

## Analysis on the dilemma of sharing economy development and corresponding strategy

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### Abstract

**The emergence of the sharing economy has changed the traditional concepts and patterns of consumption. In order to better grasp the dilemma of sharing economy development, this paper summarizes the main results of the sharing economy development bottleneck by combing the main literatures on the sharing economy research at home and abroad, from the Perspective of contradiction between the sharing economy and the traditional industry, the credit problem caused by information asymmetry, and the lack of supervision reflected by the taxation problem. Finally, we proposes some coping strategies to promote the healthy and rapid development of the sharing economy. For example, speeding up the integration of traditional industries and sharing economy, building an inclusive and open economic environment, establishing a credit system and a tripartite interest protection mechanism, and implementing measures such as implementing differentiated supervision and innovative multi-party supervision.**

### Keywords

**Sharing economy; development; dilemma; strategy.**

### 1. Introduction

Airbnb sharing accommodation, Uber sharing travel and other platform companies have made rapid progress [1], reducing market discrimination, increasing the rights of citizens' rights [2], and rapidly expanding to many countries and regions through successful competition with traditional enterprises [3]. The sharing economy was first proposed in 1978 by American scholars Marcus Felson and Joel Spaeth, and they defined it as Collaborative consumption [4], originally started in the open source community, has evolved to point to access sharing based on peer-to-peer products and services [5] and is used to describe a range of online trading economic activities [1]. Robin Chase proposes that people need products and services more than ownership [6], so under the contradiction between resource vacancy, inefficiency and green, sustainable development caused by oversupply, people prefer a kind of Reuse existing resources in a low-cost, convenient and efficient way, gradually ignoring the ownership of products and paying more attention to their use. The sharing platform based on the development of Internet technology, using cloud computing, big data, broadband networks and intelligent terminals, helps suppliers and consumers to complete the effective allocation of resources in a short period of time, because the transaction costs are reduced and fast. It is favored by users by realizing user needs. This paper believes that the sharing economy is based on the Internet platform, with idle resources or inefficient resources as the object, to exchange the right to use as a means to meet consumer demand and improve the owner's income. The sharing economy has encountered some difficulties in the process of rapid development. However, few scholars have summarized and summarized this. Based on this, this paper will sort out and summarize the important literatures of domestic and international economic development research, and clarify its development dilemma. Propose corresponding solutions to indicate the direction for the further development of the sharing economy.

## 2. The problems in the process of Sharing economy developing

As a new business model, the sharing economy has injected fresh impetus into the overall economic and social development. At the same time, there are many difficulties in the process of sharing economic development. The existing literature has discussed this accordingly. This paper mainly discusses three factors that have the greatest impact on the development of shared economy, and analyzes the huge obstacles facing the development of shared economy from multiple perspectives.

### 2.1 Contradiction with traditional industries

The sharing economy has impacted traditional industries, and the new development model has further highlighted the problem of user rights protection. Zervas's research found that the shared economy market can meet the growing needs of users through flexible supply, and use specific information technology to share to reduce price fluctuations [1], but David believes that the rapid development of the sharing economy has seriously impacted capitalism. The market, the huge competition with the traditional industry has also become a major obstacle to the development of the sharing economy [7]. Cao found through analysis that most of the resources provided by the platform in the sharing of economic activities are not owned by traditional enterprises [8]. Taking the network car as an example, the point-to-point shuttle service formed by the Internet bus directly affects the traditional taxi. Industry income, leading to prominent social contradictions [9]. There is a certain conflict between the development model of shared economy and the traditional economic development model. The advancement of big data technology has led to an increase in industry barriers. Once there is a problem with the new development model, consumer rights will be difficult to guarantee [10].

The sharing economy quickly captures the market with low cost, massive resources, and rapid matching, which has brought huge impact to traditional enterprises. Especially in some monopoly industries, due to the rapid integration of shared enterprises, the original social wealth and interests are redistributed, and the decline of traditional enterprise profits is under great pressure. It will take measures to resist the sharing economy. The sharing economy has an inhibitory effect.

### 2.2 Credit dilemma caused by asymmetric information

The form of impersonal transactions in the sharing economy makes trust a basic prerequisite for its healthy development. With the participation of third-party payment institutions, advertisers and other stakeholders in the bilateral market of the sharing economy, the multilateral market platform has gradually evolved [11]. The formation of the multilateral market is one of the important factors leading to the formation of information asymmetry in the sharing economy. Although the sharing economy development model greatly reduces the cost of both supply and demand by means of intelligent Internet tools, in the case of information asymmetry, it is difficult for consumers to decide whether to establish a contractual relationship based on their own rational judgments, and their contractual rights are not sufficient. Protection, although buyers and sellers use the network payment system to establish trust, but personal privacy and information security may be infringed on the network platform [12], especially the current legal supervision is incomplete, personal information is stolen more often [13], consumer trust in shared platforms is decreasing. The trading mode of the sharing economy determines that the healthy and orderly development of the sharing economy must rely on credit. At present, China's credit information system is still insufficient to support the rapid development of the current economy [14]. Credit dilemma is the important factor restricting the rapid development of China's sharing economy. One of the bottlenecks [15].

The theory of impersonal trading points out that the sharing economy is a transaction between strangers under the condition of information asymmetry. The emergence of the sharing platform reduces the search cost in the transaction process to a certain extent, but the adverse selection problem and morality caused by information asymmetry Risk issues are difficult to solve only through shared platforms. The sharing economy is essentially an economy, lack of trust, and sharing behavior will not be maintained. Therefore, establishing and improving the credit system in the shared economy is the focus and difficulty of the current work.

### 2.3 Regulatory deficiencies reflected in tax issues

Taxes in the sharing economy are difficult to determine and lack legal supervision. The China Sharing Economy Development Report 2018 pointed out that at this stage, the sharing economy in most areas of China has not yet obtained legitimacy and cannot be included in the normal regulatory system, resulting in the tax and labor relations have not been properly resolved [16]. The taxpayer in the sharing economy is difficult to determine, the taxation object is blurred, and the tax rate is uncertain [17-19], which makes the tax collection and management face challenges. The parties to the shared economic activity trade on the Internet platform. The orders, transaction activities and payment records are transmitted in the form of electronic data. The network platform does not actively issue invoices and the customers do not request invoices. The whole process is traded in paperless form. Lack of corresponding vouchers, paperless transactions lead to a large amount of tax losses [18]. Some platforms or resource providers have reduced taxation by deleting and falsifying invoices [20]. Products and service providers in the sharing economy can provide consulting, technical guidance, and information services through the network platform, and the location of the platform organization, the place where the labor is generated, and the place of consumption have been virtualized by the network, whether through the location of the organization, the place where the labor occurs, or the place of consumption. It is more difficult to determine who has tax jurisdiction over it [18], and the contradiction between new business and territorial management is more prominent.

Any economic model will contradict the original system in the early stage of development. The complexity and uncertainty of the sharing economy are the internal reasons for its regulatory difficulties [21]. At present, the development of the sharing economy is not perfect. Its legal relationship and operational mechanism are more unique than the existing laws. The current legal system cannot be fully applied or covered. Therefore, the sharing economic model faces the gray area of supervision in the development. The emergence of the new model of sharing economy and the new consumption concept brought about by it have created enormous challenges to the traditional supervision methods that the government has been pursuing. To ensure the sustainable and healthy development of the sharing economy, it is essential to enact laws to effectively regulate the sharing economy for government.

### 3. Conclusion

The new business model under the sharing economy has brought huge impacts on the traditional economy, which has intensified competition in the industry to a certain extent, and promoted the traditional industries to actively innovate and accelerate service upgrading. In order to reduce the negative impact of the sharing economy, traditional industries are gradually integrating with the sharing economy [22]. For the sharing economy, mutual trust is an important prerequisite for its healthy and orderly development [23]. The construction and improvement of the credit system is particularly important [24], but at present China's overall credit environment is low, and the potential of funds in sharing activities. Risks are also increasing [25], and the establishment of a complete and detailed mechanism for breaking the trust will help to further improve the existing credit system [19]. Of course, in the sharing of economic activities, the user online evaluation system can help consumers to view the history of the service quality and price of the merchants, and also help the merchants to view the consumer's consumption and credit situation, and to some extent eliminate the information asymmetry [11]. At the same time, it protects the rights and interests of both parties. It can also strengthen the sharing platform credit system and introduce insurance companies to carry out deposits and liquidated damages to reduce the security risks of participating in the sharing platform [13]. In addition, the tax withheld by the third-party payment platform can not only make the tax collection more clear, but also reduce the tax collection and management cost of the tax authorities [17], and promote the comprehensive, error-free, low-cost taxation of the shared platform. . In the effective supervision of the sharing economy, it is necessary to change the regulatory thinking and adhere to

the prudential supervision practice of encouraging innovation and cooperation [26]. It is more effective to implement a mixed regulation model of government supervision and industry self-regulation [12, 27].

Table 1 The three problems in the development of sharing economy and it's solutions

Major problem	Solutions	
Contradiction with traditional economy	Traditional industries and sharing economy integration	Under the great pressure of traditional enterprises, it is urgent to accelerate the transformation and upgrading, to increase the integration with the shared economy and to ensure the coordinated development of both.
	Building an inclusive and open economic environment	In the face of the new economic model, the Government and enterprises should face up to it, be tolerant towards its development, and create an open and inclusive environment.
Trust worthiness	Establish Credit systems	Sharing platform and social platform docking, cooperation with credit agencies, to enhance the sharing of credit records and breach of faith disclosure; The Government strengthens the information open sharing, reduces the information asymmetry, consummates the credit system
	Establishing three-party benefit safeguard mechanism	Improve the platform mutual evaluation mechanism to ensure the equality between supply and demand, improve consumer, supplier, platform benefit protection related system clauses
Trade supervise	Implementation of differential regulation	There are differences between shared economy and traditional economy, and there are differences between different sectors of shared economy, and differentiated supervision mode will be more targeted
	Grasp the supervision Strength	In the process of implementing supervision, government departments should accurately grasp the supervision, maintain humility, and properly decentralize the industry self-regulation
	Innovative multilateral regulation	The multi-collaborative supervision mode of government regulation, industry regulation and public supervision can effectively improve the efficiency of supervision and reduce the supervision cost.

#### 4. Future prospects

The existing research analyzed the problems encountered in the development of the sharing economy from three perspectives, including Contradiction with the traditional economy, credit bottleneck under asymmetric information and supervision of tax issues. The main dilemma. Both the issue of trust and the issue of taxation are attributed to the current imperfect and inapplicable regulatory system. Both the issue of trust and the issue of taxation are attributed to the current imperfect and inapplicable regulatory system. The joint supervision of the government and the industry can greatly reduce the supervision cost while improving the efficiency of supervision. The three-party operation mode of the sharing economy provides the basic guarantee for the implementation of the common supervision. Studies have shown that there is a certain substitution between public participation and government regulation. The introduction of public supervision can significantly reduce the information asymmetry between the government and the platform, and save the government supervision costs [28], thus building the public, industry associations and the multi-governance model of the three main bodies of the government has pointed out a new direction for improving the efficiency of supervision. In addition, in the process of sharing economic development, the industry and political circles should actively pay attention to the integration of the sharing economy and the

traditional economy, and enhance the information symmetry through the Internet platform to reduce credit problems.

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