

# Current Domestic Sharing Economy Development Bottleneck and Countermeasures

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## ABSTRACT

Sharing economy as a new economic form, its development is of great significance to the economic and social development of our country. With the development of science and technology such as mobile Internet and the rapid development of sharing economy, a series of problems have also appeared. By sorting out the related concepts, development history and development status of the sharing economy, this paper focuses on analyzing the existing problems in the current development of the sharing economy, aiming at the new concept of "innovation, coordination, green, open and sharing", and exploring the healthy, stable and sustainable development strategy of the sharing economy.

## KEYWORDS

Sharing economy; Development status; Development problems; Development countermeasures

## 1. INTRODUCTION

From the Fifth Plenary Session of the 18th CPC Central Committee proposed "innovation, coordination, green, open, sharing" [1]. Until Study and implement the spirit of the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China. Jinping Xi stressed that it is necessary to accurately grasp the new development stage, thoroughly implement the new development concept, and accelerate the construction of a new development patternAccelerate the building of a new development pattern . It is not difficult for us to find that the new development thinking of innovation, coordination, green, open and shared development is a concentrated reflection of a series of theoretical and practical issues concerning the path and mode of our Party's economic and social development, and we should implement it without compromising.

Guided by the new development concept, the sharing economy is an economic form that makes comprehensive use of idle resources in the society, so as to achieve the goal of sustainable social and ecological development and improve people's living standards and happiness index [2]. As an emerging economic form under the Internet environment, sharing economy has been developing rapidly all over the world in recent years, which has aroused extensive attention and research at home and abroad. The development and growth of the sharing economy not only brings convenience to the life of the public, but also injects vitality into the sustainable development of the economy and society. At the same time, the state has introduced relevant policies in a timely manner. However, in the process of rapid development of the sharing economy, there are also many problems, such as chaos in the market order brought by large-scale rapid development, unclear definition of responsibilities, insufficient protection of users' rights and interests leading to privacy disclosure, and imperfect industrial systems and laws and regulations. If we want the sustainable and green development of the sharing economy, we need to break through the current dilemma and find a breakthrough to solve the problem, in order to achieve the sustainable, healthy and green development of the sharing economy.

This paper aims to clarify and analyze the development bottleneck of domestic sharing economy, and put forward corresponding countermeasures to help the stable and sustainable development of China's sharing economy.

## **2. THE DEVELOPMENT STATUS OF SHARED ECONOMY IN OUR COUNTRY**

### **2.1. Concept of Sharing Economy**

Sharing economy was proposed by American scholars Marcos Felson and Joan Spence in a paper published in 1978, that is, idle resources are utilized through "collaborative consumption" [3]. Sharing economy is to use third-party platforms such as the Internet to temporarily transfer the right to use idle resources of suppliers, so as to achieve the purpose of socializing production factors, create value for the demanders while improving the utilization efficiency of stock assets, and promote sustainable economic and social development [4]. The sharing economy includes multi-party participants, such as the supply side, the demand side and the sharing economy platform [5]. Any enterprise or individual can become a supplier of products or services, as long as each enterprise or individual has idle resources and is willing to share them on the sharing economy platform, the supplier can obtain certain benefits in this process. From the perspective of demand side, every enterprise or individual can become the demand side of products or services, and the demand side can obtain the temporary use right of products and services through cost-effective leasing. This has formed a huge "capacity supply pool" and "service demand pool" of the sharing economy. It is not difficult to find that the sharing economy is essentially a process of disintermediation and re-intermediation, which eliminates traditional enterprise organizations and creates new middlemen based on the sharing economy.

### **2.2. Development History of Sharing Economy**

The development of sharing economy in our country has roughly experienced four periods: the first period: the embryonic form of sharing economy period. Before 2008, the sharing economy platform Zipcar and Napster successively emerged in the United States, showing great room for development. In China, there has been a wave of entrepreneurship in the sharing economy, such as Wikipedia and other sharing learning platforms with music sharing, interactive Q&A and photo sharing as the main content, as well as crowdsourcing platforms such as K68 and Witke China. The second period: The initial exploration of the sharing economy (2008-2013). With the rapid development of mobile Internet, a batch of new startups have emerged, such as Ant short-term rent, Xiaozhu short-term rent, Didi Chuxing, Angel Hui, Renren Loan, etc., which is an important step from the concept of sharing economy to the practice of sharing economy. The sharing economy has been applied in different industries, and the sharing economy theory has been further enriched and expanded. The third period: the expansion period of the sharing economy (2013-2019). With the development and improvement of innovative technologies such as cloud computing, big data and third-party payment means, the business model of the sharing economy has become increasingly mature, attracting the participation of a large number of users and social capital, and the development of the sharing economy has entered a new period. A large number of sharing economy enterprises with epochal significance have emerged, and a large number of local innovative enterprises have emerged. Some companies have even gone global. Fourth period: Sharing economy transition (2019 to present). With the development of the economy and society, the market turnover of the sharing economy has expanded year by year, but the sharing economy has become more focused on the conformal development, the market competition is fierce, and the industry has entered a period of consolidation.

### 2.3. China's Sharing Economy Development Status

The emergence of sharing economy is the result of comprehensive factors. With the rapid development of mobile networks and the emergence of third-party payment, a solid hardware and software foundation has been laid for the emergence of the sharing economy. The emergence of innovative technologies such as cloud computing and big data provides strong technical support for the development of the sharing economy. The surplus and idleness of social resources become the necessary conditions of sharing economy. The combined influence of many factors makes our country's sharing economy can develop and grow rapidly in a short period of time. Judging from the development process and evolution trend, the development of sharing economy in our country is mainly reflected in the following aspects:

(1) Shared transportation takes the lead in realizing the sharing economy in China [6], such as drip travel and shared bicycles. In 2012, the launch of platforms such as "Didi Dache" and "Express" marked the rise of "sharing economy" in China; In 2014, the US Uber officially landed in China, and there was a three-legged situation in transportation; In 2015, Didi and Kuaidi announced the strategic integration, Didi travel online hitch business, Shouqi about the car line; In July 2016, The State Council issued the "Interim Measures for the Management of Online Booking Taxi Business Services", which gave a clear recognition to the legal status of online booking, but also put forward higher requirements for online booking. Didi announced its acquisition of Uber China in August of that year, marking the beginning of an oligopoly in the industry; With the launch of Meituan Taxi in Shanghai, Autonavi has also launched hitch service, the competition of urban car rental continues to heat up. At the same time, shared bicycles have emerged Mobike, Haro, green orange, and the United States Group. In China, as the earliest industry to realize the sharing economy, the development of shared transportation has experienced three stages: parallel period, oligarchic competition period, and strategic integration period. In summary, the development process of shared travel from embryonic to mature, through continuous improvement and optimization of its own business model and operation model, not only brings convenience to people's travel, but also promotes the development of intelligent transportation and green economy.

(2) The modes and types of the sharing economy have diversified, and the sharing economy has penetrated into all aspects of daily life [7]. From network creative design, market planning, catering, accommodation, transportation, life, medical care, knowledge and skills, scientific research and experiments, from economic consumption to social production, the sharing economy has penetrated into all areas of life, and at the same time, the number of sharing economy platforms is also rising year by year. In the field of shared accommodation, there are sharing platforms such as Xiaozhu short-term rent, ant short-term rent, and Airbnb. In the field of shared office, there are WeWork, UrWork and so on. In the field of shared knowledge, there appear Zhihu, get and so on. The emergence of these sharing platforms, to a large extent, the utilization efficiency of social resources has been improved, and the use cost of consumers has also been greatly reduced, promoting the development of economic society.

(3) The industrial scale of the sharing economy is growing. The year 2022 will be the year of the victory of the Party's 20th National Congress and the start of the "14th Five-Year Plan" strategy, as well as an important year for China's economic and social development. China's economic and social development is facing a more complex international environment, and in the face of severe challenges brought by the outbreak of the epidemic in China, the Chinese government has effectively coordinated epidemic prevention and control and economic development. Compared with the same period of last year, the GDP has increased by 3%, and the economic scale has reached a new level. The "China Sharing Economy Development Report (2023)" (hereinafter referred to as the "report") shows that in 2022, the development space of the sharing economy is still expanding, and its transaction volume reached 3,832 billion yuan, an increase of 3.9% over the same period last year. The uneven development of the sharing economy in different fields has become prominent. The market size of

life services and shared medical care increased by 8.4% and 8.2% respectively, and the economic growth rate accelerated by 2.6 percentage points and 1.7 percentage points over the same period last year, showing a trend of continuing to maintain rapid growth. Affected by a variety of complex factors, the market regulations of the sharing economy in the three aspects of shared space, shared accommodation and transportation declined significantly, down 37.7%, 24.3% and 14.2% respectively. Second, shared services and consumption play a pivotal role in stabilizing the economy. According to the report, in 2022, the share of online delivery business in the domestic catering industry will be about 25.4 percent, the proportion of ride-hailing passengers in rental cars will be about 40.5 percent, and shared accommodation will account for about 4.4 percent of the entire industry. Therefore, the sharing economy plays a pivotal role in promoting the transformation and upgrading of our country's industrial structure. In addition, the development of China's sharing economy in 2022 has shown some new characteristics. First, the market pattern of the sharing economy in areas such as shared travel and life services is being reshaped at a faster pace, and competition is becoming more intense. Second, the compliance level of platform enterprises continues to improve, and compliance has become a new focus of competition, and has increasingly become an important part of the competitive advantage of platform enterprises. Third, governance rules and institutional norms continued to improve, law enforcement intensified, and market order continued to be standardized. Finally, the report shows that the policy environment for the development of China's sharing economy will be more optimized in the future. Actively adjust the policy tone at the national level; The regulation of platform economy should be normalized and institutionalized. A better business environment for innovation and development of the sharing economy; In the future, the rapid development of science and technology will also bring new opportunities and challenges for the continuous development of the sharing economy.

### **3. PROBLEMS IN SHARING ECONOMY IN OUR COUNTRY**

As a new economic development model, sharing economy is developing rapidly, and the future development prospect will be very broad [8]. However, we must also recognize that the macroeconomic environment is facing enormous pressure, and therefore, some serious problems will be exposed in the process of rapid development.

#### **3.1. The Market Order of Sharing Economy is Chaotic**

Vicious competition and excess capacity restrict the development of the industry [9]. Due to the lack of effective regulation, there are some chaotic phenomena in our country's sharing economy market, such as price war and vicious competition, which not only affects the normal operation of the market, but also harms the interests of consumers. In the sharing economy, due to the homogenization of products and services, the competition in the sharing economy becomes more and more rough, and most sharing enterprises hope to quickly attract more users through price subsidies, so as to get more users in the shortest time. As sharing companies have increased subsidies, a large number of sharing companies have withdrawn from the market in vicious competition such as price wars.

#### **3.2. Sharing Economy Management Costs Increase, But the Protection of Users' Rights and Interests is Insufficient**

2016 has been called the "year of bike sharing", with various kinds of shared bikes being seen everywhere on city streets and commercial districts. So far, shared bicycles (and some counties have shared electric vehicles) still fill the streets of large and medium-sized cities. When it solves people's "last three kilometers" problem, it also has a certain negative impact on the city's appearance and urban management. For example, the disorderly parking of shared bicycles and the congestion of shared bicycles on the way to and from work have added additional pressure to public transport; The chaotic placement of shared bicycles on rainy and snowy days not only causes a waste of resources

to a certain extent, but also affects the appearance of the city. In addition, the bankruptcy of Mobike yellow car, after 6 years, finally returned the user deposit in October this year; Problems such as some Didi Chuxing drivers asking for money when they find valuable items are repeated. The existence of these social problems will increase the cost of social management, and also reveal problems such as insufficient protection of users' rights and interests.

### **3.3. The Responsibility of Sharing Economy Platform is Not Clear**

The essence of the transition from traditional economy to sharing economy is "disintermediation" and "re-intermediation" [10]. In the sharing economy, sharing economy platforms play a vital role as an important link between consumers and businesses. The sharing economy platform should ensure the guarantee of service quality and the protection of users' rights and interests.

### **3.4. There is a Certain Lag in Relevant Laws and Regulations of the Sharing Economy**

At present, laws and regulations on the sharing economy are still lagging behind. The sharing economy based on the Internet platform shows the characteristics of cross-region and cross-industry, which subverts the traditional business model, but also brings a series of new problems, such as the legal status and responsibility division of the Internet platform, the industry classification of the sharing platform, and the unclear tax payment rules between practitioners and platforms. Sharing economy is a new thing, its development is changing with each passing day, but there are some problems, such as the current laws and regulations are not perfect. If the government departments do not take measures to revise and improve the current relevant laws and regulations, many sharing economy models will walk on a gray road, and there is a danger that they will be stopped and strangled by the regulatory authorities at any time [11].

## **4. THE COUNTERMEASURES OF SHARING ECONOMY IN OUR COUNTRY**

With the policy orientation of vigorously developing the digital economy and platform economy at the national level, the innovative development of mobile Internet technology, and the formation and upgrading of user consumption habits, the pace of digital transformation of enterprises will surely be further accelerated, and the sharing economy is expected to continue to accelerate the penetration of all fields of economic society and expand new development space. In view of some problems in the development process of sharing economy mentioned above, this paper tries to put forward corresponding countermeasures and suggestions from the following aspects, in order to provide some references for the development of sharing economy.

### **4.1. Establish a Good Market Order and Raise The Entry Threshold of the Sharing Economy**

On the one hand, we will guide the standardized and institutionalized development of the sharing economy. On the other hand, it is necessary to strengthen the supervision of regulatory agencies by improving the working standards of regulatory agencies, strengthening the training of relevant regulatory agencies, requiring the updating of regulatory concepts, improving regulatory standards, and using innovative technologies to innovate regulatory methods. It can form a way of collaborative supervision involving government, society and individuals, and everyone can participate in the cycle of helping the development of the sharing economy. In response to the chaos in the sharing economy market such as vicious competition, the relevant departments should increase the severity of punishment for enterprises and individuals that endanger market order.

#### **4.2. Strengthen the Supervision and Management of the Sharing Economy Platform, and Effectively Ensure the Personal Rights and Security of Users**

The development of the sharing economy platform is based on the huge demand side, when the sharing economy platform breaks the trust of users and the interests of users are damaged, it will cause a large loss of customers. To this end, we should strengthen the supervision and requirements of sharing economy platforms, and formulate rules and regulations at the national level to clarify the responsibilities of sharing economy platforms. Government departments strengthen supervision and form a sound supervision mechanism; Increase publicity efforts, users take the initiative to supervise and regulate, and actively contribute suggestions for the healthy development of the sharing economy.

#### **4.3. Improve the System of Laws and Regulations, So That the Development of the Sharing Economy Can Be Followed By Laws**

Further improve the relevant legal system to realize the legal development of the sharing economy. Sharing economy is a kind of subversion of the traditional economy, it injects new vitality into the economy and society, but also brings new challenges to the relevant legislative work. At present, the country does not have relevant laws and regulations for the sharing economy, most of which are regulated by the local government. In order to ensure the healthy and sustainable development of the sharing economy, relevant departments should sort out existing laws and regulations, and formulate corresponding laws and regulations based on their business models and characteristics.

### **5. CONCLUSIONS**

As a new economic form, sharing economy has great potential for development. By combing the status quo of the development of the sharing economy, it is concluded that there are some problems in the development process of the sharing economy in our country, such as market disorder, insufficient protection of user rights and interests, unclear responsibility of sharing economy platforms, and the lag of relevant laws and regulations. In order to solve these problems, the government and enterprises should take corresponding countermeasures, such as speeding up the formulation and improvement of laws and regulations, establishing a sound credit system, and strengthening the supervision of sharing platforms. Only through continuous exploration and practice can we find a sharing economy development road suitable for China's national conditions, and the sharing economy of our country can develop healthily, steadily and sustainably.

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