Transparent Marketplace Governance: When and How Gig Economy Platforms Strategically Share Information with Users

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ABSTRACT

Marketplaces, also referred to as transaction platforms, such as Upwork, Lyft, or Uber Eats are driving the gig economy. These platforms create value for users through flexibility and efficiency, which are ensured by platform governance. Many platforms are known for being rather opaque about their governance. This stands in contrast to recent advances and calls in the practice of platform business that point to transparency as the key for building trust amongst users, which in turn benefits a platform's distinct positioning. Accordingly, gig economy platforms face a strategic dilemma: how much, and which, information to share with users without sharing so much that it erodes their competitive advantage. In this paper, we address this dilemma by advancing a value-creation-centric framework of transparent marketplace governance. The core of the framework is the distinction between two forms of transparency. Event transparency – sharing what happened – entails mechanisms such as ratings, rankings, or transaction rules. In contrast, process transparency – disclosing how decisions are made – entails mechanisms such as task allocation and gatekeeping. To detail when gig economy platforms should prioritize event transparency or process transparency, we elaborate on contextual, marketplace-related, and transactional antecedents. Overall, our framework provides a fresh view of the role of transparency in distinct positioning by showing that transparency is a strategic choice about which information to reveal. Our paper adds to a better understanding of the role of transparency in transaction marketplace governance and provides actionable guidance for leveraging the transparency–secrecy tradeoff in marketplace governance.

Keywords: Transparency; Information Sharing; Marketplace Governance; Marketplaces; Transaction Platforms; Gig Economy

"Trust isn't earned behind closed doors; it's reinforced through transparency, fairness, and clear, in-product guidance. […] customers should be able to see what happened, understand why, and know how to resolve it."

(Upwork, 2025)

INTRODUCTION

Upwork, Lyft, and Uber Eats are popular examples of *transaction platforms* – also referred to as marketplaces (Gerwe, 2024; McIntyre et al., 2021) – that have become an essential part of the gig economy (Kellogg et al., 2020; Vallas & Schor, 2020). Platforms differ from their traditional counterparts like job placement agencies (competing with Upwork), taxi providers (competing with Lyft), and local food deliveries (competing with Uber Eats) in that they provide sophisticated and easy-to-use digital infrastructures over which buyers and sellers – and sometimes, as in the case of Uber Eats, third parties such as delivery parties – contract services on the spot between users affiliated with the platform (Hagiu, 2014; Leschke & Scheele, 2024; McIntyre et al., 2021).

Transaction platforms have been altering the gig economy because they create value for users in that they are cheaper and more flexible (Gawer, 2021; Gawer & Srnicek, 2021). A key platform feature to ensure these benefits for users is *platform governance* (synonymous: marketplace governance), referring to the regulation of access to a transaction platform and of the interactions among platform users (Boudreau & Hagiu, 2009; Hagiu, 2014). Several governance mechanisms have been identified through which platforms shape their users' interactions and transactions (Chen, Tong, et al., 2022; Kuan & Lee, 2023; Maric et al., 2025; Reischauer & Mair, 2018), such as ranking or rating criteria for user performance evaluation in ride-hailing platforms (Meijerink et al., 2024; Pilatti et al., 2024; Veltri et al., 2023).

A shared feature of many platform governance mechanisms, especially those pursued by well-known platforms, is their secretive nature – marketplaces tend to exhibit low levels of

transparency, thus providing little information about how rules are made and sharing little information about rules other than those directly relevant for transactions (Kellogg et al., 2020; Meijerink et al., 2024; Veen et al., 2020; Wood & Lehdonvirta, 2023). While this "secretive" approach to marketplace governance seems to have become dominant (Chen & Zhu, 2021; Kellogg et al., 2020), it is increasingly also called into question. This is because this dominant approach to platform governance can lead to platform-dependent users (Cutolo & Kenney, 2021), such as small businesses on the supply side that would otherwise have no distribution channels or riders for food delivery platforms (e.g., Uber Eats) that would otherwise have no gig (Atanasova et al., 2025; Cutolo & Kenney, 2021; Wood et al., 2019).

As illustrated by the introductory quote, increased transparency of marketplace governance has been proposed as a solution to this issue (Ananny & Crawford, 2018; Martin et al., 2017; Meijerink et al., 2024). Transparency, the disclosure of information, is a *"*powerful aggregate term" (Bernstein, 2017, p. 218) that encompasses several related constructs – such as monitoring and clarity (Bernstein, 2017; Heald, 2006) – to refer to how information disclosures of firms influence employees and firm performance. In the context of platforms more broadly (and thus also going beyond the gig economy), policymakers have recently urged to increase the transparency on and of platforms, as exemplified by the Platform Work Directive and the Platform-to-Business (P2B) Regulation of the European Union (Cutolo & Kenney, 2021; Gawer & Srnicek, 2021) or the US Algorithmic Accountability Act (Geng, 2024). Thus, the strategic question is not whether to be transparent or not, but how to integrate transparency in platform governance so that it is beneficial for the platforms' positioning (Zhao et al., 2017) that enables competitive advantage. Put differently,

the question is how to avoid disclosing too much information that could give away strategically sensitive information to users and/or competing platforms.

Recent studies have made progress in tackling this issue. It has been argued that a key effect of increased platform transparency is greater trust of users in the platform, which in turn has a positive impact on the distinct positioning of a platform (Cennamo, 2021). Trust is commonly defined as "a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another" (Rousseau et al., 1998, p. 395). Besides the positive performance effects through higher levels of platform transparency, studies have provided both positive and negative relationships of trust (Gu & Zhu, 2021; Köbis et al., 2021; Schnackenberg & Tomlinson, 2016). This shows that more transparency does not always lead to trust (Ananny & Crawford, 2018). Accordingly, balancing transparency is considered key to building and maintaining user trust in gig economy platforms (Mejia & Parker, 2021; Veltri et al., 2023).

Despite the advances of these and other studies on transparent marketplace governance (Karanovic et al., 2023; Martin et al., 2017; Mejia & Parker, 2021), extant theory provides only limited actionable advice on how transparency shapes value creation for users and how to make which parts of platform governance more transparent. Specifically, while transparent marketplace governance has been identified as a promising approach to positively impact a marketplace's distinct positioning (Cennamo, 2021; Li & Zhu, 2021; Zhao et al., 2017), we have only a limited understanding of when and how transparency can be leveraged in gig economy platforms' governance with potentially positive effects for its distinct positioning. To address this issue, in this paper, we synthesize key insights from platform transparency (Geng, 2024; Leone de Castris, 2025; Veltri et al., 2023) and – to account for the transactional

nature of marketplaces – transaction cost economics (Nagle et al., 2025; Williamson, 1979, 1981) to advance a *value creation-centric framework of transparent marketplace governance in the gig economy*. The framework foregrounds three dimensions of transparent marketplace governance. The first is transparency forms, i.e., how to govern a marketplace transparently, which can be centered on what happened (i.e., event transparency) or on how an event happened (i.e., process transparency). Each form consists of various mechanisms. The second dimension is antecedents, detailing which contextual, marketplace-related, or transactional factors shape when a marketplace is likely to choose which transparency form. The third dimension is outcomes, which, in the context of platform transparency, particularly centers around distinct positioning and trust. We relate these dimensions to each other via propositions. When doing so, we provide illustrations from various gig economy platforms.

Our paper adds to two ongoing debates in strategic management. The first implication concerns one of the discipline's core issues, namely, how to achieve distinct positioning where the platform "must both match and be adapted to its environment and it must at the same time compete with other firms that are also trying to adapt" (Rumelt, 2003, p. 82) in the context of platform markets. Specifically, we focus on distinct positioning that is interdependent with strategy and governance in the platform context (Cennamo, 2021; Leiblein & Reuer, 2020; Leiblein et al., 2018) by detailing the link between *transparent marketplace governance* and *distinct positioning*. Transparency choices shape how a platform commits to a particular governance approach. Put differently, being distinct via strategic choices that shape the strategic secrecy of a platform can be seen as an explicit positioning strategy through which a platform differentiates itself from competitors, considering that non-reflected information disclosure can have a value-destroying effect. In this context,

distinctiveness is treated as a dynamic positioning choice that requires the adequate use of strategic resources for competitive differentiation. By choosing their desired levels of transparency and secrecy, platforms actively modify their positioning strategies to maintain a distinct strategic position (Zhao et al., 2017). Overall, our bridging between platform strategy and transparency research complements research that mainly examined platform positioning based on the products covered on a platform (Cennamo, 2021), paying little attention to the role of transparency. By detailing the relationship between transparency choices and distinct positioning, we argue that transparency is not merely an operational choice of managers, but a strategic decision that creates interdependencies between governance and strategy of platforms. For example, while process transparency builds trust, it is difficult to reverse without diminishing trust of users in the platform, making it a high-stakes strategic choice. Overall, by providing an overview of the mechanisms for each transparency form, our framework enhances our understanding of the link between distinct positioning and transparency.

Second, we add to *transaction cost economics-based strategy research on platforms* (Bylund, 2021; Granados et al., 2006; Henten & Windekilde, 2016; Liang et al., 2021) by clarifying the link between marketplace-specific antecedents and the platform outcomes trust and distinct positioning (Alvarez et al., 2020; Boon et al., 2015; Li & Zhu, 2021; Zhao et al., 2017). While governing transactions on a platform has been linked to certain costs and competencies (Granados et al., 2006; Henten & Windekilde, 2016; Liang et al., 2021), we in the spirit of Bylund (2021) nuance antecedents by identifying three groups of antecedents: (1) Given inherent challenges in quantifying transaction effects and resource allocation among users from prior transactions, we propose that users' evaluation difficulty and specialized

investments are key transactional antecedents that shape rules for optimizing transaction costs. (2) Moreover, with respect to contextual antecedents characterizing the situation of a transaction, we highlight the relevance of regulatory pressure and between-marketplace competition. (3) Finally, as to marketplace-related antecedents focusing on strategic characteristics of platforms mediating between users, we highlight the relevance of integrated user bases, relative user size, and within-marketplace competition.

In the remainder of this paper, we proceed in three steps. First, we elaborate on gig-economy marketplaces and the key role of governance. Here, we also detail how transparent marketplace governance shapes value creation for buyers and sellers via trust. In a second step, we develop and illustrate our framework, which helps to overcome current limits on the role of transparency for marketplace governance. We close with the implications of our framework.

RELATED LITERATURE

Marketplaces

Transaction platforms – also referred to as marketplaces – are digital infrastructures over which users buy and sell goods or contract services on the spot. Marketplaces are thus intermediaries specializing in connecting at least two users' sides, buyers and sellers (Holzmann et al., 2025; McIntyre et al., 2021). Transaction platforms have become an integral part of multiple industries and sectors. One is the sharing economy, which involves transactions between individuals (Gerwe, 2024; Köbis et al., 2021; Reischauer & Mair, 2018). As exemplified by Amazon and Amazon Business, another one is e-commerce, where businesses sell physical goods to consumers or other businesses and therefore follow a

completely different business logic (Chen et al., 2023; Vallas & Schor, 2020). The setting that we focus on in this paper is the gig economy, an umbrella term for various industries in which the supply side is freelancers that offer their services towards other individuals (e.g., TaskRabbit) or firms (e.g., Upwork) (Vallas & Schor, 2020). Specifically, the gig economy encompasses four types of platform workers, namely (1) architects and technologists (i.e., founders, highly-skilled employees), (2) cloud-based freelancers who provide professional services, (3) gig workers who have short-term contracts to mainly offer offline tasks via the platform, and (4) content producers and influencers, who operate independently on social media for promoting another platform or service (Vallas & Schor, 2020). Popular examples of gig economy marketplaces are Lyft and Uber (providing flexible, on-demand transportation services), Uber Eats (delivering food from restaurants to individuals via freelancing drivers), or Upwork and TaskRabbit (matching freelancers with various demands for micro-tasks). While many gig economy marketplaces contain two sides, others, notably food delivery platforms such as Uber Eats, see their riders as a third user side (Leschke & Scheele, 2024; McIntyre et al., 2021). The common feature of all gig economy industries is that they involve labor-mediated and high-frequency transactions, which implies significant measurement problems and asymmetric dependences (i.e., conditions under which transparency choices are especially consequential (Ashford et al., 2018; Vallas & Schor, 2020).

Marketplaces create value for users – and thereby often outperform their traditional competitors – because of increased efficiency as they streamline and simplify transactions (Amit & Zott, 2001; Cennamo, 2021; Gawer, 2021). Consider the example of Uber, which leverages multiple data sources, such as payment and location data, to order a ride faster and

more easily than hailing a taxi by waving or calling. With regard to value capture, many marketplaces impose transaction fees (Holzmann et al., 2025).

A key condition for platforms to create and capture value is a distinct positioning (Cennamo, 2021; Li & Zhu, 2021; Rumelt, 2003; Zhao et al., 2017), because it makes it likely to attract a high number of users on all platform sides (Rietveld & Schilling, 2021). This is referred to as indirect network effects: the more users are willing to offer their services, the stronger the utility for potential buyers. Likewise, the more users are willing to buy, the more attractive a marketplace becomes for sellers (Ashford et al., 2018; Hagiu & Wright, 2015; McIntyre & Srinivasan, 2017). As we show next, governance is key to achieving and maintaining indirect network effects.

Marketplace Governance

Marketplace governance – or, synonymously, platform governance[1] – refers to the regulation of access to a transaction platform and of the transactions among sellers and buyers (Boudreau & Hagiu, 2009; Hagiu, 2014). In more detail, marketplace governance revolves around defining and enforcing certain "rules, including hard regulations and soft nudges" (Zhang et al., 2022, p. 2) to balance the heterogeneous needs of users and the platforms' value creation. Next, we briefly turn to selected governance mechanisms characteristic of marketplaces and illustrate how they shape value creation. Note that we will detail the transparent version of these and other mechanisms in the next section.

[1] As this brief review will illustrate, platform governance differs from the two well-known forms of alliance governance, contractual governance (which is based on law and enforced through third parties ex-post) and relational governance (which is based on social norms and enforced through involved firms) (Dyer & Singh, 1998). This difference stems from the fact that platform governance is concerned with influencing a large number of interactions between loosely affiliated and independent individuals and/or firms, whereas alliance governance centers interactions between few firms who entered a formal collaboration agreement and whose members are guided by a firm's structures, which are largely absent when it comes to platform users (Chen et al., 2022).

Ratings (Meijerink et al., 2024; Pilatti et al., 2024) and *rankings* (Veltri et al., 2023), have become a key part of platforms to shape transactions and outcomes because they evaluate user performance (Wood & Lehdonvirta, 2023). Both have been found to play a key role on platforms where future user behavior is shaped by past positive experiences (Kellogg et al., 2020; Möhlmann et al., 2021). A further important mechanism is *gatekeeping*, i.e., the degree to which platforms screen and select users to prevent competitive crowding and to attract only high-quality users (Maric et al., 2025; Zhang et al., 2022). For example, Upwork implemented a "Job Success Score" (JSS) as a satisfaction measure of freelancers through clients, which is key when assigning new jobs. However, while providing this score, the platform remains rather secretive (and thus less transparent) in sharing how the score is calculated, potentially limiting the number of users' future platform interactions (Upwork, 2026a). Gatekeeping also involves access control, i.e., the extent to which a platform is available for users, including restrictions on who can join and under what conditions one can engage (Rietveld & Schilling, 2021). This can also include the blocking of certain users who do not fulfill the defined access criteria and adhere to the platform rules (such as providing negative reviews) (Gawer & Srnicek, 2021; Wood & Lehdonvirta, 2023)

Another governance mechanism is the *monitoring* of users or tasks on the platform (Liang et al., 2023; Pilatti et al., 2024). Consider real-time tracking of user activities on ride-hailing platforms, where platforms are actively observing user behavior at the exact moment user interactions are happening and take actions to adhere to platform rules if necessary (Stark & Pais, 2021).

Yet another mechanism is *background checks* when a user initially joins a platform; doing so ensures that quality standards are fulfilled (Kuan & Lee, 2023). For example, ride-

hailing platforms like Uber and Lyft have installed checking requirements for the minimum age for drivers, a valid driver's license, or insurance documents before becoming valid users to offer their services via the platform (Meijerink et al., 2024).

A final mechanism is *transaction rules*, which are different defined standardized procedures or protocols that users have to follow during platform operations and transactions (Kellogg et al., 2020). For example, these can relate to payment rules (Gol et al., 2019) or the expected working time to perform a certain task (Leschke & Scheele, 2024).

As these insights show, the provision of information is key across governance mechanisms. However, as these illustrations also show, traditional governance approaches do not place information-sharing center stage. As we will see next, recent advances suggest the advantage in doing so.

Transparency and Marketplace Governance

Transparency and distinct positioning of marketplaces. Transparency is commonly defined as "the perceived quality of intentionally shared information from a sender" (Schnackenberg & Tomlinson, 2016, p. 1788). Like previous research, we use the terms "transparency", "information-sharing", and "information provision" synonymously to refer to a platform's sharing of information (Bernstein, 2017; Doshi & Schmidt, 2024; Li & Zhu, 2021).

Transparency in the context of platforms involves sharing information about the platform or its users (Li & Zhu, 2021; Xu et al., 2024). For example, Upwork is sharing information about their revenue models through showing their fee policies (Upwork, 2026b), while Fiverr is sharing factors behind their "Success Score" ratings that influence the evaluation of sellers (Fiverr, 2026). However, the overall rating is only visible to the

respective freelancers, whereas buyers can only see the sellers' overall level, an example of limited transparency (Fiverr, 2026). Consider further Uber and Lyft, which share detailed driver and rider information between both user groups to enhance their users' experience and willingness to use the platform (Hong et al., 2020).

There are at least two reasons why transparency is relevant for the distinct positioning of platforms. First, transparent information-sharing on platforms functions as an indirect lever of control, making it a strategic decision how to organize these levers of information as part of a transaction and how users would react to that (Doshi & Schmidt, 2024). By increasing or decreasing information sharing regarding platform operations and the rules shaping both user sides, platforms face several choices about the information provided to each side and which functions are offered via the platform (Geng, 2024; Leone de Castris, 2025; Veltri et al., 2023). Second, higher levels of transparency have been found to lead to more effective transactions and greater user willingness to participate on a platform (Köbis et al., 2021). When balancing different levels of transparency, secrecy is considered a potential downside: low levels of transparency are associated with higher levels of secrecy, and more traditional approaches to governance and strategy are dominated by their more secretive nature (Albu & Flyverbom, 2019; Birchall, 2011). The effectiveness of transparency lies in providing targeted information to users who value that information (Leone de Castris, 2025). At the same time, scholars highlight a need to balance transparency and secrecy, as excessive levels of transparency can make users hide certain behaviors (Kuan & Lee, 2023) and other platforms in the same industry would consider these choices and react to defend their distinct positioning accordingly (Granados et al., 2006).

Next, we detail the emerging view of platform transparency as "soft governance" (Doshi & Schmidt, 2024; Henten & Windekilde, 2016) to complement traditional platform governance. Specifically, in the remainder of this section, we synthesize the upsides and downsides of platform transparency for user groups (the three columns on the left of Table 1 and Table 2 provide an overview of this discussion). When we elaborate on core upsides and downsides, we focus mainly on instances where one downside of one platform side is not the upside of the other side. Such is the case, for instance, for being transparent about algorithms where mainly supply-side users benefit from improving their decision on which platform to operate to optimize their income, while demand-side users rather expect efficient platform features instead of an in-depth understanding of the algorithms behind them. In the next section, we further detail which governance mechanisms come with which upsides and downsides (see the right-hand columns of Tables 1 and 2).

Upsides of platform transparency for users. There are at least seven upsides of transparency for distinct platform sides, i.e., sellers, buyers, or both sides.

Table 1: Upsides of transparent marketplace governance for users

Upside	Definition	Platform side affected	Governance mechanisms affected
Information asymmetry reduction	Reducing unbalanced information between users on the platform by providing all relevant information that is shared with users that they require to complete a certain transaction	Both	Rankings; ratings; real-time tracking; disclosing protocols
Understanding of algorithms	Level of information shared about the functionalities of code behind the key platform metrics and functionalities and their outcomes	Sellers	Algorithmic performance evaluation; algorithmic accountability
Efficient job assignments	More efficient labor assignments between users based on supply and demand and gig workers' job engagement mediated by the platform	Both	Task allocation; real-time tracking; disclosing protocols
Increased user performance	Users' performance outcomes based on more transparent sharing about compensation practices and resulting alignment of user behavior	Sellers	Rankings; ratings; real-time tracking; disclosing protocols
Multihoming	Supply-side users being involuntarily active on different platforms and optimizing their work portfolio and outcomes	Sellers	Gatekeeping; task allocation; transaction rules
Targeted monitoring	More targeted surveillance activities taken by the platform to check for adhering to platform rules or user behavior	Buyers	Real-time tracking; gatekeeping
Increased data protection	Perceived data privacy during collecting, analyzing and using user data from the platform	Both	Rankings; ratings; real-time tracking; disclosing protocols

To begin with, one advantage of greater transparency lies in *information asymmetry reduction* for both the buyer and the seller sides. The positive effects of transparency on buyers has been debated with a focus on sharing information such as about platform operations (Mejia & Parker, 2021). For example, buyers increasingly call to receive more information about workers offering their labor at multiple times before a transaction is completed (Hong et al., 2020), such as through ratings about past transactions or rankings on the platform. Here, the role of platforms is to balance these demands for information-sharing (Granados et al., 2006; Kellogg et al., 2020) and thereby build trust (Hong et al., 2020; Schnackenberg & Tomlinson, 2016), as many tensions between workers and platforms largely

have their roots in information asymmetry (Liang et al., 2023). Likewise, sellers expect to receive demand information for reducing their information asymmetry and related perceived uncertainty in platform settings (Tsunoda & Zennyo, 2021), which would result in improved online transactions in turn (Nagle et al., 2025). For example, Ludwig et al. (2022)analyzed the information exchange between buyers and sellers on freelance marketplaces, such as Upwork and Fiverr. They found that information asymmetries between their users' text-based communication could be reduced by the amount of information shared. Buyers attracted more tasks when providing only moderate levels of task information and concreteness or avoiding personal information in their requests. In contrast, freelancers received more bids when they were more concrete and disclosed more personal information than buyers, to stand out, such as through real-time tracking. Likewise, gig economy platforms with less transparency were observed to foster information asymmetries, for example in case of not providing drivers with relevant information, such as detailed delivery address information before picking up the order at the restaurant (Veen et al., 2020).

Benefits of greater transparency for sellers can center around the *understanding of algorithms*. Effective transparency measures with regard to algorithms can have positive effects for users, who gain better insight about how they are evaluated or how tasks are distributed on the platform (Kellogg et al., 2020; Rosenblat & Stark, 2016; Wood et al., 2019), which is particularly important for the seller side. When certain information, for example on pricing algorithms or algorithmic accountability, is shared, this would make platform use more likely, such as for drivers who can better plan their income (Hong et al., 2020). Transparency in algorithms can be a function of technical skills and understanding the algorithmic logic, and becomes more challenging with increasing complexity of the technical

system itself (Ananny & Crawford, 2018). For example, transparency can be provided about algorithmic rewarding, through clear rating systems showing which elements define the ratings, as well as sharing information about what ratings are used for and how they shape performance outcomes. Purposeful secrecy about the rewarding system can therefore create negative experiences for sellers (Kellogg et al., 2020). What is more, the implementation of more transparent measures, such as in algorithmic management or performance evaluation, would result in increased trust due to the feeling of being treated in a fair way and having more agency to influence evaluations or allocation of task assignments (Laursen et al., 2021). In the case of Uber, for example, when the platform is not transparent about how it allocates drivers to places and at times that result in profit maximization, drivers might experience disadvantaged working conditions (Bieber & Moggia, 2021). In fact, another study reported Uber drivers' perceived lack of transparency in algorithms for ride allocation and timely earnings calculation of both wages and fees (Möhlmann et al., 2021). As it has recently been argued, not being transparent about how algorithms work and on which criteria they rely can create frustration or other disadvantages among gig workers (Meijerink et al., 2024). Influencing or getting insights into algorithmic control for workers is often limited (Kellogg et al., 2020), despite the original intention of these systems to increase transparency (Wood & Lehdonvirta, 2023).

Another advantage for buyers and sellers lies in more *efficient job assignments* and task allocation between the user sides mediated via the platform (Pilatti et al., 2024). Uncertainty can be present with regard to how tasks are allocated among drivers (e.g., ratings or distance measures, fostering real-time tracking activities), and such purposefully created information asymmetries discriminate against drivers when trying to optimize their delivery jobs (Hong et

al., 2020; Veen et al., 2020). At the same time, having too little or no relevant information about how algorithms work would make Uber drivers less willing to take on new rides (Möhlmann et al., 2021). A recent study focused on transparency in talent identification between supply-side users (i.e., gig workers) and demand-side users (i.e., requesters) and proposed that more efficient resource allocation is based on higher transparency in riders' acquisition and retention processes (Meijerink et al., 2024), being further associated with the disclosure of protocols. As another example, Fiverr makes transparent whether workers are part of their exclusive Fiverr Pro talent pool (Meijerink et al., 2024), which can be relevant information for demand-side users when deciding on the allocation of a given task.

A further upside, mainly for sellers, is *increased user performance*, such as more completed transactions via the platform, due to greater transparency in pricing or rating mechanisms. As Chen and Zhu (2021) have shown, sellers who actively share information (such as business experiences) with users on the same side tend to have better business performance outcomes in terms of an increased number of transactions via their platform. An additional lever, in that regard, is retention. For example, to improve retention rates and attract new drivers, it is suggested that platforms should offer their sellers the option for customized contracts and different levels of flexibility, or a more transparent passenger rating or ranking system (Hong et al., 2020; Wood & Lehdonvirta, 2023). Increased user performance can also result in better earnings through more transparent information provision about a platform's operations and compensation schemes, supporting them in better decision-making, such as up-front decision-making about whether to join a platform or not (Köbis et al., 2021; Pilatti et al., 2024). In addition, it is suggested that marketplaces should offer non-monetary incentives such as recognition and networking to sustain an active sharing

environment (Chen, Tong, et al., 2022). In that regard, platforms such as Uber or TaskRabbit increasingly use more transparent measures to react to regulatory demands for improving their workers' rights and sharing more information about these practices (Gerwe, 2024; Möhlmann et al., 2021) through disclosing protocols or providing real-time tracking information, further highlighting the relevance of these transparency-related mechanisms in their platform governance.

Another upside especially for sellers is *multihoming*, the extent to which a platform facilitates or prohibits users offering the same services on competing platforms (Jeitschko & Tremblay, 2020; Park et al., 2021). Consider the example of drivers who simultaneously operate on both platforms Uber and Lyft. Drivers who multihome and thus switch between different platforms are motivated by better compensation schemes on the respective platform (Granados et al., 2006; Hong et al., 2020). Higher levels of transparency can increase the likelihood of multihoming, whereas lower levels can reduce multihoming among supply-side users (Li & Zhu, 2021). This is because as more information becomes available, users can evaluate which platform they want to use to offer their services (Cennamo, 2021). Whereas this might create independence for certain user groups (Doshi & Schmidt, 2024), it can also decrease differentiation levels between platforms (Maric et al., 2025). For example, when drivers operate on Uber and Lyft simultaneously (i.e., one phone for each), and more real-time information about surge pricing is available on only one platform, they might prioritize the higher immediate value of a transaction across both apps, especially when additional information about transaction rules is shared. Therefore, drivers are motivated to multihome by choosing the platform that offers more transparency into their respective compensation. A more direct access to requests across platforms can result in higher market transparency in

terms of accurate and complete market information (such as information on pricing, products/services, or suppliers), increasing or reducing multihoming activities of the supply-side or resulting in necessary adoptions on the platform (Granados et al., 2006; Hong et al., 2020).

A further upside of increased transparency for buyers relates to more *targeted monitoring*. A study found that higher levels of transparency in monitoring policies are more likely to be accepted by workers for low levels of monitoring intensity (Liang et al., 2023), and real-time tracking activities further assist platforms in taking these measures (Stark & Pais, 2021). These monitoring activities can go hand in hand with platform access rules by regularly checking whether the necessary conditions are fulfilled. Another benefit for suppliers stems from increased supplier monitoring activities on the platform. For example, when using Upwork, monitoring can take place through automated screenshots to survey the activities of workers. This increased transparency through targeted information recording can benefit supply-side users (i.e., workers) by protecting payments when assigned tasks are rejected without a reason (Liang et al., 2023).

Finally, for both buyers and sellers, transparency can ensure *increased data protection,* whether it concerns sensitive information (Leone de Castris, 2025) or real-time tracking activities. This upside depends on the respective user side. For example, sellers would consider it as positive effect when there is limited transparency in privacy measures, as they receive more relevant information for completing a transaction. Consequently, while sellers might not be willing to disclose their own sensitive information, they might demand stringent transparency with regard to information regarding the buyer side prior to a transaction (such as through ratings or rankings). A study among more than 400 drivers for ride-hailing

platforms found that besides financial security and work flexibility, drivers valued disclosed information on the platform, such as privacy protection measures, the ability to screen passengers (involving passenger ratings that enable screening for undesired passengers), or a substitute phone number feature to protect drivers' privacy (Hong et al., 2020). Disclosing protocols of these activities can further increase data protection.

Downsides of transparency for users. As we will show next, transparency is not without downsides. In the context of platforms, scholars have identified at least six core shortcomings for users of being too transparent (Table 2 provides an overview).

Table 2: Downsides of transparent marketplace governance for users

Downside	**Definition**	**Platform side affected**	**Governance mechanisms affected**
Information overload	Cognitive limitation of processing and understanding large amounts of information with limited resources and in a short time period	Both	Rankings; ratings; real-time tracking; algorithmic performance evaluation
Higher transaction costs	Monetary and time-related resources needed to participate in a more transparent transaction	Both	Rankings; ratings; transaction rules
Critical performance evaluation	Information-sharing measures about how jobs are evaluated by users after a transaction	Sellers	Rankings; ratings; real-time tracking; disclosing protocols
Reduced user anonymity	Level of limited transparency in sharing user-related information among users	Both	Rankings; ratings; disclosing protocols
Data privacy concerns	Perceived concerns from limited data protection during collecting and analyzing user data from the platform	Both	Real-time tracking; rankings; ratings; disclosing protocols; background checks
User gaming	Manipulation of algorithms and rules behind certain review or rating scores	Both	Transaction rules; algorithmic accountability

One downside for both buyers and sellers is *information overload*, the cognitive limitation of processing and understanding large amounts of information with limited resources (Tolegenov et al., 2024). When a lot of information becomes transparently available, users can face a difficulty in making sense of its amount and potential complexity (Li et al., 2025). For example, when there is a high number of online reviews or ratings for several sellers, buyers can have a hard time in evaluating and deciding on them prior to a transaction (Veltri et al., 2023), which in turn increases the search and transaction costs. Consider the example of Uber Eats and other established food delivery platforms such as DoorDash in the US or Deliveroo in several European countries, where users are provided with detailed information, including numerical star ratings, delivery fees, estimated delivery times, and varied menu categories. In a recent study, it was found that ratings of buyers and sellers on food delivery platforms such as Uber Eats were used to falsely link them to the restaurants' performance instead of focusing on users' awareness (Veen et al., 2020). Moreover, too much transparency about the earnings conditions and platform operations prevents supply-side users from joining the platform, which can disadvantage demand-side users when the number of drivers is low (Köbis et al., 2021). Uber in 2021 increased earnings transparency on its platform by showing drivers a compensation estimate and route overview in advance of riders' pickups (an example of real-time tracking) (Uber, 2025). While this increase in transparency positively affected driver choice, riders were disadvantaged, for example, through an increase in driver-based cancellations (Karanovic et al., 2023). It has also been argued that transparent information provision about the platform's operations, remuneration schemes, and algorithmic performance evaluation could prevent drivers from joining a platform, which would result in a strategic disadvantage for the platform (Köbis et al., 2021). In particular, self-employed riders are affected by low transparency with regard to

information about working (e.g., working hours) and earnings conditions (e.g., earnings insecurity), such as in the case of Uber Eats (Leschke & Scheele, 2024).

However, while marketplaces may benefit from information-sharing, doing so might not be a priority goal for users on both sides due to *higher transaction cost*, such as time investments or other sellers' free-riding behavior (Chen & Zhu, 2021). Additional costs can result from ratings and rankings taken into account when deciding on a transaction. Associated transaction rules can further increase the costs involved. In addition, higher costs due to increased transparency can also appear for demand-side users, such as when they have to pay to activate a feature that provides more information on the platform or to process a transaction (Meijerink et al., 2024; Veltri et al., 2023).

While being more transparent in the *critical performance evaluation* (Pilatti et al., 2024) could mainly benefit sellers through reduced information asymmetry between gig workers and the respective platform (Chen et al., 2023; Rosenblat & Stark, 2016), this can also have negative effects for buyers, who might be misled by false or manipulated ratings or rankings, and they might demand disclosure of associated protocols. Real-time tracking measures can further increase the accuracy of these evaluations.

Another more negative aspect for buyers and sellers related to increased transparency is the potential for *reduced user anonymity* (Kuan & Lee, 2023). The buyer side can also increase their likelihood of operating on a platform by staying anonymous to sellers (i.e., providing less information) with regard to their contact information or prior track records, while at the same time benefiting from that information being available from sellers, leading to power asymmetry between them. Depending on the platform, user-tracking data might only be shared from the seller side where this kind of information asymmetry would benefit buyers

during a transaction, and platforms would be in a more favorable position from a governance perspective due to their own invisibility (Stark & Pais, 2021). User anonymity might also be reduced when more user information has to be shared across the platform, such as non-anonymized ratings or rankings. Further, when protocols about transactions are disclosed, user anonymity is reduced in turn (Ludwig et al., 2022).

Full transparency can have negative consequences for both user groups in terms of *data privacy concerns* due to higher transparency levels about what is shared between users and the platform (Ananny & Crawford, 2018; Gawer & Srnicek, 2021), such as in the case of rankings or ratings. As an example, regular monitoring practices require the continuous collection of data that could result in privacy concerns in turn, which could demotivate workers in accepting such monitored job assignments, which was for example observed at Uber (Liang et al., 2023), or when user activities are tracked in real time and not anonymized via the platform. Information about background checks becomes critical for data privacy when it is shared with users, or when certain protocols are disclosed. Moreover, the same study showed that disclosure transparency did not diminish privacy concerns for higher levels of monitoring. Therefore, being transparent about how this information is collected can have an impact on platform operations (Liang et al., 2023).

Finally, high transparency may lead to *user gaming* of transparent rules or transaction rules by both user groups, i.e., manipulating the algorithms behind certain review or rating scores to deceive the other platform side (Kellogg et al., 2020). For example, when users of Upwork are aware of the rating criteria or the parameters that would lead to the best reviews, they might be more motivated to have them filled out in their own interest for tiny or simple tasks to increase the amount of best reviews, or offering a refund for unhappy users by

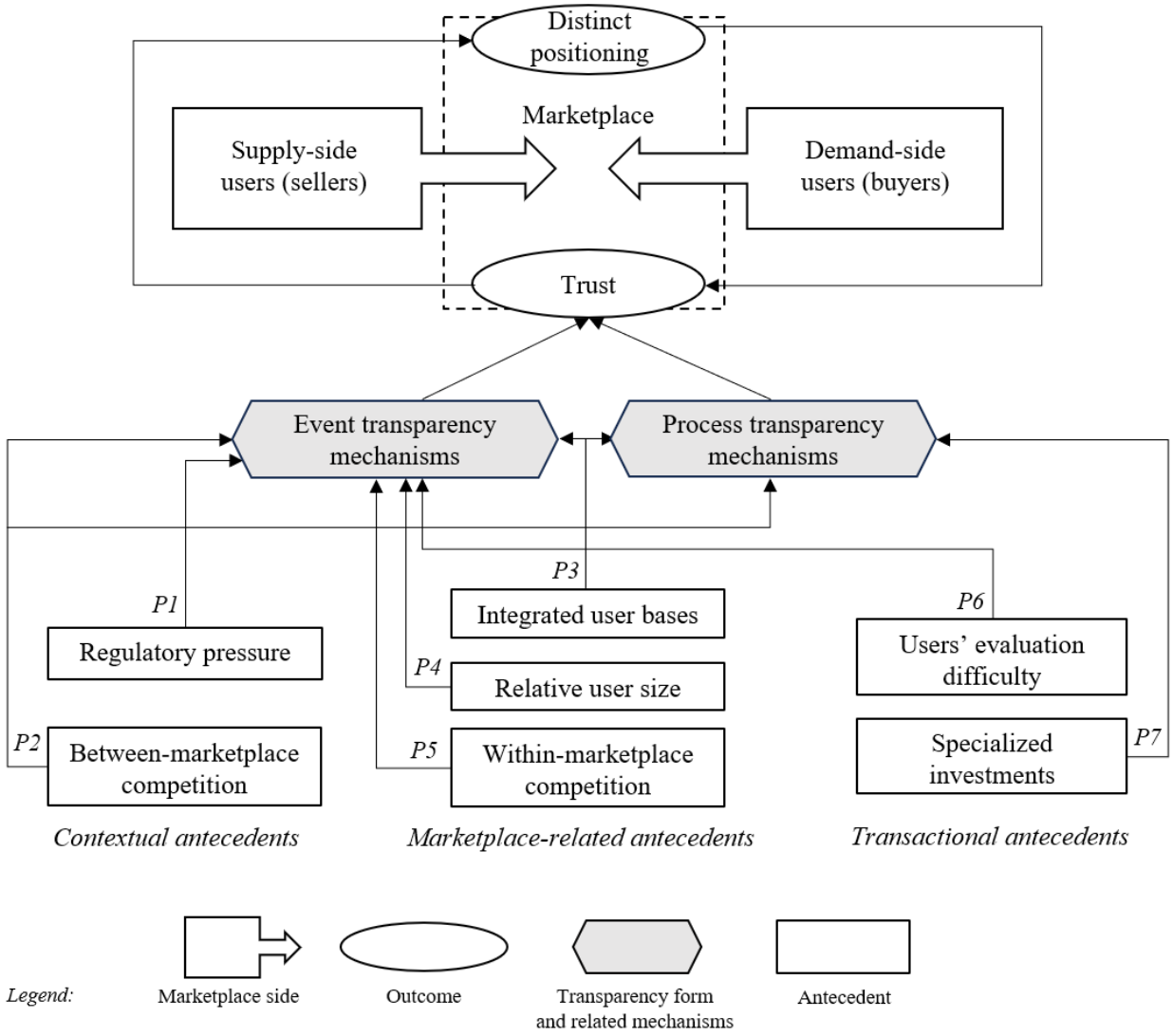
agreeing not to leave a bad review, which could both in turn result in false signals and a potential reduction of transaction levels in terms of quality and satisfaction. Moreover, when more information about algorithmic accountability is made available for users, user gaming can be further increased (Ananny & Crawford, 2018; Geng, 2024). Another example is Uber drivers who can game the system by intentionally turning off the app to increase surge pricing via underlying algorithms (Karanovic et al., 2023).

Limitations of extant theory. While the above-outlined body of work advanced our understanding of the upsides and downsides of governing marketplaces through transparency, the link between transparency and governance is underexplored. In other words, the big strategic picture of making marketplace governance more transparent remains unclear (e.g., Chen et al., 2023; Doshi & Schmidt, 2024; Köbis et al., 2021; Li & Zhu, 2021; Mejia & Parker, 2021). In a similar vein, we face a limited understanding regarding which factors make it likely that marketplaces share information with users, thus embracing transparency in governance. This especially pertains to marketplaces in the gig economy, where information is demanded from both user sides during a transaction of services that are often harder to evaluate than in other marketplace types (Vallas & Schor, 2020). We address these issues in the next chapter by developing a conceptual framework.

A VALUE CREATION-CENTRIC FRAMEWORK OF TRANSPARENT MARKETPLACE GOVERNANCE IN THE GIG ECONOMY

Below, we enrich the above insights into platform transparency with key concepts from transaction cost economics, a key stream in strategy research that has been successfully applied to disentangle what shapes the efficiency of transactions between actors with heterogeneous interests and information (Nagle et al., 2025; Williamson, 1979, 1981). The resulting conceptual framework (see Figure 1) centers on three dimensions of transparent marketplace governance: (1) *transparency forms* (i.e., how to govern a marketplace in a more transparent way), consisting of multiple mechanisms; (2) *antecedents* (i.e., when a marketplace is likely to choose these forms), being either contextual, marketplace-related, or transactional, and (3) *outcomes*. Together, these dimensions nuance the role of information disclosures of marketplaces with marketplace users (Chen et al., 2023; Chen & Zhu, 2021; Doshi & Schmidt, 2024; Gu & Zhu, 2021; Köbis et al., 2021; Li & Zhu, 2021) in the spirit of previous transaction-cost-based studies on platforms (Gawer, 2021; Kuan & Lee, 2023; Nagle et al., 2025). In more detail, our framework aligns with a core strategic management goal of value creation, where effective marketplace governance plays a critical role in increasing economic performance and achieving competitive advantage (Cennamo, 2021; Pilatti et al., 2024), addressing the central question of distinct positioning (Leiblein & Reuer, 2020; Leiblein et al., 2018; Zhao et al., 2017).

Figure 1: A value creation-centric framework of transparent marketplace governance in the gig economy



The framework rests on three assumptions. First, it considers transparency as a strategic choice for platform managers and one way to achieve distinctiveness (Zhao et al., 2017) and reduce strategic secrecy (Birchall, 2011; Costas & Grey, 2014). More specifically, and as detailed below, we position event transparency as selectively compatible with secrecy and process transparency as selectively substitutive. Second, it reflects the interdependencies of platform strategy and governance by focusing on the link between transparent marketplace governance and distinct positioning. Making decisive strategic choices about the balancing between transparency and secrecy in the face of the platform's competitive landscape enables

the platform to create a sweet spot to fulfil increasing user demands for transparency and align strategic goals. This, in turn, shapes expectations and relationships with each user side, requiring resource investments for both transparency forms (Cennamo, 2021; Chung et al., 2024; Leiblein & Reuer, 2020; Leiblein et al., 2018; Polidoro Jr & Yang, 2024). Third, our framework reflects the conceptual specifics of transaction platforms operating in the gig economy, i.e., transaction platforms specializing in services where individual supply-sided users transact with other individuals based on short-term contracts. Popular gig economy settings are ride-hailing (e.g., Uber, Lyft), courier services (e.g., Uber Eats, Deliveroo), and cleaning services (e.g., Helpling), as well as freelance tasks (e.g., TaskRabbit, Upwork), event entertainment (e.g., GigSalad), and caregiving services (e.g., Care.com). Consequently, our framework applies to this and other gig economy settings and it is not entirely applicable to settings in which platforms enable the transaction of goods (e.g., e-commerce marketplaces) or grant access to resources (e.g., Airbnb). Next, we turn to the framework's three dimensions.

Transparency Forms and Related Governance Mechanisms

An important way to clarify how transparency works is to distinguish between event transparency – also referred to as transparency as monitoring (Bernstein, 2017) or purpose transparency (Li et al., 2025) – and process transparency – also referred to as process visibility (Bernstein, 2017) – each describing approaches *how* to govern a marketplace in a transparent way. Heald (2006) defined event transparency as an input-output relation with an outcome, without seeing how inputs are transformed into outputs, and process transparency as the opening of this "black box" to understand the underlying procedural elements.

Traditionally, platform governance has focused on secrecy to ensure competitive advantage. Our framework suggests that nuancing various ways of information disclosure enables managers to treat secrecy and information disclosure as intentional governance choices. The difference is the consideration of secrecy as a governance choice, i.e., being partly secretive or partly transparent (Sharapov & MacAulay, 2022). Accordingly, platforms that are less secretive in their governance approach are more transparent, and vice versa. As we will show, event transparency is selectively compatible with secrecy, enabling platforms to disclose specific transactional outcomes or events without revealing the underlying operational "recipe". In contrast, process transparency acts as a selective substitute for secrecy. Revealing how decisions are made, such as disclosing internal decision rules and algorithmic logic, functions as a costly signal for platforms because it exposes internal information and rules that could otherwise be hidden to protect value. Below, for each transparency form, we elaborate on related mechanisms of transparent marketplace governance, starting with event transparency (see Table 3 for a summary).

Table 3: Event transparency as a strategic decision and related mechanisms of transparent marketplace governance

Governance mechanism	Rationale	Illustrations
Ratings	Reducing information asymmetry between users through evaluating past user behavior	User rating scales (e.g., stars) or written reviews
Rankings	Establishing user hierarchies and justifying actions	User performance rankings; reasons for blocking a user (e.g., underperforming Uber or Lyft drivers, Upwork freelancers)
Transaction rules	Establishing standardized expectations and ensuring transactions	Payment rules (e.g., cancellation fee on Uber or commission fee on Fiverr)
Background checks	Conducting regular checks for reducing transaction risks and providing a baseline for platform operations quality	User verification process, provision of relevant documents upon registration and during operations (e.g., Uber/Lyft driver, Upwork freelancer)
Real-time tracking	Ensuring operational security and safety during a transaction through constant user and transaction observation	Real-time GPS tracking of user activities (e.g., Uber/Lyft rides or status activities at Upwork/Fiverr)

Event transparency and related governance mechanisms. In the context of platforms, event transparency refers to sharing information about events and what happened on the platform (Heald, 2006; Kellogg et al., 2020; Li et al., 2025). Several mechanisms have been identified to put this form into action.

Important ones include *ratings* (e.g., user ratings through scales or written reviews) and, relatedly, *rankings* (e.g., reasons for blocking a user, such as underperforming Uber or Lyft drivers and Upwork freelancers) as introduced at the beginning of this article. Both forms tend to be enacted as quantified benchmarks, which makes it easier to integrate into the platform (Cennamo, 2021; Kellogg et al., 2020). Another example would be to make reviews transparently available to all users, including the information about which users rated the respective reviews. In a recent study, event transparency has been investigated with respect to the presentation of search results (i.e., influence of ranking criteria on user choices),

contractual entities (i.e., users of a transaction knowing about each other), and user reviews and ratings (i.e., transparency in review authenticity) (Veltri et al., 2023). Consider further the example of drivers when not reaching review-score targets or more precise information about payment schemes for offline working hours – this type of transparency shapes the user's decision to join a platform (Kashyap & Bhatia, 2018).

Another event transparency mechanism is *transaction rules* (e.g., payment rules about cancellation fees on Uber or commission fees on Fiverr) that relate to certain platform policies or terms of service that comprise the basis for ensuring platform operations (Möhlmann et al., 2021). These rules can be adopted over time and can have a crucial impact on overall value creation (Rietveld et al., 2020). Furthermore, these rules – and being less secretive about them - define what users can (or cannot) actually do on the respective platform and when interacting with each other (Kuan & Lee, 2023).

Another mechanism that establishes event transparency is *background checks* about users. Here, one example would be to share the reasons for (un)blocking certain user profiles at Uber, depending on whether the rules and guidelines of the platform are obeyed (Möhlmann et al., 2021). Another example is the provision of relevant documents upon registration and during operations in a user verification process (e.g., for Uber/Lyft drivers and Upwork freelancers). Moreover, platforms are advised to disclose information about the ranking (such as where after the completion of a transaction there is an "event" that is ranked on the platform), and recommendation criteria to prevent unfair biases (Xu et al., 2024).

Real-time tracking is another mechanism of event transparency that would improve user experience during certain applications, such as for location data, user behavior, transactions, or reviews (Stark & Pais, 2021). An example is real-time GPS tracking of user activities (e.g.,

Uber and Lyft rides, or status activities at Upwork and Fiverr). Next, we elaborate on process transparency and the mechanisms of transparent marketplace governance (see Table 4 for a summary).

Table 4: Process transparency as a strategic decision and related mechanisms of transparent marketplace governance

Governance mechanism	Rationale	Illustrations
Task allocation	Clarifying the matching mechanisms and how jobs are distributed among users	Information-sharing of the assignments of tasks (e.g., specifics about algorithms assigning Uber drivers)
Algorithmic performance evaluation	Providing users with a detailed understanding to optimize their standing on the platform	How algorithms evaluate user performance (e.g., specifics about Upwork's Job Success Score)
Disclosing protocols	Reducing user skepticism about perceived evaluation intransparency and complex data processing	Reasoning behind certain rankings or rating criteria; weighing of search results
Gatekeeping	Justifying platform access control mechanisms when entering a platform and sharing their precise logic	Disclosing detailed information about metrics or assessments for using a platform, such as screening of new users (e.g., Uber taxi permits) or exclusive relationships
Algorithmic accountability	Balancing the sharing of sensitive algorithmic information while reducing monitoring concerns	Sharing details about how income or platform fees are calculated; disclosing job monitoring procedures

Process transparency and related governance mechanisms. Process transparency is about disclosing decision-making procedures (Heald, 2006; Li et al., 2025); it typically has the form of text, which tends to require more effort to be integrated and to be understood (Heald, 2006). Multiple mechanisms relate to process transparency, thus sharing how decisions are made.

One mechanism is *task allocation* (e.g., information-sharing of the assignments of tasks, or sharing specifics about algorithms, such as in the case of assigning Uber drivers), which clarifies the underlying matching mechanisms and collected information about how certain

tasks or jobs are distributed among users (Newlands, 2021; Pilatti et al., 2024). For example, in food delivery platforms such as Uber Eats, user data is collected from their phones and app interactions through geo-spatial GPS data and combined with past user ratings to enable real-time matching in the task allocation process, where task allocation relies entirely on autonomous systems based on algorithms (Veen et al., 2020).

Another mechanism is *algorithmic performance evaluation* (e.g., sharing specifics about Upwork's Job Success Score) such as in the case of how the relevant input parameters of the algorithm are designed and ranked to result in the best possible user scores (Kellogg et al., 2020). This would enable users to optimize their transactions and performance ratings for future job assignments via the respective platform (Li et al., 2025).

Another factor is *disclosing protocols*, such as for algorithms or reasoning behind certain rankings or rating criteria, or the weighing of search results. Consider further the example when a seller buys a service on a platform, and each transaction partner (i.e., buyer and seller) can get insight into each transaction by looking at the history of setting up that offer (Tiwana, 2015). Sharing this information more transparently with the buyer side would support them in better understanding the specifics behind the influence of their actions during platform operations, as well as their impact on future transactions.

Moreover, a more transparent variant of *gatekeeping* (e.g., disclosing detailed information about metrics or assessments for using a platform) would foresee that users get detailed insights into the reasoning and rules behind letting users enter a platform, deciding which users on the demand and/or supply side can join a marketplace (Zhang et al., 2022). For instance, there can be a user-based screening of new users instead of leaving that task solely to the platform (Tiwana, 2015). Another illustrative example is sharing detailed information

about the screening process of new users (e.g., Uber taxi permits). In addition, the creation of exclusive relationships between a platform and its users can be encouraged, fostering a sense of belonging among users when they receive more detailed information about such a deal (Doganoglu & Wright, 2010; Lee, 2013).

Another mechanism through which process transparency is established is information-sharing of the assignments of tasks, transparency about performance evaluation, or transparency about how gig workers' income is calculated (Pilatti et al., 2024). This has been referred to as *algorithmic accountability*, i.e., understanding the reasoning behind algorithms as "black boxes", enabling users to develop a more critical perspective towards their validity while more transparency would only partially lead to improved transactions via the platform (Ananny & Crawford, 2018). This would include sharing more information about how incomes or platform fees are calculated or disclosing job monitoring procedures. In addition, examining Amazon Mechanical Turk (Möhlmann et al., 2021; Stark & Pais, 2021) and Prolific, a recent study investigated the level of transparency about job monitoring and found that being transparent (i.e., disclosing monitoring) has a benefit only for low-intensity (amount of data collected) monitoring, whereas disclosing high-intensity monitoring does not reduce workers' privacy concerns. Moreover, when being informed about the removal of collected sensitive data, workers were still faced with privacy concerns (Liang et al., 2023).

Outcomes

Having clarified key governance mechanisms for event and process transparency, we next elaborate on trust, which is a key outcome of transparency, where positive effects on distinct positioning arise from increased levels of trust through transparency instead of more direct effects in that relation. It has been argued that increasing transparency can improve user

trust and thereby the probability of making a transaction (Bernstein, 2017; Veltri et al., 2023). Given higher transparency, the consequences of a transaction are easier to consider, reducing the likelihood of motivated reasoning (e.g., willful ignorance or self-serving justifications). In general, buyers' trust while using a platform is essential to ensure the success of a transaction as well as to convince the buyer to use the platform in future transactions. This can relate to trust earned through the various ways of using a platform, such as through the perceived ease of using a payment feature, how likely it is to expect that a transaction runs without any interruption or damage, or that there are reliable support services in place (Cennamo, 2021; Kellogg et al., 2020). At the same time, higher levels of transparency are likely to have a positive impact on trust levels regarding these dimensions from a buyer's perspective. Likewise, selective information-sharing on the supply side is likely to increase in the presence of trust, in the sense that users are willing to share more information when they trust each other and expect to gain useful information in return. Moreover, platform rules and behavioral guidelines help maintain order by building trust towards other users of the same side (Boon et al., 2015). However, simply providing the information is often not enough, particularly for newer platforms with which users may not be familiar, as user may have difficulty in locating relevant information, leading to increased search costs (Meijerink et al., 2024). Against that background, we detail, for each mechanism, its implications for trust; Table 5 provides an overview of this discussion.

Table 5: Trust implications of the strategic choice between transparent marketplace governance mechanisms

Form	Governance mechanism	Trust implications
Event transparency	Ratings	Positive effect on trust for users when rating criteria are made transparent and their manipulation can be avoided
	Rankings	Positive effect on trust for users when ranking criteria are made transparent and are perceived as relevant
	Transaction rules	Positive effect on trust for users when transaction rules are perceived as neutral and fair
	Background checks	Positive effect on trust for buyers through perceived platform quality and professionalism. Further positive effect on trust for sellers through less additional resource investments or clearly communicated requirements
	Real-time tracking	Positive effect for users by improved user experience, effective comparison mechanisms among users, and when data privacy standards are fulfilled
Process transparency	Task allocation	Positive effect on buyers when their demands and needs are considered and expectations for high quality in transactions are fulfilled
	Algorithmic performance evaluation	Positive effect on trust for users when algorithms behind performance evaluation are easy to understand
	Disclosing protocols	Positive effect on trust on users when the disclosure of protocols is perceived as fair and has a positive impact on associated transactions
	Gatekeeping	Positive effect on trust for users when gatekeeping rules and control mechanisms are shared transparently and apply equally to every user across the platform
	Algorithmic accountability	Positive effect on trust for sellers and buyers when algorithmic accountability is perceived as reasonable compared with other platforms

Event transparency and trust as outcome of transparent marketplace governance. To begin with, event transparency governance mechanisms of *ratings* and *rankings* can have a positive effect on trust for buyers and sellers when rating and ranking criteria are made transparent and manipulation can be avoided, or they are perceived as relevant, such as in the case of Uber (Rosenblat & Stark, 2016; Veltri et al., 2023). Reviews by users based on past transactions and quality rankings impact trust in the platform and shape distinct positioning (Kuan & Lee, 2023; Vallas & Schor, 2020). Rating systems effectively foster the creation of trust at zero costs through reputation to support short-term and often not repeated transactions

(Cutolo & Kenney, 2021; Wood & Lehdonvirta, 2023). However, one issue raised is that supply-side users might provide incomplete or inaccurate information to increase their operations (Kozlenkova et al., 2021), as platforms might prefer to keep certain information about the details behind their ranking or rating systems in order to secure their platform's distinct positioning. This would in turn reduce the levels of trust of the demand-side users (i.e., buyers) of the platform, potentially reducing the overall number of transactions via the platform, thus making it necessary to balance the level of transparency between them (Chen et al., 2023; Köbis et al., 2021).

Moreover, *transaction rules* can have a positive effect on trust for sellers and buyers when they are perceived as neutral and fair, such as in the case of working times (Leschke & Scheele, 2024) or payment rules (Gol et al., 2019). Especially when these rules align with regulatory standards, trust on the seller side is enhanced (Köbis et al., 2021; Pilatti et al., 2024).

In addition, *background checks* such as in the form of prior work experience, official licenses or asset ownership would be beneficial for buyers' trust through perceived platform quality and professionalism (Donovan et al., 2016; Kuan & Lee, 2023).Trust can further be enhanced when these checks are performed, and users might feel more satisfied with the service offering through less additionally necessary resource investments or clearly communicated requirements (Gawer, 2021; Zhang et al., 2022).

Finally, with regard to *real-time tracking*, positive effects for buyers can result in improved user experience due to more reliable or up-to-date transaction data directly displayed on the platform. Likewise, further positive trust effects for sellers can occur due to regulated surveillance mechanisms, more effective and accepted comparison with other

sellers, and when data privacy standards are met (Chen et al., 2023; Veen et al., 2020). This can depend on the type and amount of information shared between users, such as in the case of freelancing platforms, where sharing more personal information between users can even reduce uncertainties in transactions and further increase trust outcomes (Ludwig et al., 2022).

Process transparency and trust as outcome of transparent marketplace governance. One process transparency governance mechanism is *task allocation*, which can have a positive effect on buyers when their demands and needs are considered, as well as expectations for high quality in transactions are fulfilled (Hong et al., 2020; Pilatti et al., 2024; Veen et al., 2020). Especially when the algorithms behind these task allocations are made transparent, users show higher levels of trust, such as in the case of Uber (Möhlmann et al., 2021). Likewise, when trust is less established between the users or the platform, it increases the likelihood of not transacting via the platform. Platforms are therefore advised to increase transparency levels in order to prevent mistrust and irresponsible sharing in order to make the buyers' experience more positive to increase their retention (Köbis et al., 2021; Zhang et al., 2022). With regard to workers' retention and talent development, these are also likely to increase depending on the amount of information shared with supply-side users, positively effecting trust rates in turn (Meijerink et al., 2024).

In addition, *algorithmic performance evaluation* can have a positive effect on trust for buyers when the reasoning behind these performance evaluation systems is less difficult to comprehend for users (Liu et al., 2020). When performance management is primarily located on the buyer side, sellers show more disciplined behavior, and platforms achieve higher trust levels among buyers (Chen et al., 2023).

Furthermore, *disclosing protocols* can have a positive effect on trust of sellers and buyers when perceived as fair and when the shared information is expected to have a positive impact on the transactions (Granados et al., 2006; Tiwana, 2015). On the other hand, when users are informed about how they might have been purposefully manipulated, trust could be reduced (Kuan & Lee, 2023). Another example in case of Uber was when the platform changed rates and commissions without considering the opinions of the drivers, thereby reducing their trust and satisfaction with the platform (Rosenblat & Stark, 2016).

Moreover, *gatekeeping* can be an effective trust-building measure by informing users about the specifics of control mechanisms when entering a platform (Li et al., 2025; Zhang et al., 2022). Gatekeeping can then have a positive effect on trust for users when the related rules are transparently shared between buyers and sellers across the platform and are applied equally between them. During platform entry, technology-based trust is created when it reduces coordination cost and supports efficient search and matching criteria (Kretschmer et al., 2022).

Finally, sharing information about *algorithmic accountability* can have a positive effect on trust for sellers and buyers when using a platform and perceiving it as reasonable compared with other platforms (Ananny & Crawford, 2018). When platforms address the specifics of how algorithms are managed, the social behavior of sellers has an impact on buyers' trust (Pilatti et al., 2024). More transparent user engagement with algorithms and their understanding further has a positive trust effect on users (Geng, 2024). Next, we turn to the third dimension of our framework, antecedents that explain when transparency is enacted.

Antecedents

As we have shown, event transparency and process transparency as key choices for strategic decision-makers in the gig economy can establish trust in distinct ways. Below, we draw upon key concepts of transaction cost economics (Nagle et al., 2025; Williamson, 1979, 1981) to develop the point that factors on three levels explain whether a marketplace in the gig economy chooses to embrace either event or process transparency, or even both: strategic factors characterizing the direct context of a transaction (*contextual antecedents*); strategic characteristics of the platforms (*marketplace-related antecedents*); and the nature of a platform-mediated transaction (*transactional antecedents*). Next, we elaborate on antecedents for each level. When doing so, we outline propositions specifying when event- or process-transparency-oriented marketplace governance is more likely. Specifically, we develop propositions on the relationship between governance forms and potential downsides to provide a balanced view of platform transparency in practice by detailing the downsides of the enacted form for a specific antecedent.

Contextual antecedent: Regulatory pressure. The first contextual factor is regulatory pressure towards increasing transparency (Boon et al., 2019; Kellogg et al., 2020; Mejia & Parker, 2021). When regulating bodies increase regulation in an industry, marketplaces can either obey or leave the industry (Cusumano et al., 2021; Jacobides & Lianos, 2021). Therefore, the influence of regulatory pressure on marketplace behavior cannot be neglected. In fact, when attempting to regulate platforms, information-related aspects tend to be at the forefront, such as decisions about addressing information privacy to improve platform quality (Kuan & Lee, 2023). Accordingly, transparency is a key means to address this issue. Especially in the gig economy, a call for tighter regulations to improve the rights of gig workers has been made. While the absence of regulations enabled their growth strategies (e.g., ride-sharing platforms such as Uber were operating outside of common taxi regulations), it

also undermined the working conditions of gig workers. Therefore, more and more platforms react with higher levels of transparency to mitigate such negative consequences and concerns (Gerwe, 2024). Similarly, platforms such as TaskRabbit have recognized the relevance of improving their workers' rights and benefits through more transparent ways to address regulatory demands (Möhlmann et al., 2021). Likewise, the study by Arora and Jain (2024) has shown that data-sharing regulations can either increase or decrease data-sharing, resulting in more benefits for the respective user side. Privacy concerns can lower data-sharing as a result of strategy adjustments to users' negative reaction to their data use. In the context of the gig economy, this relationship is expected to show similar results. However, as detailed protocols (Granados et al., 2006) tend to lead to information overload (Ludwig et al., 2022), a focused form of transparency seems more likely. Thereby, regulatory pressure might act as a boundary condition where the extent to which event transparency mechanisms foster trust could be strengthened or possibly weakened under conditions of high regulatory scrutiny. Ridesharing platforms like Uber or Lyft might also have to set up monitoring features to check for biased behaviors of drivers and potentially remove them from the platform (Mejia & Parker, 2021), which can increase the perceived quality of demand-side users but at the same time challenge the performance of supply-side users. One example is the case of Uber, where regulatory requirements about becoming a driver (e.g., taxi permits or car safety requirements) can limit the quality of drivers on platforms that are less regulated or do not transparently share relevant driver information (Meijerink et al., 2024). Moreover, negative consequences for platforms and their users would arise from trust violations, including fraud, biased review systems, or misinformation (Heald, 2006; Köbis et al., 2021), and implementing regulatory governance mechanisms to build trust in low-trust environments is essential to react to growing user demands (Kozlenkova et al., 2021; Schnackenberg &

Tomlinson, 2016; Veltri et al., 2023). When platforms are more obliged to align their platform operations with regulatory requirements, users' data privacy rights are more mindfully considered and integrated in the transactions, increasing user anonymity while adhering more consequently to data protection regulations (Leone de Castris, 2025; Rosenblat & Stark, 2016). Accordingly, we propose:

Proposition 1: High regulatory pressure makes event transparency on gig economy marketplaces more likely, while also decreasing the chances of the downsides "data privacy concerns" and "reduced user anonymity", and increasing the chances of the upside "increased data protection".

Contextual antecedent: Between-marketplace competition. Another important contextual antecedent is the degree of between-marketplace competition, i.e., how intense the competition between marketplaces in the same industry is (Kretschmer et al., 2022), which could influence how transparency signals are interpreted by users. An example with typically high levels of between-marketplace competition across countries is food delivery. Here, marketplaces like Uber Eats compete head-to-head with Foodora and USE ASIA. High levels of competition amongst marketplaces imply that users can multihome rather easily as they aim to make their products available at a variety of marketplaces (Jeitschko & Tremblay, 2020; Park et al., 2021). For example, gig workers of ride-hailing platforms tend to multihome, such as in the case of Uber and Lyft, suggesting platforms to offer competitive benefits to their supply-side users. Likewise, those gig workers for ride-hailing platforms who have more than one job at once are also likely to quit ride-hailing for better job security (Hong et al., 2020). Changes in the level of transparency would enable drivers to make more

informed decisions regarding whether to multihome or not (Granados et al., 2006; Li & Zhu, 2021). In fact, Li and Zhu (2021) have shown that limiting transparency can reduce multihoming of supply-side users. Higher levels of transparency would increase the chance that supply-side users leave a platform for competing platforms, whereas lower levels of transparency would reduce multihoming. In contrast, when multiple platforms are transparent by publicly displaying information about complementors' and users' performance (e.g., ratings or past sales data), it is more likely that trust between the complementors and users increases (Li & Zhu, 2021), which would in turn reduce the likelihood of multihoming on the respective platform. Overall, under the condition of high between-marketplace competition, more transparency is less likely, as pressure for efficiency is high. On the other hand, it has been established that when marketplaces position themselves in niches where between-marketplace competition is low (such as for sustainable lodging), then transparency is more likely, as cost pressure is also low, further making targeted monitoring more likely. At the same time, both transparency forms seem equally likely. A low between-marketplaces governance can motivate supply-side users to stay on their preferred platform instead of switching too often due to unfavorable working and remuneration conditions (Li & Zhu, 2021). When platforms can ensure these conditions, competition between the platforms can increase, requiring more information to get shared, thereby reducing information asymmetries between both user types, which can also prevent users from user gaming (Kellogg et al., 2020). We thus propose:

Proposition 2: Low between-marketplace competition makes event transparency and process transparency on gig economy marketplaces more likely, while also increasing the chances of the upsides "targeted monitoring" and "information asymmetry reduction",

and decreasing the chances of the upside "multihoming" and the downside "user gaming".

Marketplace-related antecedent: Integrated user bases. An important marketplace-related antecedent is integrated user bases, meaning that users can seek and access resources from different industries through the focal marketplace. Consider the example of Uber, whose marketplace integrates both users seeking and offering rides and also – using the label 'Uber Eats' – users who seek and offer food delivery, including couriers as a third party (Gol et al., 2019). Marketplaces with highly integrated user bases are active in multiple industries at the same time; Google is another example of an information platform that has multiple offerings in various industries. With such a scope and variety of different users in various industries, a marketplace is less dependent on specific user bases, making transparency less likely (Li & Zhu, 2021; Reischauer & Ringel, 2023; Xu et al., 2024). In contrast, when more information is transparently provided to users in one or more industries through their focal platform, this could lead to user cannibalization effects across the various industries. Likewise, when rivals provide more or less transparency in their focal marketplaces and in different industries, users might have lower switching costs and be more willing to join their competitor's platform. Platforms such as Uber are also expected to benefit from integrating trust mechanisms (e.g., driver background checks and in-app safety features) as their users strongly rely on trust and demand a certain level of trust to participate in a transaction (Köbis et al., 2021; Schnackenberg & Tomlinson, 2016; Tripp et al., 2023), which can also lead to an increase in more targeted monitoring activities on a regular basis, which can be appreciated by users when data privacy concerns are outweighed at the same time. Also, when there is little

integration, both types of transparency are more likely to be embraced (Heald, 2006; Li et al., 2025). When users can access and use their requested resources through one marketplace, platforms can provide the relevant information directly to their users, which would reduce overall information overload as all relevant information is in one place compared to being distributed among various platforms, while increasing efforts on information asymmetry reduction (Ananny & Crawford, 2018; Ludwig et al., 2022). This can also reduce multihoming as sellers are expected to stay within their focal marketplace (Li & Zhu, 2021). Accordingly, we suggest:

Proposition 3: Low levels of integrated user bases make event transparency and process transparency on gig economy marketplaces more likely, while also increasing the chances of the upsides "targeted monitoring" and "information asymmetry reduction", decreasing the chances of the upside "multihoming", and decreasing the chances of the downside "information overload".

Marketplace-related antecedent: Relative user size. Another important marketplace-related antecedent is user size, which refers to a marketplace's user base on all marketplace sides, i.e., buyers and sellers (and, if applicable, a third user side) (Cennamo, 2021; Gol et al., 2019; Grover & Lyytinen, 2022). Simply speaking, marketplaces are either big or small. This assessment is made in relative terms, i.e., in comparison with rival marketplaces in the same industry (e.g., food delivery) (Cennamo, 2021). In particular, sellers value an already established buyer side on the platform (Li & Zhu, 2021), which relates to the chicken-and-egg problem when scaling a platform (Caillaud & Jullien, 2003). Either user side might be motivated to join a platform when effective and qualitative transactions can be ensured, which

would foster trust in turn. This can be achieved through working control systems (including ratings and reviews), as well as favorable working conditions for the seller side. For example, Leschke and Scheele (2024) studied workers on food delivery platforms before starting their jobs, comparing platform policies and employment models with regard to their information provision about key aspects of their working conditions (e.g., working time, earnings, or rights protection). They found that receiving transparent information about these working conditions early on is essential for informed decision-making about pursuing a job in the gig economy. In contrast, once riders have joined a platform, being non-transparent on aspects as to how delivery routes are allocated (Laursen et al., 2021) can make riders unsure about the influence of user ratings or their task rejection for future task assignments and also fostering user gaming of transaction rules (Kellogg et al., 2020; Veen et al., 2020), which could let them leave the platform, directly affecting the platform's user size. Notably, riders are in most cases only informed about the rights from their specific job but lack an explanation for how these rights are compared to those of workers with other types of contracts (e.g., full-time employees). A better understanding of these differences through transparent information-sharing therefore affects the workers' decision on whether to take a gig job in the first place (Leschke & Scheele, 2024), making smaller marketplaces more prone to engaging in transparency. Specifically, when marketplaces have a relatively smaller user base, they are more responsive to user needs, especially for frequently occurring ones, in order not to lose these users but to increase the potential user size on the respective platform. In addition, smaller marketplace size makes little amounts of available resources more likely (Cennamo, 2021; Li & Zhu, 2021), which favors event transparency as resources are used for establishing essential platform features and not invested in governing the provision of additional information that might even impact their distinct positioning. A small supply-side user size on

gig economy marketplaces has more difficulty in attracting demand-side users to the platform, and vice versa, compared to marketplaces with larger user size. This can result in higher levels of information asymmetry as users could keep unbeneficial information for themselves to ensure transactions with the few users available (Kuan & Lee, 2023; Meijerink et al., 2024; Xu et al., 2024). As a result, smaller returns and margins as well as higher transaction costs can increase multihoming towards platforms with larger user size (Li & Zhu, 2021) and can also come with higher transaction costs for both user sides. We thus propose:

Proposition 4: Small user sizes make event transparency on gig economy marketplaces more likely, while also decreasing the chances of the upside "information asymmetry reduction", increasing the chances of the upside "multihoming", and increasing the chances of the downsides "higher transaction costs" and "user gaming".

Marketplace-related antecedent: Within-marketplace competition. Another marketplace-related antecedent shaping transactions is within-marketplace competition, which refers to the situation where users on one side of a platform compete with each other (Zhang et al., 2022). It was found that sharing information about user criteria and status (e.g., about workers' inclusion in a working pool) makes a platform more attractive for users (Meijerink et al., 2024). Thus, being more transparent about users of a side, especially the demand side, is likely to result in improved quality outcomes of their work (De Boeck et al., 2018). However, too strong transparency levels could also lead to workers' requests for a more relational work relationship, which is above the typical understanding about working arrangements in the gig economy (Meijerink et al., 2024). That is because the awareness of the performance of the same-side users they are competing with for getting a job would

motivate them to improve their own service offering and provide clearer guidance on how to do so compared to more secretive marketplaces where this information is not shared (Chen et al., 2023; Pilatti et al., 2024; Rosenblat & Stark, 2016). Consider the example of Upwork or Fiverr where freelancers are continuously evaluated on their job performance and can optimize their relative standing based on the transparent information provided among them (and not only to the other user side) (Meijerink et al., 2024). At the same time, and as indicated by the above insights, the scope of transparency tends to be restricted to events. This is because information-sharing about what is happening on the platform, such as through making user ratings or payment rules available to either supply and/or demand side users would make them more willing to optimize their own standing relative to other users (Veltri et al., 2023). This would impose a higher level of competition among the respective user side, making it more likely for platforms to attract more sellers and buyers, such as through more efficient job assignments via the platform (Gu & Zhu, 2021), also increasing user performance. Finally, the amount of transparently shared information needs to be balanced as information overload could otherwise diminish its expected positive effects (Ananny & Crawford, 2018; Ludwig et al., 2022). Under low levels of within-marketplace competition, platforms are more motivated to increase algorithmic transparency to ensure that competition levels are not increasing and higher prices can be charged. This would foster information asymmetry reduction in the marketplace as more information is shared between the user groups, which reduces their likelihood of users gaming transparent rules. As a result, supply-side users would be less likely to multihome as they will not compete with other users for their optimal service offers to demand-side users in the focal marketplace and potentially receive higher returns (Kellogg et al., 2020; Li & Zhu, 2021). Thus, we propose:

Proposition 5: Low levels of within-marketplace competition make event transparency on gig economy marketplaces more likely, while also increasing the chances of the upsides "understanding of algorithms", "efficient job assignments", "increased user performance", and "information asymmetry reduction", decreasing the chances of the upside "multihoming", increasing the chances of the downside "information overload", and decreasing the chances of the downside "user gaming".

Transactional antecedent: Users' evaluation difficulty. Turning to the level of platform-mediated transactions, one key antecedent is the difficulty of measuring the performance of the supply side ex ante, i.e., before contracting over the platform. Mitigating such exchange hazards arising from performance measurement difficulty are at the heart of governance (Poppo & Zenger, 2002; Williamson, 1981). When the other side is not able to screen thoroughly, users especially on the supply side may be incentivized to limit their efforts to complete the transaction (Lacity et al., 2011; Poppo & Zenger, 2002). While more complex contracts have been identified as a key measure to counter this issue in traditional firms (Poppo & Zenger, 2002), transparency can be an equally functional one on gig economy platforms. On these platforms, formal contracting is autonomized and platforms enact automatic forms of control in form of user-generated information, such as ratings, rankings or real-time tracking (Stark & Pais, 2021). One example is Uber, which governs matching and service delivery between both user sides, despite potential difficulties in bringing users together due to limitations of performance measurement based on the underlying algorithms and control systems (Möhlmann et al., 2021). Event transparency is particular suited to tackling this issue as it allows transparency on crucial elements before, during, and after a

transaction by making key information visible to both user sides. Further consider the example of real-time tracking of a delivery driver's estimated arrival time (during the transaction) or detailed ratings and reviews by users (after the transaction), where more transparency reduces this ambiguity. Another example would be freelancing platforms like Upwork or Fiverr, where too simplistic rating systems will not allow users to decide on choosing the most accurate service-provider (i.e., matching optimization). At the same time, process transparency is less likely as sharing information about how algorithms evaluate performance could for example result in the motivation for users to optimize their services towards this evaluation instead of maximizing their user-oriented performance, thus making event transparency more likely. In an environment where users find it difficult to evaluate expected outcomes, they are more likely to demand transparency in algorithms for improved process understanding, which would reduce inherent information asymmetries. At the same time, more user information can be shared, which could increase data privacy concerns and ultimately lead to increased levels of multihoming from that platform if expected transparency standards for enabling trusted transactions are not fulfilled (Kellogg et al., 2020; Kuan & Lee, 2023; Li & Zhu, 2021). We thus propose:

Proposition 6: High levels of users' evaluation difficulty make event transparency on gig economy marketplaces more likely, while also increasing the chances of the upsides "understanding of algorithms", "multihoming", and "information asymmetry reduction", and increasing the chances of the downsides "data privacy concerns" and "critical performance evaluation".

Transactional antecedent: Specialized investments. A further key transactional antecedent is specialized investments, putting the spotlight on how far previous investments are tailored towards a particular transaction partner (Nagle et al., 2025; Williamson, 1979). A high specialization is at hand when users on one side have control over skills or resources that are pivotal for users of the other side (e.g., big restaurant chains like McDonald's deciding to be active on a food delivery platform or not). In these cases, marketplaces are likely to opt for higher levels of transparency with users that invested a high number of resources in order to keep them on their platform. As another example, ride-sharing platforms such as Uber tend to provide drivers with a certain level of decision-making power as they can choose whether or not they accept a ride that has been assigned to them via the platform. However, this type of controlled allocation between platform users can create misaligned incentives, resulting in high efficiency losses as supply-side users might manipulate supply through lower participation rates to increase their prices (Pang et al., 2022). When there are highly specialized investments, over time mutual interdependence between users and a platform is likely, where the continued performance of both is linked to each other. Moreover, the specialized nature of these investments underscores the necessity for tailored approaches that account for the unique assets of these users. Because of that, the form of process transparency is more likely as this would explain in more detail to demand-side users how these decisions for allocating jobs or resources on the platform have been made. When specialized investment levels are high, platforms are more likely to increase transparency in algorithmic logic to keep their users satisfied, while user gaming can increase at the same time due to fulfilled user demands. Likewise, information asymmetry reduction can be increased while multihoming can be further reduced due to more favorable and efficient platform conditions (Kuan & Lee, 2023; Maric et al., 2025; Nagle et al., 2025). We thus propose:

Proposition 7: High levels of specialized investments make process transparency on gig economy marketplaces more likely, while also increasing the chances of the upsides "understanding of algorithms", "efficient job assignments", and "information asymmetry reduction", decreasing the chances of the upside "multihoming", and increasing the chances of the downside "user gaming".

DISCUSSION

Theoretical implications. In this paper, we proposed a value creation-centric framework of transparent marketplace governance in the gig economy, which offers two implications for debates in the literature. Our first theoretical implication relates to one of the core issues of strategic management, i.e., strategic decisions shaping distinct positioning in the platform context (Cennamo, 2021; Leiblein & Reuer, 2020; Leiblein et al., 2018; Zhao et al., 2017). Zooming in on platform governance as a key way to influence positioning, our paper adds to research on *transparent marketplace governance* (Chen et al., 2023; Doshi & Schmidt, 2024; Köbis et al., 2021; Li & Zhu, 2021) by providing a more holistic understanding of the levers that shape transparency considerations of platform governance. It has been established that distinct positioning is often based on balancing which information to strategically withhold or release (Schnackenberg & Tomlinson, 2016). By considering transparency as an explicit strategic choice of decision-makers, we argue that a platform's orientation on more transparent and less secretive governance approaches goes beyond operational or managerial routines, qualifying instead as a core strategic positioning. In essence, transparency choices shape how a platform allocates its resources with respect to information disclosures. Especially with regard to demanding full transparency, platforms face difficulties and need to

consider resource constraints (Chen & Miller, 2012). As these disclosures create user expectations and relationships, they establish complex interdependencies among users and with the platform that are costly to reverse by centering the link between governance and strategy. Choosing a strategic positioning along event and process transparency is therefore a strategic choice rather than an operative one. More broadly, we argue that this distinction and related mechanisms sharpen the secrecy–transparency tradeoff (Birchall, 2011; Costas & Grey, 2014; Toegel et al., 2022), demonstrating that a platform's decision to use process and event transparency is a strategic choice to trade a clear layer of governance secrecy for enhanced user trust and distinctiveness, making the decision to be transparent a decision of how much "governance secrecy" a platform is willing to trade for user trust, which in turn shapes positioning. This positioning determines a platform's distinctiveness, shapes its long-term capacity for value capture, and serves as a primary lever for sustaining a distinct positioning within their industry. This is because users have different expectations about whether or not to share this information with one another. Conversely, complete and timely sharing of information is positively shaping positioning, such as through efficiency increases on the buyer side. Yet sellers might be motivated to benefit from biases until the competitive environment or legal conditions change, pressuring to increase transparency levels to benefit each user side (Granados et al., 2006). By deriving a framework that links key transparency dimensions – event and process transparency – with distinct governance mechanisms, we provide a better understanding of how platforms can balance transparent information provision to improve their distinct positioning. Through the consideration of different levels of transparency for buyers and sellers, platforms can strategically decide when to offer which form of transparency to the respective user side, thereby influencing their trust-controlled use of the platform and offering an effective response to competing platforms (Köbis et al., 2021).

Second, we add to *transaction cost economics-based strategy research on platforms* (Bylund, 2021; Granados et al., 2006; Henten & Windekilde, 2016; Liang et al., 2021) by clarifying the link between platform-specific antecedents and platform outcomes, notably trust and positioning (Alvarez et al., 2020; Boon et al., 2015; Li & Zhu, 2021). While governing transactions on a platform have been linked to certain costs and competencies (Granados et al., 2006; Henten & Windekilde, 2016; Liang et al., 2021), we, in the spirit of Bylund (2021), nuance transaction-related antecedents of transparent marketplace governance. Specifically, given inherent challenges in quantifying transaction effects and resource allocation among users from prior transactions, we propose users' evaluation difficulty and specialized investments as the two transactional antecedents that define rules for optimizing transaction costs. With regard to contextual antecedents, regulatory pressure and between-marketplace competition are introduced, while marketplace-related antecedents focus on integrated user bases, relative user size, and within-marketplace competition. These antecedents clarify when users are more likely to favor platforms whose transparency measures are balanced towards what has happened (i.e., event transparency) or how it has happened (i.e., process transparency). Specifically, with regard to our propositions, those that are more rooted in macro-structural antecedents – notably regulatory pressure, between-marketplace competition, integrated user bases, and relative user size (i.e., propositions 1, 2, 3, and 4) – are more likely to be applicable to the broader platform literature because they reflect fundamental scale and network dynamics. In contrast, our propositions 5, 6, and 7 can be regarded as more domain-specific to the gig economy as they are coined by high-frequency, labor-mediated transactions with asymmetric dependence, relating more to the antecedents within-marketplace competition, users' evaluation difficulty, and specialized investments. In these labor-based settings, transparency choices shape performance outcomes, task efficiency, and user

evaluation, making these propositions more context-dependent and less applicable to other platform settings that are more focused on goods, such as in e-commerce. Together, by pinpointing conditions at distinct levels under which transparent marketplace governance can be established effectively, we provide an overarching picture of alternative ways of platform governance in the spirit of recent studies that developed frameworks to analyze the impact of more transparent information provision on firms in the gig economy (Ashford et al., 2018; Boon et al., 2015; Chen et al., 2023; Li et al., 2025).

Future research. We believe the scope and limits of our paper constitute a first step amongst many future inquiries on the role of transparency in platform governance. First, while we did not look deeper into the third user group (i.e., third-party actors key for completing the transaction between buyers and sellers such as riders and couriers) (Meijerink et al., 2024), future research could analyze the specialties of governing them through transparency (Gol et al., 2019). Second, whereas we have zoomed in on higher levels of transparency as a key dimension of strategic openness, user participation is another key dimension that could be examined in greater detail in future studies (Kellogg et al., 2020; Köbis et al., 2021; Li et al., 2025). Third, we conceptualized transparency as a means to shape trust and, ultimately, distinct positioning. Accordingly, future studies could investigate how our framework relates to other platform outcomes, such as fairness (Kellogg et al., 2020; Meijerink et al., 2024; Pilatti et al., 2024), boundary-spanning knowledge (Ringel et al., 2014), cooperations with competitors (Reischauer & Hoffmann, 2023), mitigating multi-homing among high-performing users (Meijerink et al., 2024), audience resonance (Reischauer, 2017; Reischauer et al., 2026), loyalty that comes from positive experiences when using the platform (Chen & Zhu, 2021; Köbis et al., 2021; Möhlmann et al., 2021), or a

platform's informal rules and norms across and within user sides (Reischauer et al., 2025). Relatedly, it would be interesting to explore how much higher platform transparency affects a platform's impact on the natural environment, a core concern of the growing research on digital sustainability (Bohnsack et al., forthcoming; Reischauer & Fuenfschilling, 2023). Fourth, due to the tendency of platforms to offer tools for direct execution rather than implementing more formalized and text-based transparency measures, we have argued that event transparency is more likely than process transparency. Examining how process transparency can become more relevant for platform governance will be an important path to move forward.

Managerial implications. Our paper offers three main take-aways for strategic decision-makers of gig economy platforms. First, our framework provides managers with a focused strategic lens that helps to decide how to build user trust through transparency without undermining distinct positioning (Cennamo, 2021; Hong et al., 2020; Köbis et al., 2021; Zhao et al., 2017). Doing so helps to move transparency from a vague normative ideal to a practical lever of platform governance — one that affects user trust and ultimately can be beneficial for a distinct positioning. For example, by balancing the right level of information provisions between each user side on a ride-hailing platform such as Uber or Lyft and thereby reducing inherent information asymmetries, transparency becomes a key strategic lever for increasing transaction outcomes via the platform.

Second, we offer a nuanced understanding of mechanisms through which platform managers can enact two distinct forms of transparency – event and process transparency – in their governance systems. As we show, this is a strategic choice to decide between these two alternative paths of reducing secrecy in marketplace governance. Such understanding is

relevant as, despite the fact that marketplaces are considered a key platform type, it has so far remained unclear how this distinct platform type can engage in more transparent forms of governance by also considering the conceptual specifics of the gig economy, i.e., service-orientation and focus on both user sides for shaping performance outcomes (Ashford et al., 2018; Köbis et al., 2021; Pilatti et al., 2024). Addressing transparency in a more structured way guides managers in selecting appropriate mechanisms to optimize user experience and transaction volumes in gig economy settings. While we have discussed both transparency forms as alternative paths, practitioners might argue for their mutual application for balancing too secretive governance practices in tandem, instead of an either-or decision. Thus, strategic decision-makers are equipped with a more powerful framework to shape different dimensions of transparency within their platforms.

Third, our conceptual framework helps to better understand the underlying directives that shape transparency, such as event and process transparency mechanisms related to algorithms. With regard to the recommendations from the European Union with the Platform-to-Business Regulation, higher transparency of ranking algorithms would help sellers to improve their competitive standing and visibility on these platforms, while buyers can benefit from higher levels of qualitative services (Cutolo & Kenney, 2021; Gawer & Srnicek, 2021). Concerning the US Algorithmic Accountability Act (Geng, 2024), users should be provided with more transparency regarding the reasoning and outputs of certain algorithms, including privacy and security, efficiency, or costs. Overall, when applying our framework of transparent marketplace governance, managers can make more nuanced decisions on how these decisions align with other transparency mechanisms when choosing the strategic direction of their respective platform.

To close, it seems fair to assess that marketplaces in the gig economy are here to stay. Given the growing criticism of their impact on business and society, an important question for the strategic management of marketplaces is to how transparently they will share information towards their users. This work hopes to be one step along the exciting journey to flesh out when and how they can do so.

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