

# Regulatory Compliance in the Sharing Economy: A Service Provider Perspective

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# **Regulatory Compliance in the Sharing Economy: A Service Provider Perspective**

## **Abstract:**

The sharing economy (SE) has challenged regulatory compliance (e.g., tax compliance), as governments struggle to keep pace with this evolving business model. This study, using Reintegrative Shaming Theory and a scenario-based experiment (n=97), examines the effectiveness of two shaming approaches—reintegrative and stigmatizing—in enhancing service providers' tax compliance intentions. The results show shame acknowledgment (e.g., admitting wrongdoing) positively influences tax compliance intentions, while shame displacement (e.g., refusing to admit wrongdoing) negatively impacts them. Both approaches are mediated by shame acknowledgment and displacement in affecting tax compliance. Service providers who feel guilt from being shamed are more likely to comply with tax regulations, whereas those who deflect blame are more likely to evade taxes. However, no significant difference was found between the two approaches in directly enhancing tax compliance intentions. The theoretical and managerial implications are discussed.

Keywords: *Tax compliance, reintegrative shaming theory, sharing economy*

Track: *Service Marketing & Service Innovation*