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The Impact of Regulatory Mechanisms in the Sharing Economy on Perceived Privacy Risk, Consumer Trust, and Continued Sharing Intention

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Abstract

The sharing economy represents a peer-to-peer exchange business model that enables the sharing or rental of goods and services through internet platforms. Despite its enormous development potential, the sharing economy has gradually exposed regulatory challenges, inadequate platform mechanisms, and weak community foundations. This study employs structural equation modeling to empirically examine the effects of sharing economy regulatory mechanisms on perceived privacy risk, consumer trust, and continuous sharing intention. Based on 406 valid questionnaires from users of mainstream Chinese sharing economy platforms, our findings reveal that government regulation significantly reduces perceived privacy risk, while industry self-regulation alone shows no significant negative impact. However, the interaction between government and industry self-regulation demonstrates significant negative effects on perceived privacy risk. Furthermore, perceived privacy risk negatively influences both consumer trust and continuous sharing intention, while consumer trust positively affects continuous sharing intention.

Keywords

sharing economy; government regulation; industry self-regulation; perceived privacy risk; consumer trust; continuous sharing intention

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Introduction

The rapid expansion of sharing economy platforms in China has fundamentally transformed how consumers access goods and services. From ride-sharing platforms like Didi to accommodation sharing through Xiaozhu, these platforms have created new economic opportunities while simultaneously raising significant regulatory and consumer protection concerns. The Chinese government and industry stakeholders face the challenge of balancing innovation promotion with adequate consumer protection, particularly regarding privacy and trust issues that are central to sharing economy success.

Previous research on sharing economy regulation has primarily focused on theoretical discussions, with limited empirical evidence on how different regulatory approaches affect consumer perceptions and behaviors (Cohen & Sundararajan, 2017). While scholars have recognized the importance of trust in sharing economy transactions (Möhlmann, 2015) and the significance of privacy concerns in digital platforms (Xu et al., 2012), few studies have systematically examined the relationships between regulatory mechanisms, perceived privacy risk, consumer trust, and continuous sharing intention within a unified analytical framework.

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This research addresses this gap by investigating how government regulation and industry self-regulation, both individually and in combination, influence consumer perceptions of privacy risk and subsequent trust and behavioral intentions in China's sharing economy context. Our study contributes to the literature by providing empirical evidence on the effectiveness of different regulatory approaches and their implications for sustainable sharing economy development.

Literature Review and Hypothesis Development

Sharing Economy Research

Existing literature on sharing economy research follows two main research streams. The first focuses on consumer participation motivations and influencing factors. Consumer participation motivations can be categorized into three types (Bucher et al., 2016): instrumental motivations (such as convenience), normative motivations (such as sustainability tendencies and altruistic behavior), and social-hedonic motivations (such as enjoyment and community belonging).

Regarding factors influencing consumer participation willingness or behavior, research perspectives include single-dimensional approaches (distinguishing between supply and demand roles) and mixed approaches (without role differentiation). Under single-dimensional perspectives, factors affecting demand-side consumer participation include consumer de-ownership tendencies (Lindblom & Lindblom, 2017), supplier personal information and photos (Ert et al., 2016), familiarity (Möhlmann, 2015), perceived usefulness (Möhlmann, 2015), and platform security mechanisms (Keetels, 2013). Supply-side factors include emotional attachment to shared items and platform regulatory and security mechanisms (Keetels, 2013).

The second research stream examines the impact effects of sharing economy development. From the perspective of outcome variables explored in existing research, sharing economy impact effects mainly include macroeconomic development effects, social effects covering employment (Fang et al., 2016), urban transportation, traditional industries, social equity (Schor, 2017), and inclusiveness (Edelman et al., 2017), and environmental and sustainability effects (Martin, 2016).

Sharing Economy Regulation Research

Sharing economy regulation has become a highly concerning policy issue for governments worldwide. Compared to traditional industries, sharing economy lacks adequate regulation, making it necessary to explore the relationship between sharing economy and government regulation. Existing related research includes several aspects.

First, research on regulatory problems and challenges brought by sharing economy primarily explores regulatory difficulties from qualitative perspectives. Scholars point out that government regulatory departments should focus on resolving regulatory issues regarding contractual relationships between service providers and platforms, platform identity authentication, insurance, taxation, and negative externalities (Munkøe, 2017). Others argue that many sharing platforms operate in gray areas, creating uncertainty for sharing participants and third parties while presenting regulatory challenges for governments in insurance, taxation, employment, and civil rights (Cohen & Zehngebot, 2014).

Second, research on government, platform enterprises, and consumer responses and attitudes toward sharing economy regulation shows that government regulatory attitudes toward sharing economy development mainly include three types: regulation, incomplete regulation, and wait-and-see approaches (Das Acevedo, 2016). Generally, higher government levels tend to support sharing economy regulation (Hong & Lee, 2018). At the platform level, scholars suggest that sharing economy startups should actively cooperate with government regulatory actions (Cannon & Summers, 2014). At the consumer level, research finds that consumers recognize platform enterprise self-regulation and consumer community self-management (Hartl et al., 2015).

Third, research on sharing economy regulatory principles and countermeasures generally agrees that since sharing economy regulatory policies lack universality, local governments should formulate corresponding regulatory documents and systems based on subsidiarity and flexibility principles according to actual conditions (Murphy, 2016). Some scholars suggest adopting experimental regulation, encouraging local governments to take the lead in regulation and promoting successful experiences on a large scale (Posen, 2015).

Fourth, research on industry self-regulation in sharing economy recognizes that some problems faced by current sharing economy can be solved through industry self-regulation methods in addition to government regulation approaches. Black (2001) categorizes industry self-regulation into voluntary self-regulation, coerced self-regulation, sanctioned self-regulation, and mandated self-regulation. Research on sharing economy industry self-regulation is limited, mainly including successful elements of sharing economy self-regulation such as credible enforcement mechanisms, perception of legitimacy, and power of reputation (Cohen & Sundararajan, 2017).

Trust Research in Sharing Economy

In sharing economy models, any party in sharing transactions needs relatively high trust levels toward transaction counterparts and sharing platforms for successful transaction completion. Opportunistic behavior by transaction counterparts may cause serious consequences,

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including shared item damage, illegal use of personal privacy information, and even personal safety threats. Therefore, trust is a key factor in overcoming uncertainty and reducing risks in sharing economy models.

Through analysis of existing literature on trust in sharing economy, research mainly falls into two categories. First, research on trust antecedent mechanisms explores factors influencing trust from sharing platform, service provider, and consumer perspectives. Platform-level factors include platform reputation (Möhlmann, 2017), reputation systems, reputation feedback, reputation indicators, and platform website quality (Teubner et al., 2017). Service provider factors include provider reputation (Ert et al., 2016), personal characteristics, information completeness, interaction experiences, and information verification. Consumer-level factors include risk-related concerns and trust propensity (Möhlmann, 2017).

Second, research on trust impact mechanisms focuses on trust effects on consumer participation willingness, decisions, and behaviors. Studies confirm that trust positively influences consumer rental intentions (Barnes & Mattsson, 2017), purchase choices and prices (Ert et al., 2016), and continuous sharing willingness (Möhlmann, 2015; Johnson & Mun, 2016).

Hypothesis Development

Effects of Sharing Economy Regulation on Perceived Privacy Risk

Generally, "regulation" refers to using legal means to achieve social and economic policy objectives. When market behavior leads to inefficient or unfair results (commonly called "market failure"), regulation can serve as a corrective measure to maintain market order. Regulation can be divided into government regulation and industry self-regulation. Government regulation mainly relies on government judicial institutions and legislative departments to protect personal privacy information, while industry self-regulation primarily uses industry codes of conduct, self-managing trade groups, and associations as privacy regulation means.

Sharing economy business models involve consumer data collection and generate and rely on large amounts of consumer personal information, financial records, and other personal resources during operations, thus raising serious consumer personal privacy and security risks. Previous research in e-commerce shows that consumer perception of inadequate regulation increases data privacy concern levels, and moderate regulation negatively affects perceived privacy risk. For example, Lwin et al. (2007) confirmed that individual consumer perception of regulatory levels is significantly negatively correlated with perceived risk levels in online activities. Xu et al. (2012) found that government regulation has significant negative effects on privacy concerns in specific contexts.

Some scholars also found that improving industry self-regulation mechanisms can effectively reduce enterprise opportunistic behavior and enhance consumer personal privacy information perception control and protection levels (Xu et al., 2012; Hui et al., 2007), thereby reducing perceived privacy risk. Accordingly, we propose the following hypotheses:

H1: Government regulation negatively affects perceived privacy risk.

H2: Industry self-regulation negatively affects perceived privacy risk.

Academic viewpoints widely indicate that for sharing economy as an emerging business model, single industry self-regulation or government regulation often cannot achieve effective results. Some scholars point out that mixed regulatory models combining government regulation and industry self-regulation are fundamental guarantees for ensuring healthy and orderly development of China's sharing economy. Consumer data privacy problem solutions require not only government departments supervising specific sharing economy industries but also involvement of multiple other institutions and departments. Taking "Didi" platform as an example, regulating this platform's operations requires cooperation among local government departments, legislative institutions, transportation management departments, traffic enforcement departments, public security departments, sharing companies or industry associations, and other multiple institutions. This shows that government regulation and industry self-regulation have positive complementary relationships with interactive combination effects.

Similarly, international scholar Xu et al. (2012) confirmed positive interactive combination effects between government regulation and industry self-regulation, and their combination effects can significantly reduce consumer privacy concern levels in specific contexts. Accordingly, we propose the following hypothesis:

H3: The interaction between government regulation and industry self-regulation negatively affects perceived privacy risk.

Effects of Perceived Privacy Risk on Consumer Trust and Continuous Sharing Intention

Perceived privacy risk refers to individual consumer risk perception regarding their data privacy and security, while consumer trust refers to consumer belief that sharing platforms will not abuse or illegally disseminate their personal privacy data information. Some scholars believe that the key factor in reducing consumer perceived transaction risk is trust (Grabner-Kräuter & Faullant, 2008). In other words, only by improving consumer trust in sharing

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platforms and making consumers believe that sharing platforms can correctly and legally use their privacy information can consumer perceived privacy risk be reduced.

Many previous studies in marketing have focused on relationships between perceived privacy risk and trust. For example, Liu et al. (2004) found through privacy-trust-behavioral intention model empirical research that consumer privacy perception has significant negative effects on consumer trust. Other scholars confirmed that privacy violations have significant negative effects on consumer trust (Martin, 2018). Accordingly, we propose the following hypothesis:

H4: Perceived privacy risk negatively affects consumer trust.

When consumers perceive privacy risks, they may adopt various protective behaviors, such as resisting adoption of new technologies that challenge personal privacy, submitting false data, refusing platform registration, requesting data deletion, and/or requesting more information provision. Although consumer behavioral response methods to perceived privacy risk differ, numerous studies confirm that consumer perceived privacy risk has direct significant negative effects on consumer behavioral intentions (Liu et al., 2004; Martin et al., 2017; Gupta et al., 2010). Accordingly, we propose the following hypothesis:

H5: Perceived privacy risk negatively affects consumer continuous sharing intention.

Effects of Consumer Trust on Continuous Sharing Intention

Relationships between consumer trust and behavioral intentions or attitudes have been confirmed by academia. For example, Kim et al. (2008) showed that consumer trust has significant positive effects on consumer purchase intentions. Chong (2013) confirmed that trust has the greatest impact on consumer continuous mobile commerce use intentions. Similarly, sharing economy research confirms that consumer trust positively influences consumer continuous use intentions (Möhlmann, 2015) and repurchase intentions (Liang et al., 2018).

When consumers believe that sharing platforms can provide reliable, secure sharing transaction environments and prioritize consumer interests, consumer continuous sharing intentions become stronger. Accordingly, we propose the following hypothesis:

H6: Consumer trust positively affects consumer continuous sharing intention.

Based on the above analysis, we develop our research model as shown in Figure 1.

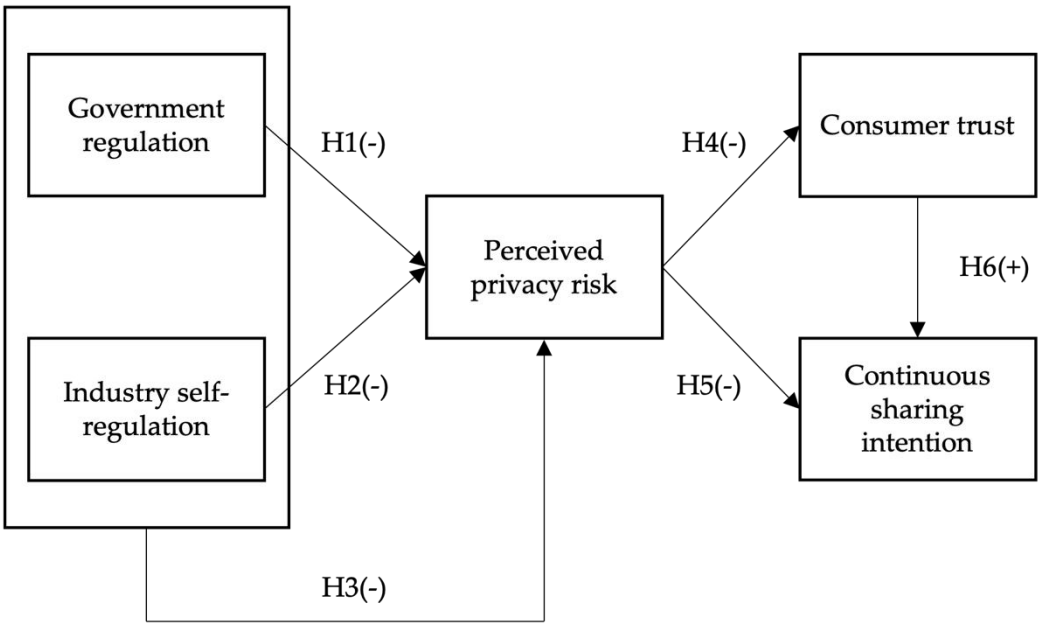

Figure 1 research model

Research Design

Data Sources

We collected data through online questionnaire surveys targeting consumers who have used mainstream domestic sharing economy platforms (such as Didi, Xiaozhu Short-term Rental, etc.). To ensure research scientificity and

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validity, before distributing questionnaires, we randomly invited 50 ordinary consumers who have used or are currently using mainstream domestic sharing platforms for pre-testing. We examined structural validity and reliability of effective questionnaires recovered from pre-testing and found that questionnaire measurement items' reliability and validity met research design requirements, ensuring our research survey's scientificity and validity.

The formal survey recovered 482 questionnaires, with 406 valid questionnaires, achieving a total effective rate of 84.23%. Sample descriptive statistics show that among mainstream domestic sharing platform users, males numbered 214 (approximately 52.71%) and females 152 (47.29%). Consumer age levels concentrated in the 20-35 range (82.3%). Regarding education, undergraduate and above education accounted for 51.18%. In the past year, approximately 48% used sharing economy platform services less than 10 times, and about 35% used them less than 20 times. This indicates that domestic sharing economy service user groups have characteristics of youth and high education levels.

Variable Measurement

Government Regulation (GR)

This study referenced Lwin et al. (2007) research, using 3 items for measurement. Government regulation reflects the degree to which consumers perceive government and legal level policy formulation to protect consumer personal privacy information. We designed the following items: "The Chinese government has issued relevant laws and regulations to protect consumer personal privacy information from being abused or illegally disseminated by platform enterprises in sharing economy models"; "The Chinese government has taken sufficient measures to ensure consumers are protected from online privacy violations in sharing economy models"; "The Chinese government strictly follows international laws to protect consumer personal privacy information in sharing economy environments." Scale design used Likert 7-point scoring method.

Industry Self-Regulation (ISR)

For industry self-regulation measurement, previous scholars mostly used experimental methods for testing. Unlike previous research, this study mainly examines from consumer perception perspectives. Therefore, we comprehensively referenced Xu et al. (2012) and Listokin (2017) research, evaluating industry self-regulation efficiency and effectiveness through the following items: "Sharing economy platform website privacy and security protection mechanisms can effectively protect consumer data privacy from leakage"; "Sharing economy platform privacy policies are professionally certified and obtain corresponding privacy seals"; "Industry associations to which sharing economy platforms belong have taken sufficient measures to protect consumer personal privacy information security."

Perceived Privacy Risk (PR)

This study adaptively modified the perceived privacy risk scale used by Zhou (2012) to better suit our research needs. Specific items include: "Providing my personal information to sharing platforms involves many unexpected problems"; "Providing personal information to sharing economy platforms is risky"; "Disclosing my personal information to sharing economy platforms would result in significant potential losses."

Consumer Trust (CT)

Consumer trust in this study mainly refers to consumer trust toward sharing economy platforms. By referencing sharing economy research by Möhlmann (2015), we used the following 3 items to measure consumer trust: "Sharing economy platforms give me the impression of frequently keeping promises to consumers"; "Sharing economy platforms provide robust, secure environments where I can confidently use sharing services on platforms"; "Overall, sharing economy platforms are trustworthy."

Continuous Sharing Intention (BI)

By referencing sharing economy research by Möhlmann (2015) and Hamari et al. (2016), we used the following 3 items to measure consumer trust: "Through thorough consideration, I will frequently use sharing economy platforms to enjoy sharing services in the future"; "I can confirm that I will use sharing economy platforms more frequently to enjoy sharing services in the future"; "I will continue using sharing economy platforms in the future."

Control Variables

Existing research shows that consumer perceived privacy risk, consumer trust, and continuous sharing intention are also influenced by demographic characteristics such as age, gender, and education level. However, these factors are not the focus of this study, so we controlled for their possible influences. Additionally, our research model introduced trust propensity and past privacy experience as two control variables. Trust propensity control variables referenced Pavlou and Gefen (2004) research using 3 items for measurement, while past privacy experience referenced Smith et al. (1996) research using 3 items for measurement.

Common Method Variance Testing

We used Harman single-factor testing method to examine common method variance. First, we conducted Harman single-factor testing on all questionnaire items through exploratory factor analysis. Results showed that the first unrotated common factor extraction explained 24.47%, with no single factor domination found, indicating our research has no common method variance problems.

Reliability and Validity Testing

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After examining scale reliability and validity, results showed that each variable's Cronbach's α values ranged from 0.861 to 0.952, all greater than 0.7, indicating measurement indicators have good internal consistency and scale reliability testing passed. Each measurement item's factor loadings were all greater than 0.6, and all factors' AVE values ranged from 0.670 to 0.767, all higher than 0.5, indicating the scale has good structural validity. Additionally, each variable's AVE value square roots were all greater than correlation coefficients between that variable and other variables, indicating good discriminant validity of the scale. Table 1 presents the results of the reliability and validity analysis.

Table 1 Reliability and Validity Analysis Results

Variable	Factor Loading	AVE	Cronbach's α	Correlation coefficient matrix						
				GR	ISR	PR	CT	TP	PPE	CSI
GR	GR1: 0.833 GR2: 0.892 GR3: 0.881	0.755	0.911	0.869						
ISR	ISR1: 0.781 ISR2: 0.802 ISR3: 0.896	0.685	0.952	0.420	0.828					
PR	PR1: 0.812 PR2: 0.838 PR3: 0.806	0.670	0.854	-0.210	-0.030	0.819				
CT	CT1: 0.831 CT2: 0.892 CT3: 0.902	0.767	0.883	0.480	0.050	-0.230	0.876			
TP	TP1: 0.839 TP2: 0.822 TP3: 0.856	0.704	0.861	0.130	0.110	-0.200	0.020	0.839		
PPE	PPE1: 0.870 PPE2: 0.834 PPE3: 0.786	0.690	0.832	0.050	0.160	-0.220	0.560	0.050	0.831	
CSI	CSI1: 0.855 CSI2: 0.912 CSI3: 0.846	0.760	0.892	0.460	0.510	-0.310	0.410	0.520	0.280	0.872

Note: GR=Government Regulation, ISR=Industry Self-Regulation, PR=Perceived Privacy Risk, TP=Trust Propensity, PE=Past Privacy Experience, CSI=Continuous Sharing Intention

Empirical Analysis

Path Analysis and Hypothesis Testing

We first used AMOS structural equation software to analyze model fit. Model fit analysis results were as follows: $\chi^2/df=2.634$, GFI=0.913, AGFI=0.861, CFI=0.937, NFI=0.918, RMSEA=0.074. These fit indicators were all at acceptable levels, indicating our research model has good overall fit and can proceed to the next step of path analysis.

We then continued using AMOS for path coefficient analysis. Analysis results are shown in Figure 2 and Table 2. From Figure 2 output results, we can see that the explained variance proportions for perceived privacy risk, consumer trust, and continuous sharing intention were 51.2%, 40.3%, and 38.7% respectively, all exceeding the 10% benchmark, indicating our research model has good explanatory power.

From Figure 2, government regulation negatively affects perceived privacy risk (β_1 =-0.252, $p<0.05$), industry self-regulation's negative impact on perceived privacy risk is not significant (β_2 =-0.091, $p>0.1$), while the interaction between government regulation and industry self-regulation has significant negative effects on perceived privacy risk (β_3 =-0.198, $p<0.05$). Therefore, hypotheses H1 and H3 are supported, while H2 failed hypothesis testing.

Perceived privacy risk has significant negative effects on

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consumer trust (β_4 =-0.382, p<0.01), therefore hypothesis H4 is supported. Perceived privacy risk has significant negative effects on continuous sharing intention (β_5 =-0.169, p<0.05), so hypothesis H5 passed hypothesis testing. Consumer trust has significant positive effects on continuous sharing intention (β_6 =0.583, p<0.01), indicating H6 also passed hypothesis testing.

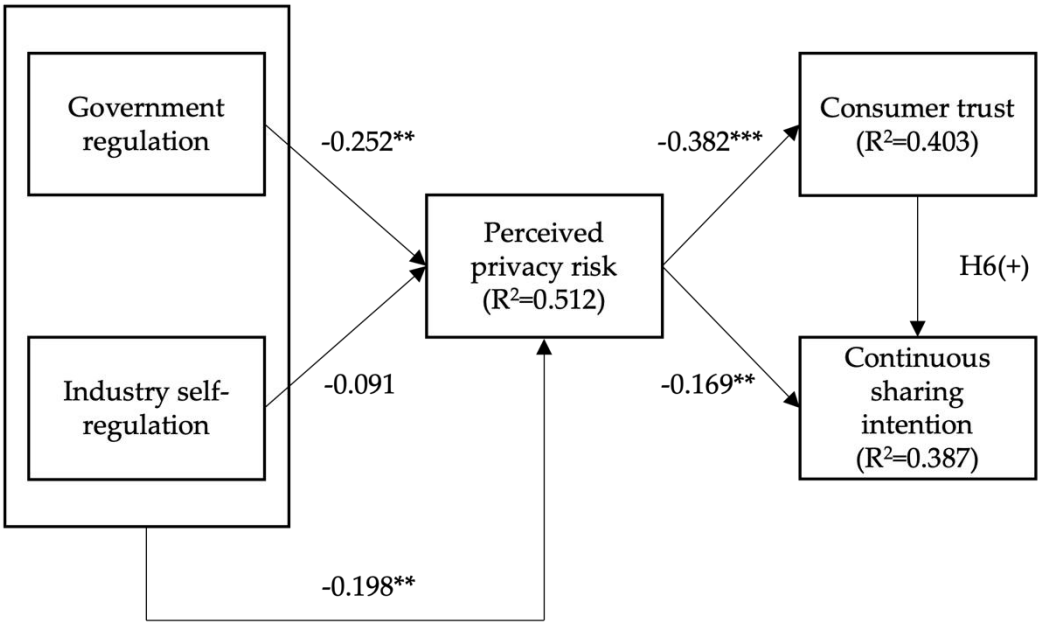

Figure 2 Analysis Results

Table 2: Hypothesis Testing Results (N=406)

Path	Path Coefficient	T-value	P-value	Result
H1: GR → PR	-0.252	-3.451	**	Supported
H2: ISR → PR	-0.091	-1.028	NS	Not Supported
H3: GR × ISR → PR	-0.198	-2.896	**	Supported
H4: PR → CT	-0.382	-5.239	***	Supported
H5: PR → CSI	-0.169	-4.291	**	Supported
H6: CT → CSI	0.583	11.253	***	Supported

*Note: *** indicates p<0.01; ** indicates p<0.05; * indicates p<0.1; NS indicates not significant. GR=Government Regulation, ISR=Industry Self-Regulation, PR=Perceived Privacy Risk, TP=Trust Propensity, PE=Past Privacy Experience, CSI=Continuous Sharing Intention*

Alternative Model Testing

Our research model is a complete mediation model where perceived privacy risk mediates the effect of regulatory mechanisms (government regulation, industry self-regulation, and their interaction) on consumer trust. Although this mediation is not the primary focus, it is both theoretically grounded and empirically tested.

Drawing on Miltgen and Smith's (2015) finding that perceived regulation can directly influence trust, we tested two alternative models. The direct effect model, which adds direct paths from the three regulatory variables to trust, showed significant effects but poorer fit (χ^2/df = 1.234, GFI = 0.813, AGFI = 0.801, CFI = 0.837, NFI = 0.908, RMSEA = 0.054).

The partial mediation model, including both direct and indirect paths, achieved acceptable fit (χ^2/df = 2.601, GFI = 0.915, AGFI = 0.868, CFI = 0.922, NFI = 0.911, RMSEA = 0.069) but did not outperform our model in terms of simplicity or explanatory power.

Overall, these results confirm that our proposed model offers superior fit and clearer theoretical insight into the role of perceived privacy risk in shaping consumer trust.

Results Discussion

First, analysis results confirmed the important role of government regulation in reducing consumer perceived

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privacy risk, strongly supporting Lwin et al. (2007) conclusion that "consumer perception of policymaker regulation can reduce consumer privacy concerns." We also found that single industry self-regulation has no obvious effect on alleviating consumer perceived privacy risk, which contradicts previous research conclusions (Hui et al., 2007) but also demonstrates sharing economy industry specificity. On one hand, since China's sharing economy development is still in its infancy, industry mechanisms are still incomplete and non-standardized, relying solely on industry self-regulation cannot yet build convincing regulatory environments or possess capabilities to protect consumer privacy. On the other hand, specific implementation of regulatory policies largely depends on government policy capabilities, especially for emerging forms like sharing economy. Therefore, consumers may believe that industry self-regulation institutions generally lack enforcement power, and when consumer personal information is abused or illegally disseminated, industry self-regulation institutions or industry associations may lack practical measures to force sharing platform enterprises to take protective actions according to platform privacy policies.

Second, this study examined the effects of the interaction between government regulation and industry self-regulation, finding that their combination significantly reduces perceived privacy risk. This supports prior research (Xu et al., 2012) and aligns with domestic scholars' calls for mixed regulatory approaches (e.g., Tang, 2015). Notably, our findings show that while government regulation alone is effective, industry self-regulation on its own has no significant effect—likely due to China’s early-stage institutional environment in the sharing economy.

However, this does not imply that industry self-regulation is entirely ineffective. In practice, several Chinese sharing economy platforms have implemented self-regulatory mechanisms, though often as supplements to governmental oversight. For example, Didi Chuxing has introduced a dedicated “Privacy Control Center” allowing users to manage personal data visibility and deletion. Similarly, Xiaozhu has adopted certified privacy seals on its platform and joined industry-wide data protection agreements promoted by the Sharing Economy Association of China (SEAC). These examples demonstrate that although the regulatory power of industry bodies alone may be limited, self-regulatory practices, when coordinated with government policies, can help establish transparent and privacy-conscious digital environments.

Third, in China's sharing economy context, perceived privacy risk has significant negative effects on both consumer trust and continuous sharing intention, strongly supporting Liu et al. (2004) conclusions in e-commerce contexts. We believe that like traditional e-commerce online transaction contexts, sharing economy is also a business model developed based on information technology and networks, with success highly dependent on consumer data as the main value source for obtaining advertising revenue and ensuring business performance. Meanwhile, current consumer trust in China's sharing economy is mainly based on online feedback and reputation evaluation mechanisms. As more consumers participate in feedback and evaluation, their personal online privacy and security also face challenges. Therefore, how to effectively protect consumer data privacy and security to win more consumer trust and participation is one of the main problems that current Chinese local governments and emerging sharing platforms urgently need to solve.

Research Conclusions and Implications

Research Conclusions

Although China's sharing economy business model is still in its initial stage, sharing economy market scale and value have grown rapidly in recent years. Sharing economy provides Chinese consumers with innovative, diversified products and services, continuously improving Chinese consumer welfare levels with lower prices and higher quality shared products and services. However, behind rapid sharing economy development, a series of practical problems have emerged, making sharing economy regulation a policy issue of high concern for Chinese governments at all levels.

Therefore, this study explored the impact mechanism of China's sharing economy regulation on consumers, conducting empirical analysis with 406 valid questionnaires. We found: (1) Single government regulation has significant negative effects on consumer perceived privacy risk, while single industry self-regulation has no obvious negative effects on perceived privacy risk. Meanwhile, interaction combination effects exist between government regulation and industry self-regulation, with significant negative effects on perceived privacy risk. (2) Perceived privacy risk directly reduces consumer trust levels toward sharing platforms and indirectly reduces positive effects of regulatory levels on consumer trust levels. Perceived privacy risk also obviously weakens consumer continuous sharing intentions. (3) Consumer trust positively affects continuous sharing intention and indirectly reduces negative effects of perceived privacy risk on continuous sharing intention.

Research conclusions reveal the impact effects of sharing economy regulation on consumer perceived privacy risk, consumer trust, and continuous sharing intention.

Theoretical Implications

This research makes several important theoretical contributions to the sharing economy literature. First, unlike previous studies that relied primarily on theoretical discussions, this study provides empirical evidence on sharing economy regulatory mechanisms, enhancing the reliability and applicability of research conclusions in Chinese contexts.

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Second, our findings reveal differential effects of government regulation and industry self-regulation on consumer perceptions. While confirming some aspects of Xu et al. (2012) conclusions about regulatory proxy control, we discovered that industry self-regulation shows no significant impact on perceived privacy risk in sharing economy contexts, highlighting the unique characteristics of this emerging industry. The significant interaction effect between government and industry regulation addresses previous research limitations that examined these regulatory approaches in isolation.

Third, by integrating consumer trust as a mediating variable, this study provides a unified analytical framework that connects government, industry institutions, sharing platforms, and consumers. This extends previous work on trust mechanisms by Xie and Shi (2016) and Cheng et al. (2021), offering new insights into how regulatory approaches influence consumer trust formation and continuous sharing intentions.

Practical Implications

Our findings provide actionable insights for both policymakers and platform operators. For government regulators, the results suggest that while government regulation effectively reduces consumer privacy concerns, industry self-regulation alone is insufficient in China's current sharing economy environment. This indicates the need for mixed regulatory approaches that combine government oversight with industry standards. Policymakers should develop responsive regulatory strategies that balance innovation encouragement with consumer protection, particularly through progressive and experimental regulatory methods.

For sharing economy platforms, the critical importance of consumer trust and privacy protection demands strategic prioritization of institutional mechanism development. Platform enterprises should invest in robust privacy protection systems, transparent trust mechanisms, and reliable feedback systems. The significant relationship between consumer trust and continuous sharing intention underscores the business value of building trustworthy platform environments that can sustain long-term user engagement and platform growth.

In addition, platform operators can strengthen self-regulation by proactively joining industry alliances that issue privacy standards or by adopting voluntary certification systems. Such practices not only improve data handling transparency but also enhance platform credibility. As observed in cases like Didi and Xiaozhu, visible commitment to user privacy can foster trust and mitigate perceived risk—even in the absence of strong external enforcement. These initiatives suggest that effective industry self-regulation, especially when recognized by official institutions, can play a supportive role in enhancing user confidence.

Research Limitations and Prospects

Due to limited research energy and space, this study only discussed relationships between sharing economy regulatory mechanisms and consumer perceived privacy risk, consumer trust, and continuous sharing intention. Future research can further explore other factors influencing consumer trust and continuous sharing intention from other perspectives. For example, based on consumer perception perspectives, exploring effects of sharing platform sustainability and sharing platform institutional mechanism effectiveness on consumer trust and participation intentions, revealing consumer trust formation mechanisms and participation intention influence mechanisms from sharing platform levels.

Additionally, consumer trust and participation intentions are also influenced by other environmental factors such as cultural and economic factors, but this study has not yet considered external environment change factors. Future research can focus on impacts of these external environmental factors under China's sharing economy contexts.

Finally, this study was conducted from demand-side consumer perspectives. In fact, in sharing economy environments, service providers often face greater privacy and security risks than demand-side consumers and need to overcome trust barriers more. Therefore, future research should pay more attention to service provider perspective research, ensuring effective supply and quality assurance of goods and services in China's sharing economy markets.

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Informed Consent Statement

Not applicable.

Data Availability Statement

The original contributions presented in the study are included in the article/supplementary material, further inquiries can be directed to the corresponding author.

Statements and Declarations

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Author Contributions

This work was carried out in collaboration among all authors. This project was conducted jointly by the authors. The authors reviewed and agreed to the final manuscript. All authors read and approved the final manuscript.

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