of which is the food industry. The development of the sharing economy seems to boost the increase in the number of food delivery platforms matching restaurant food with customers, fostering the emergence of a new profession, riders. According to the data from Statista (n.d.), the revenue of food delivery services is predicted to reach 343.80 billion dollars in 2022, with the majority of that coming from China. However, behind this huge number might be another distressing picture, demonstrated by various social events in China showing discontent and resistance of gig workers to the food delivery platforms. Given this background, it is necessary to analyse the root of this dissatisfaction with couriers by examining the inequalities in the structure of food delivery. Therefore, this essay will use Meituan, the largest food delivery company in China, as an example to investigate the unfairness existing in Chinese food delivery platforms. It argues that the power inequalities between various parties come to fruition through the regulation and algorithm introduced by Meituan, leading to the situation where a few capitalists win at the expense of the interests of the other three stakeholders and even the whole society in an attempt to make a little contribution to the understanding of this worrying trend in China.

Inequalities Between Riders and Meituan

In the operation of Meituan, there are various inequalities between different stakeholders, the most notable of which may be the unfairness between Meituan and its riders. This inequity is reflected in three aspects: the unjustified classification of riders as self-employed, unilateral account management rights of Meituan, and the great control of the platform algorithm of riders throughout the work. As De Stefano identified in platform economy (2016, p9), some gig workers are incorrectly classified as independent contractors rather than employees though they seem to be in an employee-like state, leading to their loss of protection in employment. Like other digital platforms, Meituan also adopts this strategy claiming its riders as freelancers due to the so-called flexibility they give to couriers, evading lots of responsibilities they should have had for their couriers and transferring the risk brought by unpredictable market conditions to riders. As a result, riders appear to lose all the rights that employees own, such as paid leave, maternity leave, holiday pay, pension, and so on. In addition to this, couriers are also exposed to the unstable external environment as they may have to bear the influence of the uncontrollable factors outside, such as extreme weather or economic recession on sales without basic employee rights, leading to their precarity lives. However, the claim of Meituan classifying its riders as individual entrepreneurs is unreasonable as they are under great control and limitation of Meituan. For instance, riders need to purchase a set of equipment such as uniforms and motorbikes before starting work. Furthermore, riders are required to wear these gears when appearing in front of consumers, as seen in the 'Smile action' introduced by Meituan in 2017, which checks whether riders wear uniforms and badges randomly (China's People Magazine, 2020). No matter in what situation, bad weather or driving on the road, riders randomly selected by 'Smile Action' must stop to take a selfie and upload it to the system. The workers who failed to pass this inspection will be fined as a penalty, placing riders under great pressure as they need to balance their safety and possible financial loss. This control of wages of Meituan shows the unequal affiliation between riders and the platform, which seems more like an employment relationship, demonstrating the hypocrisy of the platform claiming riders as freelancers.

The second type of unfairness between riders and Meituan is embedded in the algorithm, achieved through the great unilateral control algorithm has over its couriers. Firstly, the algorithm stipulates the time spent on delivering and could compress this time without the consent of riders. According to an interview of a Meituan takeaway team leader conducted by China's People Magazine (2020), the change of the predicted time is just displayed on the Meituan application function as a notification rather than a negotiation. It appears that riders have no choice but to struggle to meet the demand as they lack the bargaining power and channels to resist the turn. In the last few years, the expected delivery time of Meituan has reduced again and again. In a report by Trustdata about the development of the food delivery industry in China (2019, p27), the average delivery time dropped from 38 minutes to 29 minutes between 2016 and 2019, indirectly proving this expected time shrinkage. Furthermore, the projected delivery time offered by Meituan seems unreasonable as it predicts time according to straight-line distance while ignoring the complexities of reality (Sun, 2019, p10), worsening the situation of Meituan riders. Under this circumstance, riders have to find a way to meet this unreasonable expectation, or they will probably face a decrease in their income for delayed delivery. In addition to the estimated time, unreasonable route plans are also provided for riders which usually involves the violation of traffic rules to reduce time spent on the road. According to interviews conducted by China's People Magazine (2020), these unjustifiable routes include riding along reverse routes, crossing overpasses prohibiting motorcycles, and even 'passing through' walls. Accompanied with this unreasonable predicted time and routes simultaneously is the strict penalty system for overtime, which may create a nightmare for riders as punctuality is usually directly related to the final wages of riders. Specifically, delayed deliveries are likely to lead to negative reviews from consumers and then cause wage deduction of corresponding couriers according to the rules of Meituan. Thus, the combination of these policies may push riders into a dilemma where safety and income could not go hand in hand. As a result of this unreasonable plan and the harsh overtime penalty system, riders tend to choose to ensure punctuality at the expense of speeding and violations of traffic rules, resulting in many related traffic accidents. According to Reuters (2017), there were more than 3000 accidents involving takeaway businesses in Nanjing, a city in China, in the first half of 2017, 90% of which riders should take responsibility. These statistics demonstrate the negative effects of the unfairness imposed by algorithms on the safety of riders and public traffic. However, workers relying on the meagre salary paid by Meituan for the maintenance of basic subsistence seem to have no resistance to this kind of travel risk as they could not bear the consequence of wage deduction caused by the delay in deliveries. Compared with this tragic picture is the situation of Meituan, whose market value is constantly rising. One reason for these increasing revenues may be the expanding market resulting from the appealingly so-called fast speed and deduced cost of production caused by the decreased calculated delivery time and distance regulated by its algorithm.

Thirdly, the platform also has the right to determine the income of workers through a set of complicated performance appraisal systems. In contrast, workers seem to have little power for bargaining even if being classified as freelancers. Specifically, a series of symbolic ranks determined by the number of orders delivered per person per month is introduced to workers. Different ranks correspond to different titles, including Normal, Bronze, Silver, Gold, Diamond, and King (Sun, 2019, p6). Riders of these various rankings are paid different delivery fees per order (ibid). In addition, these rankings are cleared automatically in the next month (ibid), meaning workers need to deliver a similar number of orders as last month to maintain their title and income. In this setting, gig workers are involved in an endless circulation of exploitation. In order to gain a foothold in this system, they may not only have

to increase speed but also increase the delivery quantity. Regarding this unreasonable system, riders seem to have no resistance to it but to accept it. One reason might be the isolation of each rider due to their work requiring little communication with companions, resulting in the lack of contact between workers to unite to rebel against the exploitative system. Another possible reason might lie in the oversupply of workers caused by the low entry thresholds in this industry and continuously expanding recruitment of Meituan, decreasing the ability of wage negotiation of riders. Understandably, given this background, workers have to slave away all day trying to get a 'good' title in the ranking system to make ends meet in the fierce competition created by Meituan. Through this gamified evaluation program formulated by algorithm, Meituan rationalizes its exploitation of its gig workers, making the inequality more invisible.

Inequalities Between Riders and Restaurants

Apart from unfairness between Meituan and its riders, power imbalances also exist between restaurants and couriers. These inequalities embody two aspects: the transfer of responsibilities and the unilateral exercise of rights. Firstly, some responsibilities that should have been attributed to food providers are placed on riders. The reason for this phenomenon could trace back to the limitation of the algorithm that only calculates the time on the road while ignoring the uncertainty in the preparation of food (China's People Magazine, 2020). However, restaurants usually consume a host of time in the process of food delivery due to the reasons include the lack of attendants to manage takeaway when the restaurants are full of dine-in customers, the lack of time concept of restaurant owners, and the consideration of the fresh taste of food of some food suppliers, etc. (ibid). Unfairly, the delay of deliveries caused by the overuse of time of restaurants for these reasons will only lead to the wage reduction of riders in the design of the Meituan platform. In this unreasonable setting, riders seem to pay for the mistakes of restaurants even if they have no responsibilities. In response to these platform rules, riders usually have to do a lot of emotional labour, such as sending gifts to restaurant waiters to shorten the waiting time for meals (ibid). Conceivably, this unfair mechanism will likely increase the financial and mental burdens of riders. When the burden caused by this imbalance exceeds the tolerance threshold of riders, this inequality may pose a potential threat to social stability. This hazard could be proved by various press coverages about the revenge of couriers to society in recent years. For instance, the incident of the Meituan courier stabbing a shopkeeper fifteen times with a knife in a quarrel about meal picking in Beijing demonstrates the long-existing conflict between riders and restaurants over this inequality (AI Finance& Economics, 2017). This kind of tragedy also happens in other cities, such as the case of a Meituan rider wounding three assistants in a rice noodle shop in Shandong (AI Finance& Economics, 2017), the accident of a Meituan rider killing a salesman in Wuhan due to an argument about taking meals (Sina Technology, 2019). The frequent occurrence of these tragedies may have its root in the unreasonable system embedded full of inequalities, leading to conflict between different stakeholders and even social unrest.

Another type of inequality between riders and restaurants stems from the unilateral exercise of rights. In the setting of Meituan, restaurants have more power than the couriers, which manifests in three aspects. Firstly, restaurant owners could change their riders without negotiation with them. When facing these cases, gig workers seem to have no choice but to accept the result as they have no right to appeal or explain according to the setting of Meituan (China's People Magazine, 2020). Conceivably, this might bring a sense of instability to workers. Secondly, restaurants own the cancellation right when encountering an emergency,

while Meituan couriers could not cancel their orders in any situation. This uneven distribution of rights may push workers into a worse situation in which they have to bear various negative influences caused by uncertainty during the process of delivery without the right for justification, being in a state of loss of voice. Thirdly, the evaluation right for a takeaway order is designed as one-way, meaning that only meal providers could rate and complain about riders, while couriers have no right to comment on restaurants (Zhen et al., 2020). Under these rules, sometimes riders may become scapegoats of meal providers while lacking the right to voice for themselves in the misattribution of responsibilities. As reported by China's People Magazine (2020), the complaints of restaurants such as forgetting to put vinegar in the dishes, delayed delivery caused by long preparation of meals made by consumers usually appear in the review area of Meituan riders, leading to a drop in their score and wages. In most cases, this inequity could only be ingested and digested by Meituan riders.

Inequalities Between Riders and Customers

In addition to inequalities between riders and restaurants, injustice may also exist between Meituan riders and customers, manifesting in three ways: unfair blame distribution, unequal access to information, and asymmetric execution permissions on the platform. Firstly, according to the accountability system in Meituan, consumers hardly need to pay for their mistakes as they are acquiesced to be infallible in the power system in the Meituan algorithm. All errors in delivery due to customer issues such as wrong delivery address filled in by orderers, unreachable calls of eaters usually only lead to punishments to riders according to the judgment of the platform system, resulting in the unreasonable financial loss of gig workers (China's People Magazine, 2020). According to an interviewed Meituan rider in Gansu (China's People Magazine, 2020), sometimes the orders of consumers will even cross provinces due to their carelessness, but it is still riders to pay the price of the mistake made by consumers. This misattribution of blame might be a strategy of the company to please consumers, increasing their goodwill towards Meituan and then facilitating more transactions indirectly. However, riders may be fined unreasonably due to this inequality, nursing their grievance against customers and increasing the conflict between couriers and eaters.

Secondly, an information gap appears also to exist between these two parties. Specifically, consumers could see the personal information such as name, phone number, on-time rate, time left for takeaway delivery, location, and driving direction of riders, giving them the power to monitor the complete delivery process. In contrast, due to the customer privacy protection policy, riders tend to have little information about the persons watching them (Chen, 2020, p5). It could be seen in the design of the platform, the privacy of consumers, the party that seems to be placed at the top of the power system by Meituan tends to be well-protected while that of riders seems to be ignored, leading to the loss of basic rights as citizens as they become transparent from the moment the order is received.

Thirdly, more operating permissions on the platform are given to the consumers than riders. Some permissions are similar to those granted to restaurants, such as the unilateral cancellation right of orders and the one-way evaluation right. The difference between this injustice existing between riders and shopkeepers and the unfairness between riders and consumers is that the power is more skewed between the latter two. As the saying circulates among riders (Zhen et al., 2020), 'The one who wins the customers wins the world.' Compared with restaurants, the reviews of consumers tend to influence the income of gig workers more directly (Sun, 2019, p5). Under this circumstance, riders may need to

proactively please customers to improve their ratings closely related to final wages. According to a questionnaire survey conducted by Zhen et al. (2020), around half of riders will please consumers to improve their ratings. This finding is consistent with the analysis of Dzieza and Rogers about the gig economy that plenty of emotional labour seems to need to be done by gig workers in the working process due to the close relationship between their ratings and income on crowdsourcing platforms (2016, p12). In some cases, requirements may not only be limited to emotional labour, such as showing kindness and saying a blessing to food purchasers but also involve physical labour besides takeaway delivery. For instance, the practice of requiring takeaway couriers to paint a Peppa Pig on invoices popular among consumers of Meituan in the past two years demonstrates this phenomenon well (China's People Magazine, 2020). Furthermore, consumers may also ask riders to purchase commodities such as bottled mineral water and razors along the way (ibid). Provided that takeaway riders refuse these requests, they are likely to be given negative comments that usually result in wage deduction (ibid). Understandably, riders usually could neither bear the cost of this wage deduction nor complain about the unreasonable practice of consumers to the company due to the limitation of their operation permission. Hence, through a combination of the one-way evaluation right set by Meituan and their practice of bundling ratings given by customers and wages of riders together, workers may become bearers of all these additional labour without a channel to vent their dissatisfaction. Conceivably, these inequalities may increase the financial and emotional burden on riders and their accumulated grievances against society, posing a potential threat to social instability. One instance to demonstrate this conflict is the news of Meituan riders maliciously urinating in the food of a takeaway orderer, implying his dissatisfaction with the unfair treatment (Daily economic news, 2021). This case indicates the increasing tension between riders and customers rooting in the inequality caused by the system of Meituan. From a social perspective, the resulting ripple effect may also lead to the breakdown of trust between community members, which may harm the long-term stable development of the society.

In addition to the power imbalance in cancellation rights and comment rights, consumers are also granted exclusive rights such as the right to 'order reminder,' 'contact the shop,' and 'complaint to the platform' compared with riders (Chen, 2020, p5). These settings all show the preference of the platform for consumers. Customers could take immediate action to defend their rights if the delivery was not progressing or if the movement of riders did not meet the expectations of customers, in contrast to riders who could barely find ways to exercise their right to self-defence, demonstrating the inequality between them embedded in the power structure built by the platform algorithm once again.

Inequalities Involving Other Stakeholders

In addition to inequalities between riders and the other three stakeholders, there seem to be two other types of inequalities in the food delivery process: excessive commission on the platform and differential treatment of customers. The first kind of inequality exists between Meituan and restaurants. Specifically, Meituan charges a large sum of commission (from 16% to 23%) to restaurants, relying on its joint monopoly with another takeaway platform in China (Interface News, 2021). Though this policy appears to bring a heavy financial burden on food providers, it seems food providers have no choice but to accept as the restaurants rebelling against this rule will probably be restricted from operating on Meituan, resulting in both financial and reputation loss of restaurants caused by the lack of takeaway function (ibid). Apart from the injustice between food suppliers and Meituan caused by a one-sided agreement, unfairness also appears among consumers. Specifically, according to an

interviewed rider (China's People Magazine, 2020), customers ordering food at a higher price will usually be delivered firstly when the delivery time seems to be similar to each order considering the potential risk of wage deduction. Understandably, this order of delivery may be a strategy of riders to respond to the strict Meituan punishment mechanism to reduce potential financial loss as the consumer of more expensive food seem to be more impatient to wait and more likely to do bad reviews while waiting (ibid). As reported by Ipsos (2017, in China's People Magazine, 2020), consumers in the more economically developed regions of China are more likely to be impatient, with customers in Beijing being the most impatient, suggesting the possible reasons for this delivery order. Conceivably, this will probably result in the phenomenon that the haves are favoured while the have-nots tend to be marginalized in the food delivery process, increasing social inequality.

Conclusion and Reflection

Combining all of these inequalities existing in Meituan, which involves unfairness between riders and Meituan, riders and restaurants, riders and customers, Meituan and restaurants, and between different customers, it seems that inequalities exist almost throughout the whole delivery process. Through the various regulations introduced by Meituan and rules embedded in their algorithm, the company appears to build a strict power structure in which every party is placed inside and closely related to the others. In this system, riders appear to be at the bottom since they are subjected to triple inequalities from the platform, restaurants and consumers and are usually on the disadvantaged side. It appears that riders may have the least rights and have to provide surplus labour value to all these three parties (economically for the company, emotionally for the restaurants and consumers), resulting in their unfortunate situation full of exploitation. As a possible consequence, the inexpedient treatment of riders might lead to their discontent and even extreme behaviours sometimes, evidenced by the frequent clashes of riders with restaurant staff and consumers and some related criminal cases. It's worth noting that there is an absence of Meituan in the bearers of these repercussions. This phenomenon may be because the company transfers its conflicts with riders to restaurants and consumers via ostensible decentralization in algorithm design, although all of these inequalities between different stakeholders are created by Meituan. In addition to conflict transfer, the company also creates an illusion that customers are at the top of the power structure in the power structure as they seem to be the ones with the most rights compared to restaurants and riders. However, this illusion ignores the fact that the 'invisible' agent (Meituan) is the one who built the system and wields the most power, including the ability to change the game rules during the delivery process. One possible reason for this illusion may be that the control of the Meituan is achieved through the algorithm, making the company invisible in the operation of all the inequalities existing on the platform, escaping the social backlash brought about by the inequality of rights designed by the platform. Considering this, the actual party at the top may be the company.

Under the complicated power structure built by Meituan full of inequalities, possible consequences discussed below might happen to different stakeholders. For gig workers in Meituan, the iniquitous system may result in the loss of their employment protection, the increasing financial and mental pressure, precarity in their lives, and a sense of isolation. In terms of Meituan, it may mean lower production cost, less responsibility to workers, less market risk, and considerable profit gained from exploitation embedded in their system. As to restaurants, the unfair system will probably lead to increasing operating difficulties due to their lack of bargaining power caused by the monopoly and policies of Meituan and the intensifying conflicts between riders and them. As to consumers, they may become

scapegoats of the inexpedient system created by Meituan in some cases, suffering the backlash caused by the revenge of riders. In addition, customers may also be involved in inequality due to the preference of riders for a small group of customers caused by the reward and punishment policy of Meituan. From the perspective of the whole society, the power imbalance existing in Meituan will probably lead to social instability due to the declining trust in the community as well as the increasing misunderstanding and conflicts between different social groups. Taking all these possible consequences together, the company seems to be the biggest winner in this game, coming at the cost of all three other stakeholders, even society.

Thus far, the essay has examined how the power imbalance operates in Meituan and the possible repercussions of these inequalities. It argues that the power inequality operates in Meituan through the complicated power structure full of inequalities built by its algorithm as well as related policies, leading to a result that the capitalists in Meituan win at the expense of the interests of the other three parties, even the whole community. Admittedly there are many limitations. For example, the scope of this essay did not allow for providing feasible solutions to these systemic inequalities, which is very worthy research and would be a natural extension of this essay. Perhaps a top-to-bottom change boosted by the government and the joint efforts of the whole society could assist in alleviating the inequalities existing in Meituan. Maybe this could be a direction of future research to discuss in response to the current situation, contributing to the development of society towards a more equal and ideal community.

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