

The Awkward Sharing Economy: Its Status Quo and Prospect

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Abstract: This paper comprehensively analyzes the origins, current situation, and prospects of the sharing economy. The primary purpose is to present the issues and challenges confronting the sharing economy at its current, awkward stage of development and to make reasonable speculations about its future. The research is based on academic literature on the sharing economy from both domestic and international sources. The findings indicate that despite current shortcomings in the regulatory system, industry structure, and user behavior, the scope of the sharing economy's applications could still expand, and its technology could continue to advance. Overall, the prospects for the sharing economy are likely to be promising.

Keywords: Sharing economy; Current challenges; Future prospects; Tripartite assistance

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1. Introduction

The sharing economy is a new economic model that has emerged alongside the ongoing technological advancements of the Internet. Sharing idle resources promotes efficient allocation of social resources and thereby enhances resource utilization. In recent years, the sharing economy has been constantly expanding. From the initial transportation to knowledge and skills, medical services, and shared finance, the development of the sharing economy has driven the development of multiple industries in China. However, the sharing economy still faces some challenges. Outdated policy and regulatory frameworks, an imperfect regulatory system, low levels of personal quality, and other obstacles are the negative factors that hinder its stable development. Consequently, much attention is being given to the future trajectory of the sharing economy. This essay delves into the matter by analyzing the current awkward situation faced by the sharing economy and provides a multi-perspective analysis of its prospects.

2. Retrospect of the sharing economy

2.1. Emergence of the sharing economy

2.1.1. The initial rise of the sharing economy

Throughout history, the concept of sharing has appeared in ancient China. During the Han Dynasty, the emperor

encouraged wealthy horse owners to rent out their horses when they were not in use, which is a form of sharing. However, it was not until 1978 that the term “sharing economy” truly entered public awareness. Two American professors explained in their papers that “the sharing economy generally refers to an economic model based on strangers with the temporary transfer of the right of use for the main purpose of obtaining certain remuneration” [1]. Later, Martin Weitzman proposed “the sharing economy theory,” which marked the end of the first stage of the origin of sharing theory [2].

With the emergence of physical sharing platforms such as Uber and Airbnb, the sharing economy entered the trial stage in 1986. Free sharing began to evolve towards a “sharing economy” with the primary aim of obtaining remuneration.

In the 21st century, the sharing economy entered a stage of innovation. In 2012, Didi launched its ride-sharing service in China, marking the beginning of China’s sharing economy. Subsequently, the sharing economy business model permeated the entire industry. By 2015, the scale of China’s sharing economy industry exceeded two trillion yuan, indicating that China’s sharing economy was rising and moving towards prosperity.

2.1.2. The various forms of the sharing economy

Based on the industry field of sharing economy application, it is divided into the following three forms.

The first is the sharing economy in daily life. This model includes intangible resources or tangible services, such as shared travel and online education.

The second is in manufacturing. The shared production mode aims to improve production capacity, including sharing production space, production resources, and production capabilities. “During the COVID-19 pandemic, shared production effectively solved the development problems of micro enterprises, such as the lack of personnel, equipment, and technology, and promoted the sustainable development of enterprises” [3].

The third is the field of science and technology, such as shared technology services and shared finance. The advantage of information technology sharing maximizes the use value of resources to help modernize the industry.

2.2. Interpretation of the sharing economy

2.2.1. The connotation of the sharing economy

With the rapid development of the sharing economy globally, economists have continually supplemented its connotation, finally defining it as “the process of disintermediation and re-intermediation” [4].

Disintermediation means that workers can directly provide services to end users, eliminating their dependence on commercial organizations. For example, shared finance facilitates direct information exchange on network financial platforms, realizing the direct connection of supply and demand information.

Re-intermediation refers to workers being able to use sharing economy platforms connected to the Internet to reach more demand-side participants. For example, in taxi-hailing software, service providers and passengers match supply and demand through platforms like Didi, making the software a new intermediary.

The sharing economy integrates the best abilities of individuals and enterprises, unleashing societal potential and emphasizing common ownership rather than possession [5]. Its essence is mutual benefit.

2.2.2. Advantages of the sharing economy

According to a survey, from the consumer level, because the cost of goods in the sharing economy is shared by many people, the most intuitive advantage is reduced cost. Additionally, the sharing economy’s characteristic of short-term ownership can be combined with various life areas, offering more diversified experiences to consumers.

From a societal perspective, the sharing economy improves resource utilization. In the case of shared bikes, sharing significantly prolongs the use time of bikes and maximizes benefits. Furthermore, the sharing economy model emphasizes flexibility and convenience. It typically utilizes online platforms and mobile applications, making it straightforward for users to locate, access, and provide shared resources and services ^[6].

More importantly, the sharing economy deepens the construction of the social credit system. In the sharing economy, online communication and offline connection combine to shorten the social distance between strangers and increase social trust ^[7]. The idea of an “honest society” becomes deeply ingrained as the sharing economy prospers.

3. The status quo of the sharing economy

3.1. Unbalanced development

3.1.1. Disparities in the industry development

One of the difficulties facing the sharing economy is the unbalanced development across different fields. Data shows that the market size of the sharing economy in shared healthcare, production capacity, and transportation has shown a steady upward trend, while other areas lack sufficient development momentum ^[8]. This imbalance primarily stems from the late development of China’s sharing economy. Many companies imitated foreign firms and domestic leader Didi, with some even directly copying their business models.

“The lack of creativity undermines the balanced development of China’s sharing economy, and entrepreneurs should not be concentrated in the same field” ^[9]. For example, after Didi went public, numerous brands began to imitate it. To capture market share, various platforms offered preferential prices and competed based on price advantages. This not only disrupted market order but also led some platforms to abscond with money during fierce price wars, harming consumer property safety and exacerbating the unbalanced development of the sharing economy across different fields.

3.1.2. Platform polarization

In the development of the sharing economy, platforms, as the primary element, control significant resources. With increasing resources and participants, these platforms gain more autonomy ^[10]. The sharing economy market is gradually monopolized by large platforms, leading to polarization. Large platforms, leveraging extensive customer data, form comprehensive supply chains and monopolize resources by analyzing, predicting, and marketing consumer demands in advance, further exacerbating market structure imbalances. This concentration of resources makes it difficult for small platforms to enter the market, leading to resource underutilization and waste. Additionally, large platforms use their market share to depress supplier income and raise consumer prices.

3.2. Defects on both sides: providers and users

3.2.1. Potential security risks for providers

The sharing economy model is a two-sided market model that enables both the supply and demand sides of idle resources to realize multiple exploitations and utilization of resources ^[11]. Many sharing platforms often require customers to authorize relevant user agreements to better fulfill the service function of this two-sided market and monitor sharing behavior. As a result, these platforms hold large amounts of data, including customers’ private information. However, the government has not effectively regulated the confidentiality of information on these platforms, leading to incidents where platforms sell customer information for profit ^[12]. As more private sharing platforms enter the expanding sharing field, the difficulty of supervision increases, posing significant information security risks for both sides.

3.2.2. Users' behaviors beyond control

The sharing economy facilitates the temporary and paid transfer of underutilized resources to those in need, effectively catering to the diverse requirements of the population. However, this also fosters unscrupulous behavior among some opportunists ^[13]. In the sharing model, the user's right of use is separated from ownership, exposing the shortcomings of human nature. Thus, the smooth development of the sharing economy is deeply affected by people's behavior quality. For example, breaches of trust in bike-sharing rental service agreements occur frequently during registration, use, and return of bikes. Some users under the age requirement use other people's identities to register bikes. Others intentionally damage bicycles during use or park them inappropriately, with some even taking them home ^[14]. These issues primarily arise from a lack of consumer moral awareness and sharing concepts, significantly negatively impacting the sharing economy.

4. Prospects of the sharing economy

4.1. Government intervention and guidance

4.1.1. Establishing effective management systems

Building a management system for the sharing economy is not only the foundation for development but also the beginning of effective government regulation ^[15]. The crux of economic legislation lies in accurately identifying and analyzing existing issues, while the legal framework for shared economic legislation should also take into account its long-term and systematic characteristics. Establishing an effective management system depends firstly on the implementation of appropriate laws and regulations for the development of the sharing economy. The government could make timely adjustments to laws and regulations based on the trends in the sharing economy. Secondly, it is necessary to establish a comprehensive information system for the shared economy led by the government. The government could cooperate with enterprises to establish the infrastructure, credit system, and information security guarantee system required for the information supervision of the sharing economy to achieve the unified collection and organization of shared information and ensure the security of both social and personal data.

4.1.2. Providing preferential policies

Although several provinces have issued subsidy policies to encourage the development of the sharing economy, most of these policies focus mainly on the general direction of development. In the context of high-quality economic development, the government may continuously refine specific industrial support policies for the sharing economy. By providing a suitable environment for the development of shared industries through aspects such as talent benefits and tax incentives, subsidies could stimulate the enthusiasm of sharing economy industries and promote continuous innovation and application of new models. This approach has the potential to greatly benefit the development of the sharing economy and contribute to the overall economic growth of the country.

4.2. Bidirectional upgrade

4.2.1. Technical updating and upgrading

The deep integration of online and offline services with the use of "Internet Plus" makes the sharing economy an important force in promoting economic resilience and vitality ^[16]. In the future, the sharing economy may enter a stage of continuous technological upgrading. Under the guidance of 5G technology, the application of new technologies, including artificial intelligence, big data, and cloud services, could further promote the comprehensive upgrade of sharing economy platforms in terms of operation, service, and supervision. The application of new technologies in the sharing economy could further optimize the efficiency of resource

operation and provide more complete services for users.

4.2.2. Boosting traditional industries upgrading

The sharing economy is closely related to the traditional economy. With high-quality economic development, the traditional economy may continue to transform and upgrade in line with the trend of sharing economic development in the future ^[17]. In the early stage of development, the sharing economy integrates idle resources and injects sharing principles into traditional industries with low market demand for assets such as transportation and housing rental. As sharing economy technology deepens, the business model of the sharing economy could significantly impact primary and secondary industries. The emergence of the sharing economy marks a significant milestone in the advancement of digital transformation. Businesses must embrace the opportunities presented by industrial digitization and digital industrialization, diversifying services to include technology, data, platforms, and supply chains. The goal is to elevate the standard of resource sharing both online and offline and explore new approaches to sharing means of production ^[18]. Enterprises may share manufacturing infrastructure and equipment, expand production collaboration based on cloud computing, big data, and other new technologies, and realize the transformation and upgrading of traditional industries under the sharing mode.

4.3. Expanding application fields

4.3.1. Diversifying industries utilizing the sharing economy

The sharing economy has emerged in many fields, such as transportation, housing, and accommodation, and is penetrating more industries with its strong vitality. For example, in the education industry, the impact of the epidemic and the double reduction policy has overwhelmed many educational institutions. However, this has catalyzed the development of the concept of sharing in education, which weakens ownership and strengthens access ^[19]. The sharing economy may solve the cost problem of education through sharing teaching venues, services, and educational resources. Consequently, high-quality education through shared platforms may gradually become a future trend.

4.3.2. Increasing the user base

Since the emergence of bike-sharing in China, the sharing economy has primarily been used by young and middle-aged people due to the impact of technology and functional attributes. As the sharing economy continues to penetrate life services, its target user group may continue to expand in the future. For instance, with the deepening of the aging population, the demand for pension services in China is vast. The advantage of shared pension services is evident, as they could dynamically collect information about the elderly based on shared platforms, provide comprehensive pension services, and ensure the physiological and psychological needs of the elderly ^[20]. Therefore, shared elderly care services may become a new focus of development, and the sharing economy's user base may continue to expand.

5. Conclusion

To sum up, although the sharing economy currently faces some challenges, it exhibits great prospects. The effects of the sharing economy go beyond just offering convenience in daily life; it fundamentally alters the direction of traditional economic models. It plays an irreplaceable role in promoting high-quality economic development. In light of its current shortcomings, it is imperative that all sectors of society collaborate under government leadership to establish an organic system in which consumers consciously protect rights, operators strictly supervise businesses, and regulators effectively monitor the industry. Doing so could help promote

social transformation and bring sustainable development strategies to fruition for the Chinese people.

Disclosure statement

The author declares no conflict of interest.

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