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### The Sharing Economy through the Perspective of Digitalization

Maria J. Pouri

University of Zurich, pouri@ifi.uzh.ch

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# The Sharing Economy through the Perspective of Digitalization

TREO Talk Paper

**Maria J. Pouri**

University of Zurich

[pouri@ifi.uzh.ch](mailto:pouri@ifi.uzh.ch)

## Abstract

A recent, novel approach to describe the controversial phenomenon of the “sharing economy” is to view it from the perspective of the digital transition of society (i.e., digitalization). The core idea of conceptualizing the emerging platform-enabled sharing activities as a byproduct of digitalization is that – in comparison with traditional sharing – they can incorporate a broad range of shareable resources (digital transition of *technical* sharing) and operate beyond personal relationships and small groups (digital transition of *social* sharing). The technical aspect of sharing refers to the characteristic of a resource being *shareable*; the social aspect of sharing addresses the patterns and rules of social interactions, including economic transactions, for practicing and legitimating the act of sharing. In addition, there is the *coordination* aspect, which refers to the enabling role of digital platforms in coordinating processes and operationalizing sharing in large-scale communities and matching supply and demand at near-zero transaction costs.

Given these dimensions of sharing (technical, social, and coordination dimensions), the Digital Sharing Economy (DSE) can be defined as “a class of resource allocation systems based on sharing practices which are coordinated by digital online platforms and performed by individuals and possibly (non-) commercial organizations with the aim to provide access to material or immaterial resources. Digital sharing systems operate in the space between traditional sharing and the formal market economy” (Pouri and Hilty, 2021).

According to this definition, the DSE has created new practices and patterns of sharing that are placed in the space between the two extremes of traditional sharing (lower extreme) and the formal market economy (upper extreme). This space is populated by sharing models that can be highly diverse. This diversity relates to gaining access to a wide variety of material/immaterial resources and denotes the variety of exchange patterns in relation to the access provided. Overall, free sharing (i.e., sharing without reciprocity or compensation), reciprocal sharing, compensation-based sharing, and price-based sharing services occupy the spectrum covered by the DSE.

This spectrum of sharing practices has a corresponding implication for pricing: pricing mechanisms in the DSE allow for a range from free services (an element taken from traditional sharing – the lower extreme) to price-based services (an element taken from the formal market economy – the upper extreme). In between, there exists a variety of sharing practices that may involve reciprocity or compensation. Where pricing applies, the price of sharing remains lower than that of equivalent services offered in the formal market due to the effectiveness of social collaboration and sense of community in the provision of access.

An important transitional modification to sharing is found in the DSE whereby both the technical and social aspects of sharing are transformed through the digital coordination of processes. Sharing in this sense may or may not be compatible with the mere intention of benefiting others that often resonates with altruism and pro-social activities practiced in traditional sharing. Instead, it may be accompanied by a mash-up of varying motivations and individual needs. In particular, sharing can be primarily based on gaining access to resources in the very technical sense. At a *descriptive* level – which avoids mixing normative analysis into *describing the phenomenon* – the DSE is a type of economic behavior with a strong, effective social dimension that distinguishes the DSE from conventional, formal markets.

## Reference

Pouri, M.J. and Hilty, L.M., 2021. The digital sharing economy: a confluence of technical and social sharing, *Environmental Innovation and Societal Transitions* (38), pp.127-139.