Proceedings of the 3rd International Conference on Management Research and Economic Development
DOI: 10.54254/2754-1169/177/2025.22149

The Influence of Different Governance Models on Enterprise Performance under Platform Economy

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Abstract: Under the rapid development of the digital economy, the platform economy has become an important engine for global economic growth. As an important indicator to measure the scale of platform enterprises, the improvement of enterprise performance is significantly affected by the platform governance model. However, there is a lack of systematic analysis on how different governance methods affect the performance of platform enterprises. Therefore, this paper focuses on three main governance models in the platform economy, namely, independent governance, market governance, and platform governance, and deeply analyzes their impact on enterprise performance. This paper adopts the literature review method, systematically reviews the relevant literature of platform governance models, and sorts out the theoretical basis, advantages, and disadvantages of the three governance models and how they affect enterprise performance. In addition, this paper selects a representative typical platform enterprise as a case to deeply analyze the practical application effect of different governance models and their impact on enterprise performance. The results show that independent governance significantly improves corporate performance through the decentralization of decision-making power and governance. Although market governance reduces the transaction cost of enterprises, it is limited by the ability of enterprises to control the quality of transactions and has a relatively limited role in promoting the performance of enterprises. Platform governance has a positive impact on enterprise performance through incentive mechanisms and transparency rules.

Keywords: Digitalization, platform economy, governance, corporate performance

1. Introduction

Driven by the wave of digitalization, the rapid rise of the platform economy has profoundly changed the global business model. Platform economy takes the bilateral market as the carrier, and the bilateral market takes "platform" as the core to obtain profits by realizing the game between two or more types of entities [1]. Today, the platform economy not only involves e-commerce transactions (such as Amazon and Taobao), but also extends to multiple fields such as shared travel (such as Uber and Didi) and knowledge services (such as Coursera and Udemy), and is highly permeable. In this context, it is particularly important to explore the impact of different governance methods on the performance of platform enterprises. Among them, corporate performance is usually measured by financial efficiency, customer satisfaction, innovation ability, market share, employee performance, and social responsibility. However, the impact of different platform governance methods on enterprise size remains to be further explored. The governance model refers to how an enterprise arranges its power structure, decision-making mechanism, and interaction with the external environment in the course of operation. In the platform economy, because of the diversity of transaction subjects and stakeholders of platform enterprises, the choice of governance model is particularly important. Common governance models include independent governance, market governance and platform governance. Different governance models will profoundly impact on a company's operational efficiency, innovation ability and market share.

In terms of platform governance, many scholars have studied different governance models and their impact on platform operation. The existing literature points out that autonomous governance, as a new enterprise management model, has been widely used in various business models such as the platform economy and sharing economy in recent years. Compared with the traditional centralized governance, autonomous governance emphasizes the independent management of each department or individual within the enterprise, and the core is to delegate the decision-making power. This approach to governance not only increases organizational flexibility and responsiveness, but also enhances employee autonomy and innovation. At the same time, the information transmission and feedback effect of autonomous governance enable it to allocate the best resources to the best talents at the best time, so its productivity level will be higher than that of the traditional mode, thus promoting the rapid development of enterprises [2]. The market governance model is based on the operation of market mechanism, through the price, contract and market transactions and other tools to coordinate and regulate the internal and external relations of enterprises. Compared with the traditional hierarchical governance model, market governance relies on the regulatory role of external market forces and emphasizes the growth and expansion of enterprises through transaction contracts, incentive mechanisms and competition [3]. This not only helps reduce transaction costs and management costs, but also increases its trading volume and market share in a highly competitive market environment. Platform governance refers to the management of platform ecology by platform enterprises through system design, rules and specifications and technical means, including quality control, information transparency and incentive mechanisms, so as to ensure the experience and safety of platform users, especially for platforms with high requirements for service quality and brand loyalty. The core feature of the platform governance model is to promote the cooperation between supply and demand through efficient resource allocation, information flow and participant interaction, relying on technology platforms and network effects. According to the research of Xiang Zixing et al., the goal of platform governance is to encourage users to have positive interactions, reduce opportunism and bad behaviors in the platform, constantly attract new users to join, and promote the sustainable and healthy development of the platform [4].

This paper will discuss the influence of different governance methods on enterprise performance under platform economy through a literature review. The existing literature focuses more on the analysis of individual cases or industries, and lacks the comprehensive comparison of cross-industry and cross-governance models. This study summarizes the theoretical models of different governance styles and verifies them in combination with actual cases, which will provide a systematic theoretical framework for the study of the relationship between platform governance and enterprise performance. In addition, platform enterprises often face complex decisions when choosing a governance approach. Through the analysis of successful platform cases, this study provides a reference for the selection of governance mode in the actual operation of platform enterprises.

2. Literature review

2.1. Independent governance and corporate performance

2.1.1. Definition and characteristics of independent governance

Autonomous governance is derived from the Public Pond Resource Theory (CPR), which aims to solve the "tragedy of the Commons" problem in public goods. It attempts to manage shared resources by creating systems that are self-managed by participants [5-6]. Ostrom identified three key elements of self-governance: new supply systems, credit commitments, and mutual monitoring. This framework aims to avoid the inefficiencies of centralized control and the risk of privatization, while promoting cooperation and sustainable resource use. In addition, autonomous governance is a model of organizational governance that emphasizes decentralization and individual autonomous decision-making. The governance of decentralized autonomous organizations is usually implemented in a non-hierarchical form, often relying more on group consensus [2]. This helps to eliminate excessive hierarchical constraints, increase the organization's ability to adapt to external changes, and encourage employees to actively participate in the decision-making process, thereby stimulating innovation and efficient execution. Due to the decentralization of decision-making, autonomous governance can enhance the flexibility of enterprises in the face of rapid market changes and high uncertainty. In the context of rapid technological development, the upgrading of products and services requires enterprises to have a high degree of flexibility to respond to changes in consumer demand and the challenges of technological innovation, thus contributing to the improvement of corporate performance. However, Frey and Wilson et al. have shown that while self-governance can promote sustainable practices, it often requires strong social networks and communication between users to maintain order and ensure compliance [7-8]. In addition, Li, J. pointed out that it is difficult to quantify the subjective factors involved in autonomous governance, such as trust and cooperation, which complicates the evaluation of its effectiveness [9].

2.1.2. Theoretical basis of independent governance

As a decentralized governance model, there is a significant relationship between autonomous governance and Resource-based theory - a resource-based view of a company's ability to integrate various tangible, intangible, and human resources in order to provide customers with valuable products or services. Especially in terms of resource allocation, organizational ability, innovation ability and long-term competitiveness [10]. According to the resource-based theory, an organization with "strategic resources" has an important competitive advantage over an organization without strategic resources. The strategic significance of a resource is that it is valuable, rare, difficult to imitate and irreplaceable [11]. First of all, resource-based theory (RBV) emphasizes that the competitive advantage of enterprises often comes from the effective allocation and utilization of resources. The autonomous governance model empowers individuals or teams with more autonomy and decision-making power through decentralized decision-making, so that resources can be allocated and utilized more flexibly and efficiently. In particular, employees or teams can respond more quickly to market changes and make decisions using the resources they have at their disposal, such as knowledge, skills and experience. This flexible allocation of resources can promote innovation and improve organizational efficiency, thereby enhancing the overall competitiveness of the enterprise. Resource-based theory (RBV) not only emphasizes material resources, but also focuses on intangible resources, such as organizational culture and employees' knowledge and skills. Under the self-governance model, organizational culture usually emphasizes trust, cooperation and self-management, and this culture itself becomes one of the core resources of the enterprise. By creating a culture that supports innovation and self-management, the self-governance model enables

DOI: 10.54254/2754-1169/177/2025.22149

enterprises to continuously accumulate unique organizational culture and values in the long run, and such cultural resources are often difficult for other enterprises to imitate for competitive advantage.

2.1.3. Empirical research on independent governance

Valve is known for its unique autonomous management model, with a flat organizational structure and few traditional management layers. At Valve, employees are called "partners," and they have a high degree of autonomy and decision-making power. Each employee is free to choose the projects and teams to participate in, based solely on personal interests and professional skills [12]. The autonomy and responsibility of employees inspire their innovative thinking and drive the development of new products and technologies. The flat organizational structure reduces the level of decision-making, making the decision-making process faster and more flexible in response to market changes, thus promoting the improvement of corporate performance and scale. As a ride-sharing platform, Didi mainly adopts a self-governance approach, implementing strict access mechanisms, real-time monitoring and driver behavior norms, such as improving service quality through driver certification, user rating and real-time monitoring. Didi's dynamic pricing mechanism and security policies, such as the "Night escort" and "one-click alarm" functions, further strengthen user trust and effectively improve user retention and re-purchase rates. In the case of Didi, self-governance significantly improved customer satisfaction by standardizing service quality and strengthening brand influence, especially in the high-frequency usage scenarios of users in first-tier cities. Therefore, autonomous governance can significantly promote the growth of business performance in industries that require high service quality.

2.2. Market governance and corporate performance

2.2.1. Concept of market governance

The market governance model is a kind of governance mode based on the operation of market mechanisms, emphasizing the coordination and standardization of the internal and external relations of enterprises through market transactions, contract arrangements and competition mechanisms. In this model, enterprises rely on market prices and market contracts to promote resource allocation and reduce transaction costs, and coordinate the behaviors of all parties through market mechanisms to solve problems such as information asymmetry and moral hazard [13].

2.2.2. Theoretical basis of market governance

The Transaction Cost Theory is a theory that focuses on the effort, resources, or costs required by both parties to complete a transaction, beyond the cost of the product or service itself. The goal of transaction cost theory (TCE) is to maximize transaction performance and minimize cost in various business transactions [14]. According to the transaction cost theory (TCE), the costs involved in transaction activities (such as searching for counterparties, bargaining, contract fulfillment, etc.) are very important factors in corporate decision-making, and enterprises choose different governance models to minimize these transaction costs. The market governance model refers to a way to coordinate and manage transactions through market mechanisms (such as price, contract, competition, etc.). In the market governance model, transactions are done through market forces, and the company achieves its goals through external partners or suppliers rather than through internal controls. Therefore, the market governance model is closely related to the transaction cost theory.

2.2.3. Empirical research on market governance

Market governance promotes the expansion of enterprise scale through various mechanisms. First, market governance can improve the operational efficiency of enterprises by optimizing resource allocation and reducing transaction costs. Platform-based enterprises usually face the problems of information asymmetry and high transaction costs, and through the market governance model, the platform can reduce these costs by opening the market, introducing competition and optimizing the transaction process, thus improving the operational efficiency of the platform. For example, e-commerce platforms such as Taobao and Jingdong connect merchants and consumers directly through the market governance structure, reduce the management burden of the platform itself through the market price mechanism and transaction contracts, increase the transaction frequency and transaction volume, and ultimately promote the growth of platform performance. Secondly, market governance helps to improve the market attractiveness and competitiveness of the platform. By opening up the market, introducing external partners and increasing market participants, platform enterprises can improve the transaction activity and market penetration of the platform. This addition of market participants can expand the user base of the platform and accelerate the scale of the platform. For example, by introducing multiple suppliers and users to participate, platforms such as Airbnb and Uber regulate prices and services through the market mechanism, thus increasing the total transaction volume of the platforms and ultimately promoting the growth of enterprise performance [15]. In addition, market governance promotes innovation through incentive mechanisms, which in turn promotes enterprise-scale expansion. Under the market governance model, the platform not only encourages users to participate in transactions, but also promotes innovation by suppliers, developers and other partners through various incentives. For example, the platform encourages third parties to develop applications or services by opening APIs and providing technical support, further enhancing the platform's attractiveness and innovation capabilities, thereby driving performance growth. However, the market governance model may lead to the problem of information asymmetry, especially in the transaction process between the platform and suppliers or consumers. In some cases, the platform may not be able to fully control the quality of the products or services offered on the platform, leading to consumer dissatisfaction, which in turn affects the platform's reputation and user loyalty. Therefore, although market governance contributes to the growth of enterprise performance, its effect is limited by the platform's ability to control the quality of transactions.

2.3. Platform governance and enterprise performance

2.3.1. Concept of platform governance

Regarding the definition of platform, Das and other scholars believe that a platform is an online service that promotes social interaction among stakeholders (including content producers, consumers and platform operators). The governance of the platform is a complex process, which is mainly regulated by algorithms [16]. The platform governance model refers to how the platform achieves operational objectives and promotes scale through the design of rules, management processes, incentives, and resource allocation, both within the platform enterprise and in its relationships with external actors (such as users, suppliers, and partners). Platform governance is a complex, multi-tiered structure that involves interactions between key stakeholders: platform companies, users, advertisers, governments, and other political actors.

2.3.2. Theoretical basis of platform governance

As the driving force for the rise of platforms, the Network Effect is an important feature of the network industry, which means that the value of a network product or service to users depends on the number of other users in the network [17]. For example, on social media platforms (such as Facebook), as the number of users increases, the platform's social networking and information flow becomes richer and more valuable; Yu Xiaohui also pointed out that when the platform industry was further expanded, cross-boundary network effect appeared, that is, the value of a platform product or service to users depended on the scale of users on the other side of the platform [17]. For example, the increase in the number of buyers and sellers on the e-commerce platform has made the variety of products on the platform richer and attracted more users and sellers to participate. The core of network effects is that the increase of platform users and participants can enhance the overall value of the platform, and the platform governance model helps to achieve the accumulation of this effect through incentive mechanisms, content management and other ways, so as to promote performance growth.

2.3.3. Empirical research on platform governance

Amazon's platform governance model is to promote the participation of more sellers and buyers on the platform through incentives, thereby driving the growth of transaction volume. A notable feature of the network effect is that the increase in both supply and demand can increase the overall value of the platform, and Amazon incentivizes sellers to participate in the platform by setting low commission policies, providing advertising and promotion services, and other tools (such as Amazon FBA, Fulfillment by Amazon, and Amazon Logistics). Higher seller engagement means more product variety and more competitive pricing on the platform, which directly increases the appeal of the platform. In addition, through transparent rules and algorithm recommendations, platform governance can significantly reduce the problem of information asymmetry, thereby improving user experience and transaction efficiency. For example, Amazon uses strict platform governance to provide users with a high-quality shopping experience through product quality audits, return policies, and algorithmic recommendations. For example, Amazon's "Prime membership" system not only improves logistics efficiency, but also attracts high-frequency users through exclusive discounts. The strict supervision measures of the platform have effectively prevented the proliferation of fake goods and enhanced the trust of consumers [18]. These governance mechanisms have significantly promoted Amazon's performance growth. Amazon's platform governance demonstrates the importance of parallel technology and rules. By strictly controlling transaction behavior and providing personalized services, Amazon effectively reduces the cost of choice for consumers and improves shopping satisfaction. Therefore, platform governance is considered to be the optimal governance approach to drive platform performance growth, especially in scenarios that require long-term user loyalty.

3. Research significance and impact analysis

3.1. Analysis of the significance of the research

Through the in-depth analysis of the impact of different governance modes (independent governance, market governance and platform governance) on enterprise performance in platform economy, this paper has important theoretical value and practical significance. First of all, theoretically, this paper fills the gap in the existing research on the relationship between governance model and firm performance. Although there have been a lot of studies on governance structure, there is a lack of systematic analysis on how governance models in platform economy affect the

DOI: 10.54254/2754-1169/177/2025.22149

performance of enterprises. Through literature review method and empirical cases, this study comprehensively evaluates three main governance models, providing theoretical basis for platform enterprises to choose suitable governance models. Second, this paper provides a systematic framework for the interaction between governance styles and firm performance. Through comparative analysis of the three models of independent governance, market governance and platform governance, this study clarifies the advantages and limitations of different governance models in different environments, and reveals their mechanisms in resource allocation, innovation incentive, transaction cost control and other aspects. This theoretical framework not only provides new ideas for the academic circle, but also provides guidance for the decision-makers in the actual operation. From the perspective of practice, this paper provides practical guidance for platform enterprises on how to choose the most appropriate governance model according to their own business characteristics and market environment. Especially in the rapidly developing platform economy environment, platform enterprises are faced with more and more complex governance choices, and a reasonable governance structure can effectively improve enterprise performance and enhance its market competitiveness. Therefore, the practical value of this study lies not only in the theoretical innovation, but also in the concrete governance strategy suggestions for platform enterprises.

3.2. Impact analysis of the study

The research of this paper has far-reaching influence on the practice of enterprise and platform governance model, especially in the background of platform economy, and has significant practical significance. In terms of the impact on platform enterprises, the research of this paper reveals the specific impact of different governance models on platform enterprises, and helps platform enterprises choose appropriate governance strategies when facing the complex market environment. For example, independent governance can improve the flexibility and innovation ability of enterprises, market governance can reduce transaction costs and improve market attractiveness, and platform governance can optimize resource allocation and improve platform performance through incentive mechanisms and transparent rules. Platform enterprises can adjust their governance structure by referring to the conclusions of this study, so as to achieve better market performance in the increasingly fierce competition. In terms of the impact on academic research, this study provides a new perspective for future research in the field of platform economy by combining the theoretical basis of autonomous governance, market governance and platform governance. The existing research mainly focuses on the discussion of a single governance model and lacks a comprehensive comparison of different governance models. Through the cross-field and cross-industry analysis framework, this paper provides the academic community with the research foundation of the relationship between multi-dimensional governance models and enterprise performance, and promotes the further development of platform governance theory. In terms of the impact on policy-making, this study provides strong theoretical support for the government when regulating and supporting the platform economy. With the rise of platform economy, how to formulate effective policies to support the development of platform enterprises and safeguard fair competition and consumer rights and interests has become an important issue. This study reveals the long-term and short-term effects of different governance models, which can provide a reference for policy makers to optimize the governance model of platform enterprises, and further promote the healthy development of platform economy. In conclusion, this study not only promotes the research and development of platform governance and enterprise performance at the theoretical level, but also provides practical suggestions for the actual operation of platform enterprises, which has important academic value and practical significance.

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4. Conclusion

Through a systematic analysis of the impact of different governance models (autonomous governance, market governance and platform governance) on enterprise performance in platform economy, this paper draws the following conclusions: First of all, with its decentralized characteristics, the autonomous governance model significantly enhances the flexible adaptability and innovation driving force of enterprises through the decentralization and decentralization of power, and thus has a positive effect on the improvement of enterprise performance. This model is particularly suitable for industries that require rapid adaptation to market volatility and high environmental uncertainty, and it promotes a significant increase in organizational effectiveness by stimulating employees' intrinsic autonomy and responsibility. Secondly, the market governance model relies on the market mechanism, contract constraint and competition incentive mechanism, which effectively reduces the transaction cost and management burden, and strengthens the market expansion ability of enterprises. However, the effectiveness of this model is limited by the platform's ability to supervise the quality of transactions, especially when the platform's control over external transactions is insufficient, which may lead to the risk of platform reputation damage and long-term performance decline. Finally, the platform governance model effectively promotes the performance of platform-based enterprises through refined resource allocation, incentive mechanism design and transparency of rules. By virtue of the network effect, this model greatly improves the comprehensive value of the platform and accelerates the scale expansion of the platform enterprises, especially in terms of building long-term user loyalty and providing high-quality services, showing unparalleled advantages. However, this paper has not fully discussed the regulating effect of the external environment (such as policy supervision and market competition) on the relationship between the governance model and firm performance. In future studies, external environment variables can be added to enhance the generalization of conclusions. To sum up, different governance models have different impacts on different types of platforms and industries. In the future, enterprises should choose suitable governance models according to their own industry characteristics, market demands and development stages to achieve long-term sustainable growth.

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