

## Research on Sharing Economy Deepen the Reform of Supply Side

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**Abstract:** Sharing economy as a new business model has a unique advantage on improving the efficiency of resource allocation and reduces the transaction cost. Therefore, it is an effective “prescription” to deepen the reform of supply side. Based on the fact, this paper analyzes the major models of share economy, the internal logic and problems of share economy deepening the reform of supply side, emphatically studies the path of how share economy to promote the supply side reform, and finally puts forward countermeasures on development environment, credit system, policy support to promote the development of share economy.

### 1. Introduction

At present, the economy of China is facing downward pressure. The old supply structure cannot cope with the problems caused by excess capacity. The Central Economic Work Conference clearly puts “three goes, one down, one supplement” as the five tasks of supply-side structural reform, reducing inefficiency and low-end. Supply, expanding effective and high-end supply, therefore, the core of supply-side reform is to improve effective supply. While sharing economy as an emerging business model, through the re-allocation of resources to generate new products, thereby stimulating new consumer demand, allowing users and consumption. Involved in the process of production and circulation, the integration of production, circulation and consumption has realized which provides a new path and way to resolve overcapacity and expand effective supply.

In 2015, the communiqué of the Fifth Plenary Session of the 18th CPC Central Committee clearly pointed out that “development and sharing of the economy” was the first time that the sharing of the economy included in the party’s plenary resolution, marking the strategic plan for the sharing of the economy into the party and the state. In 2016, the sharing economy was firstly write into the government work report, which clearly stated that it should “support the sharing of economic development and improve the efficiency of resource utilization”. The National 13th Five-Year Plan proposes to “promote the innovation of ‘Internet+’ new business, encourage the establishment of an open source and sharing platform, and actively develop the sharing economy”. In February 2017, the National Development and Reform Commission publicly solicited opinions from the “Guidelines for Sharing Economic Development (Draft for Comment)”, and planned to promote economic development and reduce economic development in the ten aspects of market access, regulatory mechanisms, and innovation governance. Policy risk marks the sharing of the economy into the normative development stage.

### 2. New sharing economic model under the supple-side reform of china

Sharing economy as the most active area of innovation under the new normality has driven the development of “double innovation”, boosted employment, accelerated the cultivation of new kinetic energy for economic development, and promoted supply-side structural reform by improving

resource utilization efficiency. According to the China Sharing Economic Development Report 2017, the transaction volume of China's sharing economic market in 2016 was about 345.2 billion Yuan, an increase of 103% over the previous year; the number of people participating in the provision of sharing economic services was about 60 million, an increase of 1000 over the previous year. There are tens of thousands of people on the platform, and there are about 5.85 million people on the platform. There are a large number of various creation platforms share the gene, and the government has identified more than 4,000 “creative spaces”. The report predicts that China's sharing economy will maintain a high-speed growth of about 40% per year. By 2020, the proportion of shared economic transactions will account for more than 10% of GDP.

With the support of Internet modern information technology and supply-side reform policies such as cloud computing and big data, the sharing economy has been continuously developed, from the initial traffic travel and housing accommodation to the fields of finance, medical care, education and food. Segmentation of the market has spawned many new modes of sharing economic business.

## **2.1 Sharing traffic patterns**

The sharing of traffic travel based on the huge stock market. It has revitalized a large number of idle car resources, driver resources and parking space resources in the society. While changing the way people travel, it has greatly improved the utilization rate of idle resources. Share four types of car rental, sharing driving, sharing bicycles, and sharing parking spaces.

## **2.2 Sharing space mode**

Space is a ubiquitous resource, but it has clear attribute characteristics, including three kinds of product forms: sharing accommodation space, sharing pet space and sharing office space. Traditional space owners want to sell at high frequency or short-term rent to demanders, or demanders want to know the real situation of the house. The time cost of the transaction is very high, but the space sharing economy breaks the traditional barriers, both the supply and demand sides Contacts can be established and communicated very quickly, and the information is completely symmetrical.

## **2.3 Sharing financial models**

The mutual penetration of the financial and Internet models has prompted the emergence of financial sharing economic needs, mainly P2P online lending mode and crowd funding mode. The financial sharing economy quickly and efficiently searches for and mixes the supply and demand side of funds through the Internet platform, speeds up the turnover of funds, and maximizes the use value of funds.

## **2.4 Sharing medical health models**

In order to save the time cost of the patient's queuing, the patient can make a reservation for the doctor through the mobile application as long as there is a demand. The company will select one of the contracted doctors to reach a one-to-one connection with the patient and provide on-site service, but for the doctor, Additional income is available. In addition, through the “single-in and out” mode, sharing the use of fitness venues and fitness instructors can increase user stickiness.

## **2.5 Sharing knowledge education mode**

In the process of sharing, let the knowledge existing in everyone's mind exert greater value, and through the way of the Internet, break the limitation of space. This knowledge sharing can touch people in every corner of the earth and help them improve education level and level of civilization. In addition to being valuable to individuals, this approach has far-reaching implications for the development of the entire world.

## **2.6 Sharing item mode**

The field of item sharing is actually the earliest form of sharing. With the development of mobile Internet, the business model of sharing items has more diversified in addition to item sharing, book

sharing, and clothing sharing. In the mode of sharing items, the cost of both supply and demand reduced, and the efficiency of resource docking and configuration is greatly improved.

## 2.7 Sharing the food mode

Through the gourmet third-party platform, good craft chefs can make full use of their own strengths, provide high-quality food for others while they are free, and also earn income and create unexpected value. This sharing mode is not to help people. Solve the problem of eating or cooking, but create a communication platform for food culture.

Table 1 Sharing the main modes of the economy and innovative formats.

<b>Travel sharing</b>	<b>Spatial sharing</b>	<b>Financial sharing</b>	<b>Medical sharing</b>	<b>Educational sharing</b>	<b>Food sharing</b>
Didi Premier Taxi	Pig short rent	Lujinsuo	Dr. Chun Yu	Avon problem	Good cook
PP car rental	Be at home as a friend	peer-to-peer lending	Yujian technology	Zhihu	Foraging
Mobike	Tintin stop the car	Angel rendezvous	Good doctor online	Good knowledge	I have food

Source: ten-cent Research Institute.

## 3. Internal logic of share economy deepening supply-side reform

Economic development has entered a new normal, and development conditions have undergone profound changes. The traditional scale and speed of extensive growth is unsustainable. The traditional economic theory holds that there is supply in demand, and only a balance between supply and demand can ensure the smooth progress of economic life. However, in the current overcapacity situation, the imbalance between supply and demand caused by the imbalance of resource allocation has produced a series of problems, the contradiction between effective supply and ineffective supply is increasing. Therefore, cultivating and developing a new economy is conducive to adapting to the new normal of economic development, promoting new kinetic energy to accelerate growth and transformation and upgrading of traditional kinetic energy, achieving quality and efficiency intensive growth, and accelerating sustained, stable and healthy economic development.

American economic observer, Jeremy Rifkin, author of *The Third Industrial Revolution* [The Third Industrial Revolution: How the New Economic Model Changes the World, CITIC Publishing House, 2012. It believes that “the Chinese new economy has ushered in unprecedented development opportunities thanks to the policy measures under the supply-side reform framework.” Sharing economy as a new economy [In 1996, Business Weekly officially proposed the concept of “new economy” for the first time. The important representative of the company is that it is benefiting from the policy dividends released by the supply-side reform. Therefore, the development of the new economy is consistent with the promotion of supply-side reform. The focus of the supply-side reform is to form an institutional mechanism that is conducive to innovation, to resolve institutional contradictions in economic structural problems, and to achieve a decisive role for the market in resource allocation. Supply-side reform emphasizes improving supply quality and expanding effective supply. Therefore, supply-side reforms also include cultivating innovative entities, forming new impetus, developing new industries, and cultivating new elements. Developing a new economy is an important goal of promoting supply-side reform. Promoting supply-side reform can directly promote the development of the new economy.

Deepening the structural reform of the supply side, the core is to resolve the contradiction between supply and demand and structural imbalance. Premier Li Ke qiang once said: “Overcapacity has become a prominent problem in economic operations. We must unswervingly resolve the contradiction of production capacity and suppress blind expansion in accordance with the principle of benefiting the current and long-term interests.” At present, China's overcapacity problem has

characterized by idle inventory and idle capacity at the macroeconomic level, and idle funds, goods and labor surplus at the micro-personal level. Sharing economy has driven by innovation to promote supply-side reform, integrate and share idle resources through the Internet socialization platform, and achieve efficient matching of supply and demand. It weakens the ownership of goods or assets and shares the existing fixed assets, capital, skills and time use rights. Improve the allocation and use efficiency of idle resources, turn idle resources into new ones, and expand supply while reducing transaction costs. Although the sharing economy does not directly produce goods, it can generate new products through the reconfiguration of resources, thereby stimulating new consumer demand, which not only saves production capacity, but also improves resource utilization, just in line with the supply-side reforms, which emphasizes the supply side. Force, expand the starting point of effective supply. At present, the sharing economy has gradually penetrated from the micro-individual level of goods and knowledge sharing to the inter-enterprise resource sharing at the macroeconomic level, and then to the government and public services idle resources development, and finally the idle resources of the whole society will be shared [Source] : Ten cent Research Institute.

#### **4. Problems faced by share economy deepen the supply-side reform**

Sharing economy as a new business model under the development of “Internet +” has brought about innovations in resolving overcapacity and expanding supply in deepening supply-side reforms, but still faces some problems that need to be solved urgently.

First, the policy needs to be improved. As the sharing economy gradually appears in various fields of the economy and society, some “invisible doors” and “glass doors” formed by some industries and local governments still exist in the management, and it is difficult to enter or share the business related to economic enterprises. There is an urgent need for various industries to introduce supporting policies for sharing economy.

Second, the platform enterprise capacity is insufficient. At present, the sharing economy is mainly concentrated in the field of consumer consumption. The sharing economic business model in the field of production factors is still relatively small. Many overcapacity industries have not fully explored the huge potential of sharing economy and realized the effective use of resources. Some public platforms still has short board such as inadequate facilities.

Third, public services still need to be improved. Due to the “information island” of government departments, many data has bottlenecked and cannot share across departments and systems. This makes it impossible to provide support for the qualification review, business license, and labor security in the process of sharing economic enterprises. Limit the speed of business development.

Finally, there is still a gap in regulation. In recent years, there have been dozens of products in the sharing economy, most of which take the form of collecting user deposits and advance payments, and occupying a large amount of funds in advance. Sharing the lack of supervision of economic deposits and advance payments, the lack of unified control standards, many companies will use funds for operations, procurement, investment, etc., resulting in the risk of loss of user funds.

#### **5. The path of sharing economic deepen supply-side reform**

Sharing economy as an important representative of the new economy has played an important role in boosting supply-side reform by tapping idle resources to develop productivity. It can promote economic growth by expanding effective supply, accelerating transformation and upgrading, and promoting innovation and entrepreneurship.

Expand effective supply. The sharing economy can quickly mobilize various social resources, improve the flexibility and flexibility of supply, and better adapt to changing market consumption needs. The network-based interactive evaluation system can timely reflect the opinions and requirements of both the supply and demand sides and improve the effectiveness of supply. On the one hand, the sharing economy can improve the current overcapacity problem by improving the utilization rate of idle resources and revitalizing idle stock assets, that is, tapping idle productivity

and reducing production capacity. At the same time, it will idle funds, assets, knowledge and skills investing the social consumption, generating new value and reducing transaction costs. On the other hand, through the Internet socialization platform, the sharing economy has expanded the supply. In the past, production and supply were mainly enterprise-side. Now, the supply of personal terminals has increased, and the total supply of society has greatly improved.

Accelerate transformation and upgrading. Sharing economy as an innovative business model has changed the development model that relied mainly on the input of external resources in the past, and the full use of the existing idle resources will bring new impetus to China's economic transformation and upgrading. With the deep integration of manufacturing and the Internet, a manufacturing capacity-sharing platform will continue to emerge. Sharing innovative resources, production capacity, and inventory will change the traditional way of relying on investment and expansion to drive manufacturing development, and excess capacity will become cheap raw materials. Scarce resources will also become relatively abundant. At the same time, by providing a wide range of service support for value-added services with high benefit, we will deepen the development of service development in China and promote the rise of Chinese manufacturing to both ends of the value chain. Finally, sharing economy will help to reduce carbon emissions and smog to a certain extent, reduce the cost and pressure of environmental protection, and contribute to the green transformation of the economy.

Promote innovation and entrepreneurship. By sharing and collaborating, sharing economy can make the allocation of social resources more optimized and social synergy more efficient, thus lowering the threshold of mass entrepreneurship, allowing more people to participate in entrepreneurial innovation activities, and injecting new ideas into "mass entrepreneurship and innovation". Under the influence of overcapacity, restructuring of state-owned enterprises, and withdrawal of zombie enterprises from the market, China's employment pressure has risen remarkably. The sharing economy can absorb a large number of redundant personnel in the process of industrial upgrading and provide new employment opportunities, thus relieving employment pressure. Sharing economy by changing the traditional employment model has spawned a new way of social division of labor. People can flexibly choose job opportunities based on their own unique interests and skills, and generate a large number of freelance groups. The sharing economy has built a good entrepreneurial platform for entrepreneurs and further created new jobs.

## **6. Countermeasures of developing sharing economy deepen the supply-side reform**

By sharing the advantages of changing the supply and demand structure, improving the efficiency of resource allocation and reducing transaction costs, the sharing economy provides a "good way" for deepening the supply-side reform. Therefore, it further promotes the sharing of economic development and deepens its supply. Side reforms play a greater role.

### **6.1 Creating a relaxed and moderate development environment**

Eliminate the sharing of economic industry barriers and geographical restrictions, and further relax the resource providers' restrictions on market access. Innovate and share the economic supervision model, strengthen post-event supervision, avoid the "one size fits all" phenomenon of industry supervision, stifle industry innovation and sustainable development, and support innovation "fault tolerance". Eliminate the traditional restrictive supervision mode, timely adjust the current regulations and policies that are not suitable for sharing economic development and management, and leave room for supervision for sharing economic development and traditional industry transformation. Accelerate the construction of the online transaction of supervision service platform and explore the establishment of a regulatory mechanism involving the government, industry associations and the public.

### **6.2 Improving the construction of supporting credit system**

Make full use of Internet big data technology, track users' data records of sharing website reviews and evaluations of both parties, and effectively link with the credit data of existing credit information

systems, and learn from the perfect network authentication measures adopted by the UK in the construction of integrity. Open up online and offline credit of linkage channels to reduce information asymmetry. Break down information islands and promote the establishment of information sharing cooperation mechanism between government and enterprises to improve service efficiency and reduce service costs. Accelerate the development of third-party specialized credit service institutions. We will improve the service mutual evaluation mechanism within the industry, and formulate strict penalties for bad behaviors such as billing and breach of contract. At the same time, we will include industry blacklists and personal bad credit records to maintain a good industry development environment.

### **6.3 Accelerating the integration with the real economy**

Encourage the sharing of economic and physical enterprises in the integration of technology integration, industry integration, data integration, production and consumption integration, virtual and real integration, and support the manufacturing enterprises to the personalized, networked, flexible manufacturing model and service based on the sharing economy Transformation. In the research and development, design, production, procurement, logistics and other supply chain links to adopt a sharing economic model to promote the sharing of the economy to form a coordinated development pattern of the industrial chain and supply chain. In accordance with the State Council's "Guiding Opinions on Deepening the Integration of Manufacturing and Internet Development", the SMEs' manufacturing resources will be fully integrated with the Internet platform, online publishing, collaboration and trading of manufacturing capabilities will realized, and the sharing economy for manufacturing will be actively developed.

### **6.4 Increasing the support of relevant policies**

As soon as possible, we will formulate sharing industry-related industry standards, clarify conditions such as access and taxation, and break the constraints of development policies. Guide special funds such as science and technology, talents, and innovation to the sharing economy, and increase financial support for companies sharing economic platforms. Pilots use the sharing economy platform to select accommodation travel and transportation programs, increase government procurement of economic products, and share economy into the government procurement catalog. Introduce and cultivate innovative and entrepreneurial talents, innovate and attract people to use mechanisms, and realize the flexible introduction of talents.

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