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Regulating sharing platforms in lateral exchange markets: The role of power and trust

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Regulating sharing platforms in lateral exchange markets: The role of power and trust

Abstract:

Purpose – This research aims to examine different types of sharing platforms based on risk perceptions of product/service providers and users, and to illustrate appropriate platform regulation preferences.

Design/methodology/approach – A survey was used (N=540) to collect data on platform participants' risk perceptions and regulation preferences in the Chinese (N=263) and the US markets (N=277). Cluster analysis and multiple correspondence analysis were used to categorise platforms and match their regulation preferences with the risk characteristics.

Findings – The results show that i) four types of sharing platforms are categorised in terms of the risk perceived by the supply and demand side, and ii) four types of regulation preferences are clustered, drawing on the power and trust elements proposed from the slippery slope framework. Further, coercive power regulation is favoured by participants of platforms with high supply risk and low demand risk, legitimate power regulation is preferred by actors of platforms with low supply risk and high demand risk, reason-based trust regulation is preferred by actors of platforms with high supply and demand risk, and implicit trust regulation is favoured by participants of platforms with low supply and demand risk.

Research implications – This paper develops an empirical typology of platforms

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based on risk perceptions of providers and users, and advances our understanding about lateral exchange markets from a consumer perspective.

Practical implications – This paper provides implications for platforms to regulate transactions through two mechanisms – the power of platforms and trust in platform participants.

Originality/value – Regulating by power ensures transaction security while regulating by trust enhances transaction efficiency, so it is important to configure the power and trust elements in platform regulation in an appropriate manner. This paper is one of the first attempts at addressing platform regulation and shows how consumers' risk perception of platforms can lead to important implications for theory and practice in marketing and better regulation of platform transactions.

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Introduction

Lateral exchange markets (LEMs) embed technology platforms to facilitate exchange activities among user networks (Perren and Kozinets, 2018) and include companies such as Airbnb, Uber, and Lime. LEMs are characterised by product/service sharing and collaborative consumption – consumers have access to products or services rather than the ownership of them (Hofmann et al., 2017). While the sharing economy creates substantial benefits, challenges emerge around how to regulate sharing platform companies. Facing fierce competition, companies often promote customer-friendly policies such as money-back guarantees (Heydari, et al., 2017), price compensation (Bimpikis et al., 2019) and free trials (Scaraboto, 2015), together with enhanced logistics efficiency (Castillo et al., 2018), to stimulate rapid user growth. However, sharing economy models can often lead to unanticipated outcomes due to potential moral hazards. For example, Ofo, the largest bike sharing company in China, initially adopted a non-deposit policy imposing little restriction on customers. This led to irresponsible parking and widespread damage to their bikes. Hellobike instead applies a strict policy to continuously charge customers until bikes are returned to a fixed-point. While this reduces risk borne by the provider, it discourages use of the product. Some sharing platforms authorise access only to customers meeting certain criteria (Lamberton and Rose, 2012), but incur increasing complaints of discrimination. Failures and bankruptcy of platform firms are common, yet we tend to hear more about the successes such as Uber and Airbnb (Täuscher and Kietzmann,

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2017). Some argue that one of the major reasons for their failure is the oversight, or poor regulation of transactions by platform companies as self-regulatory bodies (Schor, 2016).

Previous studies provide some understanding about how such sharing platforms can be categorised; for example, in terms of connectivity and user-platform relationships (Perren and Kozinets, 2018; Hofmann et al., 2017). Although risk-related factors are frequently cited in marketing and consumer behaviour literature, limited discussion is found in the context of sharing platforms, with the exception of Gu et al., (2021). While the latter work examines factors affecting risk perceptions on sharing platforms, it is still unclear how they can be categorised by consumer-oriented risk perceptions, since providers and users are both consumers who consume the services provided by the platform. Sharing platforms are emerging and fast growing businesses. Virtualisation of exchange, uncertainty of the exchange environment and complexity of exchange behaviour have all contributed to the increasing risks that platform participants perceive for transactions and exchange activities (Möhlmann, 2015). Not only do overall risk perceptions vary across platforms, but risk perceptions of the supply- and demand-side may also be inconsistent for certain platforms. Thus, risk perception could be a pivotal factor to distinguish different types of sharing platforms (Gu et al., 2021). In this paper, "supply- and demand-side" is interchangeable with "providers and users" on a platform, and "platform participants" is interchangeable with "consumers".

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Sharing platforms assume legal liability to manage transactions between providers and users (Hofmann et al., 2017). Surprisingly, studies on platform regulation strategies remain sparse, especially through the lens of consumer-oriented risk perception. If risks embedded on a platform are high, platform participants may expect strict regulation through the authority of the platform (i.e., regulation by power). In this case, exchange security is best protected by stringent rules and measures. However this comes at a cost as it sacrifices transaction efficiency. By contrast, if risks perceived on a platform are low, platform actors may wish for the platform to ease regulation and manage through trust in participants (i.e., regulating by trust). In this way, smooth tractions are assured in exchange of transaction security. Thus the regulation pattern should depend on risk factors within a platform. This paper draws on the slippery slope framework (Gangl et al., 2015; Kirchler et al., 2008) to investigate how the two regulation mechanisms – power and trust – should be configured to correspond to fundamental risk characteristics across platforms.

Therefore, this research investigates three important questions: a) How do supply and demand risk perceptions vary across platforms? b) How do participants' preference for platform regulation, in terms of power and trust, vary across platforms? and c) What are optimal regulation patterns for platforms with a varying degree of supply and demand risk perceptions? The answers to these questions contribute to our understanding of sharing platforms and how consumer perceptions of these platforms

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can have important implications for theory and practice in marketing and better regulation of platform transactions. We first review literature on the slippery slope framework (Wahl et al., 2010; Kirchler, 2007) and the fundamental risk characteristics of sharing platforms. This is followed by an empirical study of a survey on 540 Chinese and US platform participants' risk perceptions and regulation preferences. Cluster analysis and multiple correspondence analysis (MCA) are then conducted to categorise platforms and match their regulation patterns with the risk characteristics.

Theoretical background

Slippery slope framework

The conceptualisation of trust has been extensively investigated in marketing literature and recent studies on the sharing economy (e.g., Coulter and Coulter, 2002; Geyskens et al., 1998; Gu et al., 2021; Hamari et al., 2015; Möhlmann, 2015). Power is a core concept related to governance and regulation in the disciplines of political science and economics (Hartl et al., 2016). The slippery slope framework integrates the two mechanisms of power and trust in regulating the relations between institutions and individuals, such as in the context of taxation (Wahl et al., 2010; Gangl et al., 2015; Kirchler, 2007), and collaborative consumption (Hofmann et al., 2017). Since sharing platforms assume legal liability to manage transactions among actors

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(Hofmann et al., 2017), the slippery slope framework is suitable to address the research questions as it sheds light on governing the relations between the platform and its participants, and specifically, by configuring the power and trust elements in regulating platform transactions.

Power is defined as a party's ability to affect another party's behaviours (French and Raven, 1959). Within the power spectrum, coercive power refers to adopting stringent control, rewards and punishment to regulate individuals' behaviour (Becker, 1968), whereas legitimate power refers to a relatively mild means of control through legitimisation, knowledge and access to information to influence individual behaviour (Tyler, 2006). Trust is defined in various ways. Research on regulation and compliance typically posits that a central component of trust is the willingness to bear risks that arise from others' actions (Lewis and Weigert, 1985; Mayer et al., 1995). Further, trust can be developed from a cognitive process such as goal achievement and dependency, which results in reason-based trust (e.g., Castelfranchi and Falcone, 2010; Tyler, 2006), or from an affective and unconscious reaction, leading to implicit trust (Castelfranchi and Falcone, 2010; Coulter and Coulter, 2002).

According to the slippery slope framework, coercive power and implicit trust are the two extreme regulation patterns which mutually decrease each other (Gangl et al., 2015; Kirchler et al., 2008). Coercive power with strict control assumes that individuals who are regulated are not trusted and enforced to comply with the

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authority. In contrast, implicit trust manifests spontaneous and committed cooperation with the authority, thus minimum control through the authority's power is demanded. Legitimate power and reason-based trust may not be conflicting and may be entwined. They both foster voluntary cooperation behaviours, and a certain extent of power and trust are expected in the two regulation patterns which may facilitate each other.

Power and trust in sharing platforms

In LEMs, the authority is the platform company, which can wield both coercive and legitimate power. Coercive power of the platform enables it to punish customers through means such as cancellation fees, penalties on late payments, or an increased threshold of accessing platform resources for those with undesired behaviours. Legitimate power is applied as the platform provides legitimate policies, expertise, and information for exchange activities (Hofmann et al., 2017). Platform actors, including resource providers and users, may comply with the regulation through another path, trust, and more specifically, reason-based and implicit trust. Platform actors' willingness to participate in exchange is partially rooted in the legitimate power of the platform company as they believe in its transaction policies, expertise in the industry and information released on the platform. When a user has developed long-term relations with the platform, rational reason-based trust can be reinforced and transformed into spontaneous affective actions, that is, implicit trust (Castelfranchi and Falcone, 2010).

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Among the four regulation patterns, coercive power, or regulating mainly by power (Gangl et al., 2015), may apply when both resource providers and users of the exchange perceive the lack of trust and high degree of uncertainty, and thus they hope to secure transactions through coercive measures. Implicit trust, or regulating mainly by trust (Hofmann et al., 2017), may be appropriate when the parties perceive strong trust and low risk, and transaction efficiency is the highest in such conditions. When parties involved develop adequate trust in each other, yet perceive uncertainty from other sources in the transaction, they may expect high legitimacy, expert knowledge, and clear policies from the platform to address the uncertainty, which is the case of regulation by legitimate power (Kirchler et al., 2008). If the exchange outcome is predictable with certainty, after rational consideration and reasoning, the party's priority may shift to ensure a smooth transaction and reduce transaction costs rather than demanding trust in the other party or power of the platform, which is the case of regulation by reason-based trust (Kharoufet al., 2014). Thus drawing on the slippery slope framework, we propose that four types of regulation preferences can be used to classify LEMs.

H1: Drawing on the extent of power and trust regulation, consumer preference for platform regulation can be classified into four types, including regulation by coercive power, legitimate power, reason-based trust, and implicit trust.

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Risk perception of the supply- and demand-side

Risk perception is a key factor influencing the choice and usage of commercial sharing systems from the supply- and demand-side (Lamberton and Rose, 2012). It is defined as the extent to which a disappointing outcome is likely to be encountered (Sitkin and Pablo, 1992), or a subjective expectation of possible losses in the pursuit of a desired outcome (Featherman and Pavlou, 2003). It has been evidenced to affect consumer attitude and behaviour (e.g., Dillard et al., 2012; Ogbanufe and Kim, 2018), including in the context of collaborative consumption (Hallikas et al., 2002; Gu et al., 2021). Compared with traditional markets, LEMs can present greater perceived risk of potential losses to consumers (Yeh et al., 2012; Mukherjee and Nath, 2003), due to concerns of fraudulent charges and difficulties in the return process (Nui Polatoglu and Ekin, 2011). Risk control and management has therefore become an important question in sharing economy (Thakur and Srivastava, 2015; Dufva et al., 2017).

Risk perception is context-specific, allowing an individual to be risk-seeking in a context while risk-averse in another (Weber et al., 2002). For example, people who like gambling in casinos (financial risk) do not necessarily like skydiving (entertainment risk). Due to their different roles, platform actors, including product or service providers and users, may have varying risk perceptions in exchange activities.

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For example, user risk may arise from the incapability of inferring product/service quality, especially when purchasing online (Selnes, 1998), whereas supplier risk may result from financial loss due to devaluation of their resources. Moreover, the type and degree of risks perceived vary across platforms. As LEMs are rapidly growing, prior research has provided different typologies of sharing platforms to understand them (shown in Table 1). However, these classifications are based around content and platform characteristics and most of them are industry- rather than consumer-oriented. This research is the first to adopt a more consumer oriented approach to LEM classifications by taking account of the attribute of perceived risk; specifically risk perception from the supply- and demand-side. We propose that:

H2: Based on the extent of risk perceived by the supply-side and demand-side, sharing platforms can be categorised into four types, including those with a) high supply and demand risk, b) high supply risk and low demand risk, c) low supply risk and high demand risk, and d) low supply and demand risk.

Table 1 here.

The sharing economy encompasses highly diverse companies characterised by cooperative consumption in peer markets (Belk, 2014), including property renting (Zervas et al. 2017), chauffeur services (Cannon and Summers, 2014), logistics (Carbone et al. 2017), lending (Gerwe and Silva 2018), and crowdfunding of projects

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or businesses (André et al. 2017; Belk, 2014). In LEMs, the platform is the intermediary between suppliers and consumers (Berkowitz and Souchaud, 2019). Research has identified major forms of perceived risk in platform exchanges (Kushwaha and Shankar, 2013; Haan et al., 2018), such as functional risk (the product/service does not meet expectation), financial risk (financial loss), privacy risk (breach of privacy) and security risk (causing physical harm).

Furthermore, risk perceptions among actors may vary on different types of platforms. *Sharing of physical goods* presents a scenario where risk is perceived to be relatively high for both the supply- and demand-side in the exchange. Car-sharing platforms (e.g., Zipcar) are a typical example (Bardhi and Eckhardt, 2012). Both parties may perceive convenience risks, such as the uncertainty about the time and place for delivery the car (Forsythe and Shi, 2003), and transaction convenience (Seiders et al., 2007). Moreover, the car's users may feel a functional risk from concern about poor performance and potential problems with the car that may cause travel difficulties (Goswami, 2018), while the car providers face financial risk caused by damage, which could accelerate depreciation of the cars (Liu and Yokoyama, 2015). On such platforms, there is relatively high risk perception on both the supply- and demand-side during the transaction process.

Sharing of finance (e.g., P2P lending platforms such as LendingClub) involves high risk from the supply-side and low risk from the demand-side. Capital providers' high

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risks arise from many sources including the users, the platform and the system. First of all, they are uncertain about users' real reasons for using the capital (Lenz, 2016) and repayment ability (Havrylchyk and Verdier, 2018). Further, the platform's ability to control risk is hard to predict (Havrylchyk and Verdier, 2018). Many cases exist of poor investment and risk control which cause "collapse" and bankruptcy of a platform and substantial losses to capital providers. In addition, systematic risk increases in a poor credit collection environment (Sobehart, 2016). On such platforms, the demand-side has a relatively low risk during the collaboration process, while the supply-side has a much greater risk.

Sharing of knowledge is characterised by high demand-side risk and low supply-side risk, where the platforms provide paid and customised services around expertise and skills. Examples abound around legal services (e.g., LegalZoom, Rocket Lawyer) and healthcare (e.g., Doctor on Demand, Talkspace). Another typical example is the data collection and content moderation service provided by Amazon Mechanical Turk. For knowledge users, they face risks in the processes of assessing, paying, and delivering on knowledge products. They are often incapable of assessing the quality of knowledge products ex ante, and the assessment is almost subjective with little uniform standard. Knowledge providers usually require them to make a down payment in advance to secure their own interests, resulting in financial risk for the demand-side (Wang et al., 2011). Furthermore, the delivery of knowledge outcomes often lasts for a certain period of time, thus time cost increases since it is

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uncontrollable and uncertain whether the final results of the knowledge products will meet user expectations (Hoyer et al., 2010). On such platforms, the demand-side is likely to have a relatively high risk perception during the whole transaction process. The major risk facing the supply-side is in collecting payment after the transaction is completed. However the overall risk perception is hedged by measures such as prepayment and the control over subsequent service delivery (Mitra, 2010).

Sharing of pure services delivers customer value through service experience, such as sharing vacation services (e.g., Airbnb), where both the supply- and demand-side perceive risks to be more controllable. Hotel apartments are real estate and the perception of security risk in using the assets is relatively low for both parties (Iwataa and Yamagab, 2008). The timing and location of transactions are determined and thus convenience risk is largely reduced (Ozturk, et al., 2016). Facilitated by technologies such as Google Maps and visualisation, users can have an accurate evaluation of the hotel's environment and surrounding area, so that the environmental risk is effectively reduced (Lamberton and Rose, 2012). In addition, interaction between the service providers and users during the service process enhances the perceived security for both parties (Fakharyan et al., 2014). On such platforms, the risk perception of both the supply- and demand-side is effectively managed due to value co-creation and frequent interactions (Yoo et al., 2012).

Matching platform regulation with participants' risk perception

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Different types of sharing platforms imply different regulation styles (Berkowitz and Souchaud, 2019), as various resources and actor behaviours (e.g., opportunistic behaviour) have to be regulated in a way that matches the nature of the platform. In this research, we attempt to match regulation styles with the risk perception of the supply- and demand-side of sharing platforms. Platform participants' information for matching may be sourced from multiple channels including past experiences, social networks and personal preferences (Thomaz et al., 2020). Further, the need of both the supply- and demand-side should be considered, as there are usually overlaps of the roles that platform actors play. For example, a landlord in London on Airbnb may act as a guest when travelling to Ibiza; and a provider of professional accounting services may need to seek health care advice on a knowledge sharing platform.

Shared finance platforms present high supply-side risk and low demand-side risk. Risk perception has been defined along two dimensions – unknown risk and dread risk (Slovic, 1987). Unknown risk indicates uncertainty, or unobservable and new hazards. Dread risk refers to large negative consequences and a high probability of losses. These two risk dimensions can be both found in the case of risk perception of capital providers on a shared finance platform. Research further indicates that when the two exchange parties are in an unequal position, the weaker party will perceive less control, which in turn amplifies risk perception, and thus a desire to reduce the risk through mandatory regulation (Kim and McGill, 2011). Moreover, if participants

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cannot anticipate each other's behaviour and lack necessary communication, they tend to maximise self-interest through speculation behaviour and fail to use resources in a way that the other party expects, resulting in maximum unilateral losses (Plé and Cáceres, 2010). In such cases, the loss outcomes are primarily borne by the capital providers. Thus we propose coercive power, the most stringent regulation, should be adopted in shared finance platforms to mitigate the heightened risk perception of the supply-side.

H3a: Participants of platforms with high supply risk and low demand risk (e.g., shared finance platforms) favour coercive power regulation.

In contrast, shared knowledge platforms involve high demand-side risk and low supply-side risk. On the one hand, as professional and intangible assets, sharing knowledge is of greater risk than sharing physical goods. On shared knowledge platforms, the signal and timing of terminating cooperation is less clear. Therefore, it is difficult to reduce uncertainty through process control (Lenz, 2016), and the sense of a weak control further fuels risk perception (Khan and Kupor, 2017). On the other hand, although individuals participating in collaborative consumption may be affected by uncontrollable environmental factors (Daft et al. 1988), interaction and communication can effectively increase the sense of trust between the two parties of a transaction (Mukherjee and Nath, 2007), which helps alleviate the risk perception (Susila et al., 2015). Therefore, shared knowledge platforms are expected to rely on

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legitimate power to maintain interaction and communication between knowledge users and providers, and wield necessary regulations to assure voluntary commitment of the supply-side to the demand-side.

H3b: Participants of platforms with low supply risk and high demand risk (e.g., shared knowledge platforms) favour legitimate power regulation.

Shared product platforms present relatively high risk for both the supply- and demand-side. Studies have shown that the clear property rights of shared physical products reduce disputes over the interests of the two parties (Loorbach and Shiroyama, 2016), and risks facing the supply- and demand-side are further managed through mature third-party protection measures such as an insurance company or a payment platform. More importantly, symmetric risk perception from both sides can enhance understanding and trust of each other in exchange activities. Therefore, we propose rational, or reason-based trust regulation is an appropriate regulation method for shared product platforms because it facilitates the understanding of multilateral interests.

H3c: Participants of platforms with high supply and demand risk (e.g., shared product platforms) favour reason-based trust regulation.

Shared service platforms present relatively low risk for both the supply- and

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demand-side. As risk perceptions are more controllable, service providers and users are willing and committed to develop a sense of trust to strengthen the exchange relationship and minimise transaction costs. Specifically, Sekhon et al. (2014) show that when trust is established, one party is willing to rely on the other to fulfil its expected obligations. Ert et al. (2016) empirically find that perceived trustworthiness of Airbnb landlords positively influences tenants' intention and behaviour. In addition, when both parties in the interaction have confidence in each other's behaviour, exchange may be achieved with minimum mandatory regulations (Plé and Cáceres, 2010). Thus, implicit trust is expected on shared service platforms to maximise exchange efficiency.

H3d: Participants of platforms with low supply and demand risk (e.g., shared service platforms) favour implicit trust regulation.

To conclude, platform participants' preference for regulation differs in terms of their risk perception. When risk perception is asymmetric between the supply- and demand-side, the power dimension in regulation may be strengthened to protect transactions and reconcile the inconsistent risk perceptions. While when the supply- and demand-side risk perceptions are symmetric, the trust dimension in regulation may be beneficial to improve transaction efficiency and reduce transaction costs. Note that risk perception, based on which platform regulation is preferred, is a within-platform conceptualisation. Resource users and providers consider the risks of

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their own and their counterparts on a single platform, rather than across platforms. For example, the risks borne by both sides of shared product platforms are relatively high, but they are not comparable with those facing the capital providers on shared finance platforms. The results of testing these hypotheses can contribute to our understanding of different types of sharing platforms and provide managerial implications on how the difference in the fundamental risk factors between them can lead to different strategies of platform regulation. The conceptual framework of the research is shown in Figure 1.

Figure 1 here.

Methodology

Data collection

To test the conceptual model outlined in Figure 1, a questionnaire was developed and targeted at respondents who were active participants in the sharing economy. Within the questionnaire, we measured respondents' risk perception (supply-side and demand-side) and regulation preference (power vs. trust) of different platforms. The data was subject to cluster analysis to classify platforms in terms of supply- and demand-side risk perception, the categorisation of regulation in terms of power versus trust, and the match between platform type and regulation.

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The research was conducted with samples in China and the US. In total, we sent out 927 questionnaires, and received 540 valid responses (58.25%). Among them, 420 questionnaires were distributed through a market research agent (Credamo) in China, and 263 valid responses were returned (47.71% female, $Mean_{age}$=35.38, average time of using the platforms = 2.66 years). Five hundred and seven questionnaires were distributed through Amazon Mturk in the US, and 277 valid responses were returned (40.37% female, $Mean_{age}$=32.71, average time of using the platforms = 2.57 years).

Measurement

Participants were invited to fill in a survey on their perceptions of sharing platforms. The survey used 7-point Likert scales (1 = strongly disagree; 7 = strongly agree). Risk perception was captured with six items including risk perceived from economic loss, product/service quality, privacy, convenience, time and social status (Dowling, 1994; Mitchell, 1999). Then power regulation and trust regulation was captured respectively with five items adapted from previous work (Hofmann et al., 2014; Hofmann et al., 2017). The measurement items are presented in Table 2.

Table 2 here.

We aimed to minimise the impact of Common Method Variance (CMV) on the

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findings by following some of the procedural remedies in Podsakoff et al. (2003). The order of measurement was counterbalanced, two filler scales were inserted to separate the risk measurements and regulation measurements, and it was emphasised in the cover page that responses were anonymous. An attention check question was also added ("Please select 'Slightly disagree' from the following answers") as a check on data quality. Questionnaires with incomplete responses and those which failed in the attention check question were excluded from data analysis.

Results

We first performed the hypothesis testing for the Chinese and the US sample separately and the results were substantively the same (see Appendix). Cross-validation procedures were performed to further validate the results (see Web Appendix for details). Therefore, the data was merged for a more streamlined presentation of the results.

Reliability and validity

The results of the reliability tests showed that the value of all Cronbach's α was above 0.87, suggesting good internal consistency. All variables passed KMO and Bartlett's test for sphericity and thus were suitable for confirmatory factor analysis (CFA). The measurement items for the same variable all loaded on a single factor, and the

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minimum factor loading among all items was 0.81, exceeding the acceptable threshold of 0.5 (Table 2). The lowest value of composite reliability (CR) was 0.82, which was above 0.7 and acceptable. The lowest value of average variance extracted (AVE) was 0.70, which was above 0.5 and acceptable. The results of CR and AVE suggested good convergent validity. Moreover, the square root of AVE was larger than the correlation coefficients between factors, suggesting good discriminant validity.

To assess the likelihood that CMV impacted our results, a Harman's single factor test was conducted and the results showed that total variance explained by the first factor of all measurement items was 30.98% and below the threshold of 40%, which minimised the concern of CMV.

Hypothesis testing

Cluster analysis of platform regulation

The two multidimensional variables, power regulation and trust regulation, were extracted and saved as new variables called power and trust. To increase efficiency and clustering effects of the large sample, K-means cluster analysis was conducted based on the power factor and the trust factor. The results are shown in Table 3 (we also performed the analysis using hierarchical clustering and this led to the same four

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cluster solution).

Table 3 here.

Table 3 shows that the cluster centres of the regulation patterns after iterations divided the sample into four categories. Cluster I was extracted with a high level of power regulation and low level of trust regulation, which corresponded to coercive power regulation (N=108). Cluster II was extracted with a high level of both power and trust regulation, which corresponded to legitimate power regulation (N=112). Cluster III was extracted with a low level of both power and trust regulation, which corresponded to reason-based trust regulation (N=180). Cluster IV was extracted with a high level of trust regulation and low level of power regulation, which corresponded to implicit trust regulation (N=140). The results of the ANOVA further indicated that sample clustering was appropriate based on the two factors of power regulation ($F=1163.37$, $p<.001$) and trust regulation ($F=1083.26$, $p<.001$). Therefore, H1 is supported; four types of regulation patterns can be categorised based on the extent of power and trust regulation.

Cluster analysis of platform participants' risk perception

The two multidimensional variables, supply- and demand-side risk perception, were extracted and saved as new variables called supply-side risk and demand-side risk.

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K-means cluster analysis based on the two factors was conducted. The results are shown in Table 4.

Table 4 here.

Table 4 shows that the cluster centres of supply- and demand-side risk perception after iterations divided the sample into four categories. Cluster I was extracted with high supply-side risk and low demand-side risk (N=113). Cluster II was extracted with both high supply- and demand-side risk (N=179). Cluster III was extracted with both low supply- and demand-side risk (N=135). Cluster IV was extracted with low supply-side risk and high demand-side risk (N=113). The ANOVA further illustrated that sample clustering was reasonable based on the two factors of supply risk perception ($F=1216.31$, $p<.001$) and demand risk perception ($F=1539.30$, $p<.001$). Therefore, H2 is supported, showing that sharing platforms can be categorised into four types based on the extent of risk perceived by the supply- and demand-side.

Correspondence analysis between platform regulation and risk perception

The purpose of H3 is to examine the correspondence (rather than a causal relationship) between platform regulation and participants' risk perception based on the previous cluster analysis. Therefore, multiple correspondence analysis (MCA) is deemed an appropriate technique for this purpose (e.g., Warde et al., 2009; Chan,

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2010). The results of the correspondence analysis are shown in Table 5.

Table 5 here.

The χ^2 test showed a significant association between platform regulation and participants' risk perception (F=1342.00, p<.001). Specifically, the results of the correspondence analysis showed: i) that the regulation preferences of 107 (94.69%) respondents who favoured coercive power regulation corresponded to platforms with high supply risk and low demand risk; ii) that 100 (88.50%) respondents who favoured legitimate power regulation corresponded to platforms with low supply risk and high demand risk; iii) that 172 (96.09%) respondents who favoured reason-based trust regulation corresponded to platforms with high supply risk and high demand risk; and iv) that 125 (92.59%) respondents who favoured implicit trust regulation corresponded to platforms with low supply risk and low demand risk.

Invariance analysis

The three hypotheses are supported by data from both an emerging market (i.e., China) and a developed market (i.e., the US), which helps to establish generalisability of the results across different contexts. However, because of the different samples we further test for invariance. Five testing models were established following the procedure of invariance analysis (Mavondo et al., 2003). Table 6 shows that the

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baseline model (M1) has a good overall model fit (χ^2/df<3, NFI>0.9, CFI>0.9, RMSEA<0.08), supporting the null hypothesis of configural invariance between the two samples regarding their risk perceptions. From model 2 (M2) to model 5 (M5), all ΔCFIs are below the threshold of 0.01, supporting the null hypothesis of weak invariance, strong invariance, and strict invariance (Cheung and Rensvold, 2002). Thus, it is believed that the Chinese and US sample do not have significant variance in terms of their risk perceptions. Similar results were found in the invariance analysis results of regulation preference (Table 7), suggesting that participants from the two markets do not have significant variance in terms of their platform regulation preferences.

Table 6 here.

Table 7 here.

Discussion

Understanding and classifying sharing platforms

A vast number of sharing platforms have emerged providing diverse products and services in LEMs, and they are bound to differ in nature. However, we have limited understanding about the underlying characteristics of LEMs (Perren and Kozinets,

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2018). To address this gap in the literature we have developed three novel hypotheses about consumer classifications of LEMs and their consequent preferences for these types of LEMs (Table 8).

Table 8 here.

Our research adds to the extant literature by examining the important factor of risk, taking a bilateral perspective based around product and service providers and users. In general, sharing platforms embed a varying array of risks to their participants. For example, lending money on a P2P lending platform may be more risky than enjoying a sharing holiday room on Airbnb. Further, even on the same platform, resource providers and users may have asymmetric risk perceptions of transactions, such as the case of capital lenders and borrowers. Our results reveal a varying extent of demand and supply risk across different platforms and provide the first consumer oriented classification of LEMs which takes account of perceived risk, a crucial factor for understanding LEMs (Gu et al, 2021).

Research on the typology of sharing platforms has been sparse until now, especially from a consumer's perspective, even though consumers' participation and engagement are an essential drive for the sharing economy. Hofmann et al. (2017) focus on platform-user relations to classify business-to-consumer, peer-to-consumer and self-regulating platforms. Perren and Kozinets (2018) investigate two important

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features – consociality and intermediation – and categorise four types of platforms including forums, matchmakers, enablers and hubs. Our study adds to this literature by developing an empirical classification of platforms according to the extent of risk perceived by the supply- and demand-side, including: i) shared finance platforms, representing high supply risk and low demand risk, ii) shared knowledge platforms featuring low supply risk and high demand risk, iii) shared product platforms embedding relatively high risk for both the supply- and demand-side, and iv) shared service platforms involving relatively low risk for both the supply- and demand-side.

Managerial implications

According to a survey by Time magazine, 44% of American adults have participated in sharing economy transactions, and 22% of American adults have provided personal goods or services (Steinmetz, 2016). At present, a considerable number of American employees have become independent contractors through the so called "gig economy". Therefore, the sharing economy promotes transactions between individuals through network platforms. On the one hand, participants generally request lower costs of using the platform. On the other hand, reducing risks in the sharing economy is a key issue that participants concern. In this online transaction environment, participants' perceived risk may be higher than that in more conventional transactions. Perceived risk is considered as an important psychological factor for individuals to decide whether to use the platform or not. Roselius (1971)

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has argued that the user's risk taking behaviour changes with the uncertainty of the results. When the users perceive a risk in the transaction, they may show resistance behaviour such as reducing the purchase frequency or quantity, and temporarily or permanently stopping the purchase. Therefore, perceived risk is an important factor for participants of sharing platforms.

Our research has several important managerial implications connected to the conceptual model we developed (Figure 1). An important managerial question is, therefore, how to configure power and trust regulation on a sharing platform. Clearly, it depends on the risk nature of the platform. Building on the consumer-oriented classification derived here, this research makes a further contribution by seeking to better understand how these platforms can be regulated more effectively, thus providing a solution to a critical managerial issue. Stringent regulation best safeguards transactions while liberal regulation enhances transaction efficiency. The sharing platform which connects resource providers and users assumes legal liability to regulate transactions through its authority, or power (Hofmann et al., 2017), while efficient governance relies on smooth and accessible transactions, illustrating the need for trusting participants on the platform (Adler, 2001; Perren and Kozinets, 2018).

For example, participants favour coercive power regulation for platforms with high supply risk and low demand risk (e.g., shared finance platforms), thus stringent control and surveillance over exchange activities should be exercised on such

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platforms to enforce compliance. This may include precautionary measures such as third-party screening, identity and credit verification (Perren and Kozinets, 2018), together with punishment measures such as penalties on late payments, limited access to or even exclusion from the platform for undesired behaviours (Hofmann et al., 2017). The platform should also inform participants about the risk of their exchange in a clear way.

Implicit trust regulation is favoured by participants of platforms with relatively low risk for the supply and demand sides within the platform (e.g., shared service platforms), therefore the focus is to reduce regulation by power while fostering a liberal institution for committed cooperation and collaboration. The platform's priority is to attract a large number of service providers and users, and empower communication among participants to maintain the high level of trust. Simplified and standardised transactions, supported by technologies (e.g., artificial intelligence, big data mining, and algorithms), can be very beneficial to improve transaction efficiency and reduce exchange costs.

Since legitimate power regulation is preferred on platforms with low supply risk and high demand risk (e.g., shared knowledge platforms), the means to enhance legitimate power should be strengthened. This can include professional service and expertise in the area, transparent processes, procedures and policies on transactions, and frequent dissemination of important information (Hofmann et al., 2017). The platform should

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further shape processes for value co-creation through guidelines and rules on customising, budgeting, documenting, and mile-stoning (Schau et al., 2009).

Reason-based trust regulation is preferred by participants of platforms involving relatively high risk for the supply- and demand-side within the platform (e.g., shared product platforms). Therefore the primary goal of the platform is to build a trusting atmosphere. Practices to fulfil this goal may include introducing a reputation/rating system, providing liability insurance and satisfaction guarantees, encouraging provider-user communication and interaction, and responding to queries and mediating disputes in a timely fashion (Perren and Kozinets, 2018; Hofmann et al., 2017).

The results have important managerial implications because regulation of platforms contributes to better delivering customer value in the sharing economy (Wallman, 2009). Consumers are meanwhile producers and value co-creators in LEMs, and the emergence of co-production networks has created challenges to companies when considering how to deliver new value to consumers and maintain sustainable competitive advantages (Dellaert, 2019; Achrol and Kotler, 2012). Our research elaborates on an important characteristic of sharing platforms, participants' risk perception, and provides a novel perspective of understanding resource providers, users, and the value co-creation process. We further map regulation styles onto different platforms in terms of risk perception. The results provide implications for

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platform companies to create beneficial conditions for the supply- and demand-side to assure and promote smooth exchanges.

Limitations and future research directions

As the industry grows rapidly, it is important to develop a better understanding of LEMs and how transactions should be regulated. While insightful given the dearth of existing research in the area, the research also has some limitations. First, our work investigates the characteristics and preferred regulation strategies of sharing platforms from a consumer's perspective. Resource providers and users are the major forces engaged in the sharing economy, thus their perceptions are critical for platform companies. However, it is also a promising future research direction to investigate platform regulation from a corporate or industrial perspective. That is, how power and trust elements are configured with respect to current practices of platform companies. Comparing the results of such research with the results here would be very valuable to identify gaps for improvement. Second, this study uses a survey method to create a new typology of sharing platforms in terms of platform actors' risk perceptions and regulation preferences. One limitation of our data is that it does not provide a direct link to behaviours. Other methodologies such as experiments can be adopted to examine actual behaviours as an outcome of risk perception and regulation preference to deepen our understanding of how consumers interact with LEMs. Third, due to the relative recency of sharing platforms, our work is among the earliest to address the

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important practice of platform regulation. We categorise four types of regulation patterns (coercive power, legitimate power, reason-based trust, and implicit trust) in terms of high versus low extent of power and trust, to be consistent with the slippery slope framework. A more nuanced understanding about platform regulation could be developed based on categorising levels of power and trust as high/moderate/low, for example. However, as an initial study in this area our research shows the usefulness of the slippery slope framework in classifying sharing platforms in this way. Last but not least, other factors that may moderate the relationship between consumers' risk perception and regulation preference merit further exploration, such as the size and reputation of the platform. In addition, network effects suggest that the utility of one side of the platform depends on the number of actors on the other side. At the emerging stage of shared finance platforms, risk perceptions may be biased toward the supply side as shown by our results. However, as the P2P lending sector develops and competition for low-rate lending resources becomes fierce, borrowers' risk perception may grow as they may fail to negotiate an agreement for a specified amount of funds, at an agreed rate and/or by an agreed date. Therefore, a longitudinal study may contribute to understanding the evolution of risk factors and regulation strategies for platforms.

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Tables

Table 1.

Typology of sharing platforms

Source	Categorisation Criteria	Conceptual vs. empirical	Consumer- vs. industry-oriented	Categorisation Results
Botsman & Rogers, 2010	Content of sharing	Conceptual	Industry-oriented	Product service systems, redistribution markets, and collaborative lifestyles
Lamberton & Rose, 2012	Extent of rivalry and exclusivity	Empirical	Industry-oriented	Public goods sharing, access/club goods sharing, open commercial goods sharing, and closed commercial goods sharing
Chen, 2014	Content of sharing	Conceptual	Industry-oriented	Peer-to-peer market places, gift economy, commons-based peer production, solidarity economy, collaborative consumption, peer-to-peer lending, crowdfunding, and ridesharing
Habibi et al., 2017	Nature of offering	Conceptual	Consumer-oriented	Pure sharing, sharing-dominant, balanced sharing and exchange, exchange-dominant, and pure exchange
Proserpio & Tellis, 2017	Rating method and matching mechanism	Conceptual	Industry-oriented	One-sided centralised platforms, one-sided decentralised platforms, two-sided centralised platforms, and two-sided decentralised platforms
Munoz & Cohen, 2017	Platform configuration	Empirical	Industry-oriented	Crowd-based tech models, collaborative consumption, business to crowd models, space-based low-tech sharing models, and Utopian sharing outlier models
Hofmann et al., 2017	Platform-actor relationship	Empirical	Consumer-oriented	Business-to-consumer relations, peer-to-consumer exchanges, and self-regulating communities
Perren & Kozinets, 2018	Platform consociality and intermediation	Empirical	Industry-oriented	Forums, matchmakers, enablers, and hubs
Ritter & Schanz, 2019	Value creation and delivery	Conceptual	Industry-oriented	Singular transaction models, subscription-based models, commission-based platforms, and unlimited platforms
Laukkanen & Tura, 2020	Sustainable value creation potential	Conceptual	Industry-oriented	B2C access to goods, B2C access to physical spaces, B2C on-demand services, P2P access to goods, P2P access to physical spaces, P2P access to money/knowledge, P2P on-demand services, P2P redistribution, P2P community-based redistribution, community-based redistribution, community-based services sharing, community-based access, and sharing economy ideal

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Table 2.

Measures and results of reliability and validity tests

Variable	Measurement Item	Factor Loadings	Cronbach's α	KMO	AVE	CR
Risk perception Supply-side (Dowling & Richard, 1994; Mitchell, 1999)	Economic loss	0.86	0.93	0.93	0.74	0.82
	Product/service quality	0.84				
	Privacy	0.85				
	Convenience	0.88				
	Time	0.87				
	Social status	0.87				
Risk perception Demand-side (Dowling & Richard, 1994; Mitchell, 1999)	Economic loss	0.81	0.93	0.92	0.74	0.95
	Product/service quality	0.87				
	Privacy	0.86				
	Convenience	0.87				
	Time	0.87				
	Social status	0.87				
Power regulation (Hofmann et al., 2014; Hofmann et al., 2017)	I believe the platform can punish unfavorable behaviors of service providers and users.	0.82	0.87	0.88	0.70	0.89
	I believe the platform can enforce service providers and users with incentive schemes.	0.86				
	The platform is an institution that I feel obliged to cooperate with.	0.82				
	I believe the platform ensures that concerns of service providers and users are processed efficiently and fast.	0.87				
	I believe the platform supplies comprehensive information to help service providers and users.	0.83				
Trust regulation (Hofmann et al., 2014; Hofmann et al., 2017)	I believe that the platform provides fair transactions.	0.83	0.87	0.88	0.70	0.97
	I depend on the platform.	0.85				
	I trust the platform without thinking too much about it.	0.86				
	I believe the platform operates in my interest.	0.84				
	I believe the platform is a good and important institution.	0.82				

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Table 3.

Cluster analysis of regulation pattern

Variable	Cluster				F
	I (Coercive Power)	II (Legitimate Power)	III (Reason-based Trust)	IV (Implicit Trust)	
Power regulation	1.13	1.11	-0.69	-0.87	1163.37***
Trust regulation	-0.93	0.97	-0.83	1.00	1083.26***
N=540	108	112	180	140	

Note: *** p<.001

Table 4.

Cluster analysis of risk perception

Variable	Cluster				F
	I (High supply risk and low demand risk)	II (Relatively high supply risk and high demand risk)	III (Relatively low supply risk and low demand risk)	IV (Low supply risk and high demand risk)	
Supply-side risk perception	0.89	0.83	-0.87	-1.16	1216.31***
Demand-side risk perception	-1.05	0.77	-1.00	1.03	1539.30***
N=540	113	179	135	113	

Note: *** p<.001

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Table 5.

Correspondence analysis between platform regulation and risk perception

Platform regulation	Participants' risk perception				F
	I (High supply risk and low demand risk)	II (Relatively high supply risk and high demand risk)	III (Relatively low supply risk and low demand risk)	IV (Low supply risk and high demand risk)	
Coercive power	107	1	0	0	
Legitimate power	1	3	8	100	
Reason-based trust	2	172	2	4	1342.00***
Implicit trust	3	3	125	9	
Rate of correspondence	94.69%	96.09%	92.59%	88.50%	

Note: *** p<.001

Table 6.

Invariance analysis of risk perception

Model	χ^2	df	χ^2/df	$\Delta\chi^2$	Δdf	p	NFI	CFI	ΔCFI	RMSEA
M1	195.687	100	1.957				0.936	0.960		0.054
M2	226.729	110	2.061	31.041	4	<.001	0.932	0.951	0.009	0.055
M3	259.645	122	2.128	63.958	22	<.001	0.925	0.946	0.005	0.056
M4	281.480	125	2.252	85.793	25	0.057	0.921	0.940	0.006	0.058
M5	346.284	137	2.528	150.597	37	0.01	0.916	0.937	0.003	0.058

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Table 7.

Invariance analysis of regulation pattern

Model	χ^2	df	χ^2/df	$\Delta\chi^2$	Δdf	p	NFI	CFI	ΔCFI	RMSEA
M1	149.965	70	2.44				0.938	0.962		0.052
M2	163.730	74	2.47	13.765	4	0.005	0.933	0.958	0.004	0.052
M3	226.404	84	2.93	76.439	14	0.027	0.915	0.949	0.009	0.060
M4	234.254	87	2.92	84.289	17	0.030	0.909	0.940	0.009	0.059
M5	280.973	95	2.92	131.008	25	0.46	0.906	0.936	0.004	0.060

Table 8.

Hypotheses testing results

Hypotheses	Results
H1: Drawing on the extent of power and trust regulation, consumer preference for platform regulation can be classified into four types, including regulation by coercive power, legitimate power, reason-based trust, and implicit trust.	Supported
H2: Based on the extent of risk perceived by the supply-side and demand-side, sharing platforms can be categorised into four types, including those with a) high supply and demand risk, b) high supply risk and low demand risk, c) low supply risk and high demand risk, and d) low supply and demand risk.	Supported
H3a: Participants of platforms with high supply risk and low demand risk (e.g., shared finance platforms) favour coercive power regulation.	Supported
H3b: Participants of platforms with low supply risk and high demand risk (e.g., shared knowledge platforms) favour legitimate power regulation.	Supported
H3c: Participants of platforms with high supply and demand risk (e.g., shared product platforms) favour reason-based trust regulation.	Supported
H3d: Participants of platforms with low supply and demand risk (e.g., shared service platforms) favour implicit trust regulation.	Supported

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Figures

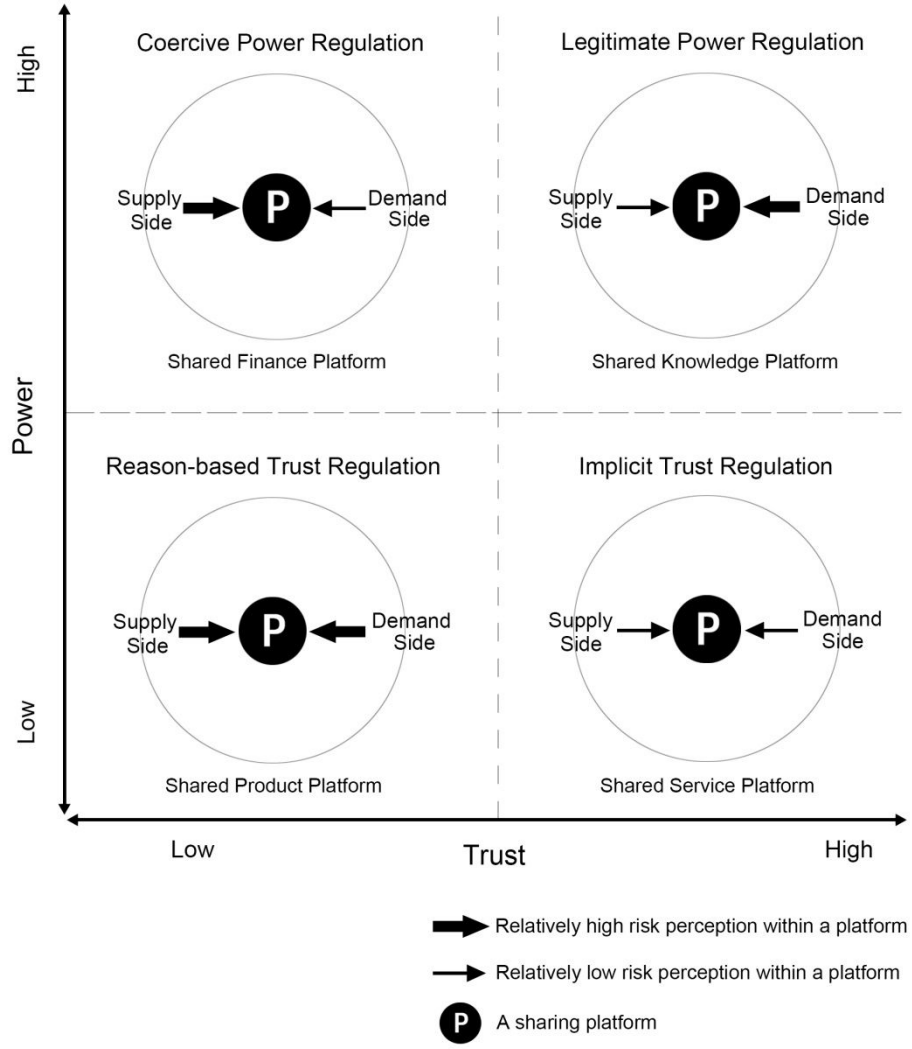

Figure 1.
Matching platform regulation with participants' risk perception

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Appendix

The results of the Chinese and the US sample are reported separately in the following tables.

Table 1.

Cluster analysis of regulation pattern

Variable	Cluster I (Coercive Power)		II (Legitimate Power)		III (Reason-based Trust)		IV (Implicit Trust)		F	
	CN	US	CN	US	CN	US	CN	US	CN	US
Power regulation	0.81	0.98	0.81	0.97	-1.14	-0.68	-1.03	-1.18	589.40***	939.08***
Trust regulation	-1.30	-1.00	0.66	0.97	-1.24	-0.76	0.70	1.00	528.37***	582.52***
N	44	67	106	66	47	80	66	64		

Note: *** p<.001

Table 2.
Cluster analysis of risk perception

Variable	Cluster I (High supply risk and low demand risk)		Cluster II (Relatively high supply risk and high demand risk)		Cluster III (Relatively low supply risk and low demand risk)		Cluster IV (Low supply risk and high demand risk)		F	
	CN	US	CN	US	CN	US	CN	US	CN	US
Supply-side risk perception	0.79	0.84	0.83	0.87	-1.09	-0.89	-1.04	-1.10	622.63***	560.97***
Demand-side risk perception	-0.93	-1.04	0.86	0.89	-1.09	-0.93	0.80	0.91	570.37***	773.00***
N	50	68	99	81	69	64	45	64		

Note: *** p<.001

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Table 3.

Correspondence analysis between platform regulation and risk perception

Platform regulation	Participants' risk perception								F	
	I (High supply risk and low demand risk)		II (Relatively high supply risk and high demand risk)		III (Relatively low supply risk and low demand risk)		IV (Low supply risk and high demand risk)			
	CN	US	CN	US	CN	US	CN	US	CN	US
Coercive power	42	61	1	0	0	0	1	0	528.05***	757.16***
Legitimate power	3	0	6	0	7	5	90	63		
Reason-based trust	4	3	35	67	1	0	7	1		
Implicit trust	1	0	3	1	61	76	1	0		
Rate of correspondence	84.00%	95.31%	77.78%	98.53%	88.41%	93.83%	90.91%	98.44%		

Note: *** p<.001

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Web Appendix. Cross-validation analysis

Cross-validation procedures were performed to further validate the results (Woodside et al., 1989). Two new datasets were created by combining the risk perception data of the Chinese sample with the platform regulation data of the US sample (dataset CN_US), and by combining the risk perception data of the US sample with the platform regulation data of the Chinese sample (dataset US_CN). The research findings are cross-validated if the hypotheses are supported by the two new datasets.

Reliability and validity

Table 1 shows that the two datasets have good reliability and validity. The results of the reliability tests showed that the value of all Cronbach's α was above 0.86, suggesting good internal consistency. All variables passed KMO and Bartlett's test for sphericity and thus were suitable for confirmatory factor analysis (CFA). The measurement items for the same variable all loaded on a single factor, and the minimum factor loading among all items was 0.72, exceeding the acceptable threshold of 0.5 (Table 2). The lowest value of composite reliability (CR) was 0.90, which was above 0.7 and acceptable. The lowest value of average variance extracted (AVE) was 0.64, which was above 0.5 and acceptable. The results of CR and AVE suggested good convergent validity. Moreover, the square root of AVE was larger than the correlation coefficients between factors, suggesting good discriminant

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validity.

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Table 1.

Measurement and results of reliability and validity tests

Variable	Measurement item	Factor Loadings		Cronbach's α		KMO		CR		AVE	
		CN_US	US_CN	CN_US	US_CN	CN_US	US_CN	CN_US	US_CN	CN_US	US_CN
Risk perception Supply-side (Dowling & Richard, 1994; Mitchell, 1999)	Economic loss	0.81	0.87	0.89	0.93	0.91	0.90	0.92	0.95	0.64	0.75
	Product/service quality	0.78	0.85								
	Privacy	0.82	0.86								
	Convenience	0.79	0.90								
	Time	0.81	0.87								
	Social status	0.80	0.86								
Risk perception Demand-side (Dowling & Richard, 1994; Mitchell, 1999)	Economic loss	0.81	0.72	0.90	0.91	0.91	0.88	0.92	0.93	0.67	0.69
	Product/service quality	0.85	0.84								
	Privacy	0.78	0.84								
	Convenience	0.86	0.84								
	Time	0.80	0.86								
	Social status	0.80	0.88								
Power regulation (Hofmann et al., 2014; Hofmann et al., 2017)	I believe the platform can punish unfavorable behaviors of service providers and users.	0.79	0.76	0.89	0.86	0.87	0.86	0.92	0.90	0.69	0.64
	I believe the platform can enforce service providers and users with incentive schemes.	0.85	0.80								
	The platform is an institution that I feel obliged to cooperate with.	0.77	0.82								
	I believe the platform ensures that concerns of service providers and users are processed efficiently and fast.	0.88	0.81								
	I believe the platform supplies comprehensive information to help service providers and users.	0.86	0.81								
Trust regulation	I believe that the platform provides fair	0.80	0.83	0.89	0.88	0.85	0.87	0.92	0.91	0.70	0.67

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(Hofmann et al., 2014; Hofmann et al., 2017)	transactions.		
	I depend on the platform.	0.85	0.86
	I trust the platform without thinking too much about it.	0.88	0.84
	I believe the platform operates in my interest.	0.84	0.80
	I believe the platform is a good and important institution.	0.81	0.76

Note: CN_US indicates the dataset combining the Chinese risk perception data with the US platform regulation data.
US_CN indicates the dataset combining the US risk perception data with the Chinese platform regulation data.

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Hypothesis testing

Cluster analysis of platform regulation

K-means cluster analysis was conducted based on the power factor and the trust factor. Table 2 shows that the cluster centres of the regulation patterns after iterations divided the sample into four categories. Similar results were found in the two datasets. Cluster I was extracted with a high level of power regulation and low level of trust regulation, which corresponded to coercive power regulation (N_{CN_US}=46; N_{US_CN}=51). Cluster II was extracted with a high level of both power and trust regulation, which corresponded to legitimate power regulation (N_{CN_US}=46; N_{US_CN}=43). Cluster III was extracted with a low level of both power and trust regulation, which corresponded to reason-based trust regulation (N_{CN_US}=75; N_{US_CN}=74). Cluster IV was extracted with a high level of trust regulation and low level of power regulation, which corresponded to implicit trust regulation (N_{CN_US}=64; N_{US_CN}=63). The results of the ANOVA further indicated that sample clustering was appropriate based on the two factors of power regulation and trust regulation (CN_US: F_{power}=729.72, p<.001; F_{trust}=499.37, p<.001; US_CN: F_{power}=512.88, p<.001; F_{trust}=609.43, p<.001). Therefore, H1 is supported; four types of regulation patterns can be categorised based on the extent of power and trust regulation.

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Table 2.

Cluster analysis of regulation pattern

Variable	Cluster								F	
	I (Coercive Power)		II (Legitimate Power)		III (Reason-based Trust)		IV (Implicit Trust)			
	CN_US	US_CN	CN_US	US_CN	CN_US	US_CN	CN_US	US_CN	CN_US	US_CN
Power regulation	1.16	1.08	1.13	1.17	-0.53	-0.80	-1.03	-0.74	727.92***	512.88***
Trust regulation	-0.99	-0.85	0.96	0.98	-0.82	-0.88	0.99	1.05	499.37***	609.43***
N	46	51	46	43	75	74	64	63		

Note: *** p<.001

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Cluster analysis of platform participants' risk perception

K-means cluster analysis was conducted based on the supply and demand risk factors. Table 3 shows that the cluster centres of supply- and demand-side risk perception after iterations divided the sample into four categories. Similar results were found in the two datasets. Cluster I was extracted with high supply-side risk and low demand-side risk (N_{CN_US}=44; N_{US_CN}=47). Cluster II was extracted with both high supply- and demand-side risk (N_{CN_US}=77; N_{US_CN}=78). Cluster III was extracted with both low supply- and demand-side risk (N_{CN_US}=70; N_{US_CN}=64). Cluster IV was extracted with low supply-side risk and high demand-side risk (N_{CN_US}=40; N_{US_CN}=42). The ANOVA further illustrated that sample clustering was reasonable based on the two factors of supply risk perception and demand risk perception (CN_US: $F_{supply\text{-}risk}$=571.81, p<.001; $F_{demand\text{-}risk}$=603.42, p<.001; US_CN: $F_{supply\text{-}risk}$=470.89, p<.001; $F_{demand\text{-}risk}$=662.63, p<.001). Therefore, H2 is supported, showing that sharing platforms can be categorised into four types based on the extent of risk perceived by the supply- and demand-side.

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Table 3.

Cluster analysis of risk perception

Variable	Cluster								F	
	I (High supply risk and low demand risk)		II (Relatively high supply risk and high demand risk)		III (Relatively low supply risk and low demand risk)		IV (Low supply risk and high demand risk)			
	CN_US	US_CN	CN_US	US_CN	CN_US	US_CN	CN_US	US_CN	CN_US	US_CN
Supply-side risk perception	0.85	0.82	0.92	0.87	-0.98	-0.92	-0.99	-1.13	571.81***	470.89***
Demand-side risk perception	-0.93	-1.02	0.92	0.90	-0.97	-0.95	0.95	0.93	603.42***	662.63***
N	44	47	77	78	70	64	40	42		

Note: *** p<.001

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Correspondence analysis between platform regulation and risk perception

The results of the correspondence analysis are shown in Table 4. In the CN_US dataset, the χ^2 test showed a significant association between platform regulation and participants' risk perception (F=559.52, p<.001). Specifically, the results of the correspondence analysis showed: i) that the regulation preferences of 43 (97.73%) respondents who favoured coercive power regulation corresponded to platforms with high supply risk and low demand risk; ii) that 36 (90.00%) respondents who favoured legitimate power regulation corresponded to platforms with low supply risk and high demand risk; iii) that 71 (92.21%) respondents who favoured reason-based trust regulation corresponded to platforms with high supply risk and high demand risk; and iv) that 64 (91.43%) respondents who favoured implicit trust regulation corresponded to platforms with low supply risk and low demand risk. Similar correspondence results were found in the US_CN dataset. The χ^2 test showed a significant association between platform regulation and participants' risk perception (F=439.99, p<.001). Specifically, the results of the correspondence analysis showed: i) that the regulation preferences of 42 (89.36%) respondents who favoured coercive power regulation corresponded to platforms with high supply risk and low demand risk; ii) that 32 (76.19%) respondents who favoured legitimate power regulation corresponded to platforms with low supply risk and high demand risk; iii) that 67 (85.90%) respondents who favoured reason-based trust regulation corresponded to platforms with high supply risk and high demand risk; and iv) that 56 (87.50%) respondents

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who favoured implicit trust regulation corresponded to platforms with low supply risk and low demand risk. This finding suggested a close relation between coercive power regulation and platforms with high supply risk and low demand risk; between legitimate power regulation and platforms with low supply risk and high demand risk; between reason-based trust regulation and platforms with high supply and demand risk; and between implicit trust regulation and platforms with low supply and demand risk. Thus, H3 is supported. Taken together, the research findings are validated by the cross-validation procedure.

References

Woodside, A. G., Frey, L. L., and Daly, R. T. (1989). Linking service quality, customer satisfaction, and behavioral intention. *Journal of Health Care Marketing*. 9(4), 5–17.

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Table 4.

Correspondence analysis between platform regulation and risk perception

Platform regulation	Participants' risk perception								F	
	I (High supply risk and low demand risk)		II (Relatively high supply risk and high demand risk)		III (Relatively low supply risk and low demand risk)		IV (Low supply risk and high demand risk)			
	CN_US	US_CN	CN_US	US_CN	CN_US	US_CN	CN_US	US_CN	CN_US	US_CN
Coercive power	43	42	1	6	0	0	2	3	559.52***	439.99***
Legitimate power	1	1	5	3	4	7	36	32		
Reason-based trust	0	2	71	67	2	1	2	4		
Implicit trust	0	2	0	2	64	56	0	3		
Rate of correspondence	97.73%	89.36%	92.21%	85.90%	91.43%	87.50%	90.00%	76.19%		

Note: *** p<.001

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