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Non-Market Strategies and disruptive innovation in the platform economy

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Abstract

Due to their direct and indirect network effects, platform firms play a significant role in the global economy. These firms have disrupted the innovation value chain by creating and capturing value from the scaling up of their business activities. Despite the role they play in disruptive innovation, we know relatively little about the ways in which platform firms engage with their institutional and other stakeholders through non-market corporate political activities and social strategies. This special issue on '*non-market strategies and disruptive innovation in the platform economy*' aims to contribute to the current literature which has examined the rise of platform firms and their value creation. It also intends to capture drivers of value creation by drawing insights from the non-market strategies literature developed in the context of traditional firms. This introductory article and the papers included in this special issue provide important insights into non-market strategies and platform firms, and highlight potential topics suited for future research.

Keywords: non-market strategies, corporate political activities, corporate social responsibility, platform firms, ecosystem, platform economy, legitimacy

1. Introduction

The internationalization and rapid rise of platform-based firms has radically disrupted major traditional industries (Kozlenkova et al., 2021) and completely transformed the process of internationalization (Coviello, Kano, & Liesch, 2017; Nambisan, Zahra, & Luo, 2019; Nambisan and Luo, 2021; Zeng, Khan, & De Silva, 2019; Zeng, 2022). Extant studies provide important insights into these platform-based firms in the global context (e.g., Brouthers, Geisser, & Rothlauf, 2016; Chen, Yi, Mao, & Liao, 2019; Nambisan, Zahra, & Luo, 2019; Stallkamp & Schotter, 2021; Zeng et al., 2019; Zeng, 2022), highlighting the challenges associated with the management of cross-border knowledge flows and activities within platform-based multinational enterprises (MNEs). Several studies have examined the relationships between platform-based firms and the liabilities of user-network outsidership (Brouthers et al., 2016), the within-country and cross-country network externalities affecting market entry decision (Stallkamp & Schotter, 2021), and the capabilities needed to manage ecosystem-level resources (Zeng, 2022). As platform-based firms offer products/services that are likely to disrupt various traditional and regulated industries (Garud et al., 2020; Uzunca et al., 2018) and defy existing regimes (Zuzul & Edmondson, 2017), it is important to understand how they enter new markets and interact with institutional stakeholders in various countries, which is central to their global performance.

By platform-based MNEs, we refer to a specific type of digital platform that from their inception, they provide an online infrastructure and services to connect the autonomous resources of micro-producers and the varied demands of users (Kuhn & Maleki 2017; Lehdonvirta, Kässi, & Hjorth, 2019; Zeng, 2022). We refer non-market strategy “a firm's concerted pattern of actions to improve its performance by managing the institutional or societal context of economic competition” (Mellahi et al., 2016, p. 143). Despite the increasing discourse on platform-based MNEs, we have very limited knowledge about how they interact with a wide variety of socio-political stakeholders (Curchod et al., 2020; Verbeke and Hutzschenreuter, 2021; Zeng et al., 2019) across developed and emerging/developing markets (Yi et al., 2023). This oversight is of growing concern, as neglecting the societal challenges platform-based MNEs poses will lead to less practical relevance in the IB community (Buckley, Doh, & Benischke, 2017). We offer this special issue on non-market strategies and platform-based MNEs, along with this conceptual article that sets the stage for it, as scaffolding for international business scholars to extend their theorizing on non-market strategies for platform-based MNEs.

Non-market strategies are particularly pertinent to platform-based MNEs such as Uber, Alibaba, and Airbnb, which have to navigate complex regulatory and geopolitical environments as well as shifting societal expectations. For example, the traditional nature of the industries disrupted by platform-based MNEs—e.g., hospitality, taxi transport, retail, transportation, and finance (OECD, 2018)—make them more vulnerable to outdated formal laws and regulations. Such industries have long established norms and practices and are subjected to extensive national and local level policymaking and regulations. Although these platforms radically alter the ways in which value is created in these industries, the laws and policies that regulate such firms tend to lag behind (Koopman, Mitchell & Thierer, 2015). For example, hospitality and neighbourhood associations have aggressively accused Airbnb of violating lease terms, using residentially-zoned property for commercial purposes, and lacking safeguards for guests and operators. Uber was also recently involved in an employment appeal, which it lost in 2017 due to a vaguely defined ‘worker contract’ (Guardian, 2021). This shows how, when entering a new market, platform-based MNEs often face institutional complexity both at the national and city level (Greenwood et al., 2011) and lack socio-political legitimacy (Aldrich & Fiol, 1994) due to their unique value creation process by leveraging direct and indirect networks (Kuratko et al., 2017; Zeng et al., 2019). Similarly, Menz et al. (2015) highlighted the many fundamental and recurrent non-market challenges faced by platform-based firms when they enter new markets. Additionally, platform-based MNEs’ distinguishing characteristic is their dependence on *ad hoc* and autonomous complementors that expand the platform’s offerings due to network effects and data accumulation (Parker et al., 2017). This, however, complicates ethical standard enforcement and resource control (Gawer, 2022). Additionally, they face host-country issues such as data privacy, copyright, investment seeking, and cultural and political differences (Jean et al., 2021; Li et al., 2023), which can disrupt operations and drain resources (Khanagha et al., 2022). Non-market strategies can mitigate these issues, helping these MNEs gain host-country legitimacy, boost market visibility, and more efficiently utilize resources for value creation and capture (Curchod et al., 2020).

Although the extant research has provided valuable insights into the unique ways platform-based MNEs manage cross-border activities, we still know very little about the societal (Yi, Li, & Chen, 2023), and political challenges posed by these firms (Liedong, Rajwani, & Lawton, 2020). Indeed, as platforms mainly rely on ecosystem participants to create value, the failure of private governance “*can not only generate negative externalities in host countries but also jeopardize the sustainability of an otherwise successful platform business*” (Yi et al., 2023, p. 25). Thus, understanding how these firms address socio-political

challenges—in particular, how they respond to non-market stakeholders and establish legitimacy in each local context they enter, and whether these strategies add value for them—would provide new theoretical insights into their internationalization processes and significantly enhance our existing understanding of their performance and survival in international markets. Scholars have recently called for more research aimed at providing insights into how firms can “manage the relationships with the specific stakeholder groups in an action-oriented way” (cf. Freeman 2010, p. 53; Dorobantu et al., 2017). How firms manage their relationships with different types of stakeholders across different economic and political environments remains an important yet relatively underexplored question.

It is against this background that we offer this special issue on non-market strategies and disruptive innovation in the platform economy—for which this introductory paper sets the stage—as scaffolding to enable international business scholars to grapple with the concept of non-market strategies and the platform economy. As Waters (2019) rightfully pointed out in the *Financial Times*: “*Besides strategic missteps, the biggest challenges to digital platforms now come from courts and regulators*”. When they enter a new market, this new breed of firms often encounter unique demands and challenges that require striking a balance between the needs of market and non-market stakeholders (Aversa et al., 2021). Despite the burgeoning interest in understanding the drivers and mechanisms of the non-market strategies adopted by firms across both developed and emerging markets (Boddewyn, 2016; Frynas et al., 2018; Mellahi et al., 2016; Rao-Nicholson et al., 2019; Rodgers et al., 2019; Sun et al., 2021), our understanding of how platform-based MNEs gain legitimacy in host markets remain limited. Non-market strategies play a significant role in the way in which firms develop competitive advantages over their rivals, with some of the biggest market-dominant platform firms having increased their spending on non-market activities such as lobbying, campaign contributions, third party consultants, and collective actions. A case in point is represented by Apple, which spent nearly US\$9.4 million on lobbying efforts in 2022, the highest amount in the company’s history (cf. OpenSecrets, 2022; Evers-Hillstrom, 2023). This reflects how dominant platform firms rely on non-market strategies to bolster their market power over their rivals, including the small start-ups who operate in their ecosystems—see, for instance, the patent infringement case brought against Apple by small start-up AliveCor in 2020 (cf. Evers-Hillstrom, 2023).

The aim of this special issue is twofold. First, to examine the non-market strategies adopted by platform firms and the role such strategies play in value creation. Second, to showcase how such strategies differ from those adopted by traditional firms. This introductory article sheds light on non-market strategies and platform firms, presents the articles included

in this special issue, and provides a future research agenda for the further examination of platform MNEs and their non-market strategies.

2. Non-market Strategies and disruptive innovation in the platform economy

Brief background literature

2.1. Digital Platform firms

The digital revolution has increased the usage of computers, the internet, mobile devices, and sensors, among others. These digital technologies have given rise to a techno-social environment of prevalent connectivity and to opportunities for data capturing (Gawer, 2022). In regard to value creation, this phenomenon—platformization—represents a shift from individual products or services to platforms (Nambisan et al., 2019).

As technical artefacts involving ecosystems that include third party modules complementing an extensible codebase, previous studies on innovation management have suggested that platforms can be conceptualized purely as ‘digital’ (De Reuver et al., 2018). However, besides being digital and incorporating technical aspects (e.g., software and hardware), some platforms can exhibit characteristics of sociotechnical assemblage as well as associated organizational processes (Tilson et al., 2012).

As digital platforms have started to gain dominance, their owners are gaining substantial power and influence, which often motivates stakeholders to create value for their platform ecosystems (Reischauer & Mair, 2018; Rietveld et al., 2019). In the absence of appropriate governance, platform owners can direct their digital platforms towards activities that benefit themselves at the detriment of their stakeholders (Van Dijck et al., 2019). This has given rise to the importance of designing governance systems aimed at balancing the interests of platform owners and stakeholders (Chen et al., 2021). Effective platform governance is vital to support motivation, coordinate action, overcome conflict, and develop shared identities (Di Tullio & Staples, 2013; Koo & Eesley, 2021). This is particularly true for MNEs that operate in foreign markets and rely on exploiting the key contribution made by external customer input from multilateral markets over a modular, open, and evolving platform. However, tapping into external sources—which are deeply embedded in their unique cultural and institutional environments—is a far more expansive proposition.

Nevertheless, the disruption created by platform-based MNEs has made them more vulnerable to local laws and regulations and subject to extensive national and local level

policymaking and regulations. Therefore, their unique value creation process often causes them to be faced with institutional complexity (Greenwood et al., 2011) and a lack of socio-political legitimacy (Aldrich & Fiol, 1994) on entry (Kuratko et al., 2017). For instance, Uber and other big tech firms such as Google and Amazon have faced significant challenges while operating in foreign markets. Hence, in order to curb the platforms' dominant power, regulatory authorities in mainland Europe, the US, the UK, and Australia have enforced existing laws—and even introduced new ones—pertaining to anti-competitive practices, the mass-harvesting of user data, and the failure to tackle illegal or harmful digital content (Gawer & Srnicek, 2021). However, not all such regulations and enforcements have proven effective, as most had not been designed explicitly with digital platforms in mind (Andreoni & Roberts, 2022; Gawer, 2022). To navigate these environments, these firms crucially need to accrue non-market capital from political and social systems through activities that include the building of coalitions, the lobbying of legislators, and the engagement in corporate social responsibility (CSR) activities for developing their social reputation (Bai et al., 2019). However, building political ties or engaging with prominent politicians remain controversial activities, and powerful platforms have been accused of engaging in 'shady lobbying' in order to influence policymaking (Guardian, 2023; Evers-Hillstrom, 2023). To navigate these environments, it is vital for platform MNEs' non-market strategies to take on a more holistic role as mechanisms suited to overcome any institutional complexity and build legitimacy in host countries both at the national and subnational/city levels.

2.2. Non-market strategies

Non-market strategies play a vital role in enabling firms to deal with institutional complexity and establish legitimacy in host markets (Rodgers et al., 2019). Such strategies consequently encompass any CSR initiatives, corporate political activities (CPA), and reputation management efforts aimed at influencing formal institutional environments (De Villa et al., 2015; Lawton et al., 2013). MNEs engage in non-market strategies mainly as a means of dealing with the institutional voids (Liedong et al., 2017) that can impede the development of a competitive advantage and are more prevalent in environments characterized by less-developed, unstable, and fragile institutions (Doh et al., 2017; Rodgers et al., 2019; Stephan et al., 2015). More importantly, non-market strategies involve firms engaging in CSR and CPA initiatives aimed at sustaining or creating profits.

CSR activities are defined as those organizational actions that are aimed at the promotion of the social good and organizational performance (Liedong et al., 2017). Beyond

filling any development gaps, offering basic infrastructure to communities, and addressing both national and international regulations (Gugler & Shi, 2009; Wagner & Seele, 2017), CSR initiatives enable MNEs to build a social reputation and establish trustworthy relationships with stakeholders (Zhang et al., 2021). This, in turn, leads to increased legitimacy and public goodwill (Hadani & Coombes, 2015) and reduces the exposure of MNEs to government interventions and negative institutional effects. Furthermore, engagement in CSR activities protects MNEs from institutional constraints and strengthens their performance and legitimacy in host markets (Frynas et al., 2017; Khan et al., 2015).

While CPA denotes the ties established with political actors to either create or defend competitive advantages (Zhang et al., 2016; Sun et al., 2021), it is also often associated with any financial or relational activities aimed at influencing the institutional environment (Lawton et al., 2013). In host markets, MNEs find themselves at a disadvantage due to their lack of social integration, which can become a political risk. Thus, CPA enables MNEs to gain access to government networks and obtain vital information about political and institutional environments (Rodgers et al., 2019). Further, it enables MNEs to leverage political connections to shape governmental policies and legislation, thus providing them with a degree of control over their non-market environment (Liebman & Reynolds, 2006; Katic & Hillman, 2022). By engaging in CPA, MNEs can also obtain otherwise costly information and block the implementation of any unfavourable policies (Doh et al., 2012).

2.3. Non-market strategies and digital platform firms

Research on non-market strategies suggests that CSR initiatives can help MNEs to accrue political legitimacy, which is conducive to them gaining government support (Fengyan et al., 2021; Kamasak et al., 2019; Rodgers et al., 2019), securing intangible assets suited to mitigate any home-country-related illegitimacy (Marano et al., 2017), improving their own institutional embeddedness in relation to their host-country operations (Hornstein & Zhao, 2018; Mithani, 2017), and even creating firm-specific advantages in foreign markets (Kolk & Pinkse, 2008). Furthermore, CSR activities complement CPA in establishing trust among actors, which can lead to effective policymaking (Liedong et al., 2017) and improved organizational performance. Nonetheless, although prior studies have explored the relevance of CSR initiatives and CPA as non-market strategies for traditional MNEs (Sun et al., 2021), little research has been conducted on new digital-orientated firms, which are technologically complex and interact with a wide variety of socio-political stakeholders (Curchod et al., 2020; Zeng et al., 2019). Hence,

non-market strategies are particularly pertinent to platform-based MNEs such as Uber, Alibaba, and Airbnb, which have to navigate complex regulatory and geopolitical environments as well as shifting societal expectations.

A distinguishing trait of platform-based MNEs is their heavy reliance on the contribution of complementors—i.e., autonomous actors who can multi-home with limited contractual obligations (Parker et al., 2017). As a result, platform owners may struggle to enforce their own ethical standards in their multilateral relationships with their complementors. Due to the direct and indirect network effects and the significant volume of data captured from their users, the scope and scale of the products and services that can be offered over a platform can be radically expanded. This makes it even more challenging for platform owners to monitor and control the ethical behaviours of their evolving boundary resources (Gawer, 2022). In host countries, platform-based MNEs face further difficulties linked to issues pertaining to data security and privacy, copyrights, open access, investment seeking, profit sharing, and future planning (Jean et al., 2021; Li et al., 2022). These issues can cause digital platforms to lose engagement and waste time and resources (Khanagha et al., 2022). In addition, geographical distances between countries are linked to cultural and political differences that may hinder the continuity of platform-based MNEs' operations. In this context, non-market strategies can enable platform-based MNEs to gain legitimacy vis-à-vis a host country's government, improve their market visibility, and increase their ability to utilize resources to promote their market presence (Curchod et al., 2020).

In addition, due to the rapid rise of digitization, a whole platform-based ecosystem has emerged on a global scale (e.g., Gawer, 2011; Gawer & Cusumano, 2014; Zeng et al., 2019). Such firms are rapidly internationalizing across the globe while, at the same time, facing several challenges. One such major challenge pertains to how to establish legitimacy when the host market's political and legal environment differs substantially from that of the platform's home country of origin and is constantly changing. This issue is particularly pertinent for platform-based firms, which mainly rely on external resource interaction to create value. For instance, Uber has faced challenges in foreign markets, both developed and emerging, in which it has had to deal with licensing issues and has tried to overcome them by means of both market and non-market responses, including lobbying and user support tactics. Currently, research is focused on understanding the rise of platform-based firms and on how they are creating value through the use of platforms and internalization (e.g., Parente et al., 2018; Zervas et al., 2017; Zeng & Khan, 2019). A small but growing stream of studies is indicating that those platform-based MNEs that have adopted effective non-market strategies have been able to navigate

regulatory environments and maintain their competitive advantages (Deakin, Gindis, Hodgson, Huang & Pistor, 2020; Lee, Jang & Kim, 2021; Karna, Choudhury & Karna, 2020; Kwon & Chung, 2020; Sun, Wang & Liang, 2019). For example, Kwon and Chung (2020) examined the role played by political lobbying in shaping the platform-based MNEs' regulatory environments, while Li et al (2021) examined the ways in which these platform-based firms engage in reputation management to enhance their legitimacy and build trust with stakeholders.

However, understanding how such non-market strategies can be adopted across developed and emerging/developing markets requires further theoretical underpinning due to the significant legitimacy related challenges these firms face in foreign markets (Yi et al., 2022). Platforms often operate in ecosystems that encompass various institutional actors—such as third-party developers, complementors, customers, government agencies, local communities, and even competitors. Thus, understanding these firms' non-market strategies would provide new insights into how they respond to non-market stakeholders and whether they gain value from such strategies. As firms operate in both market and non-market environments, responding to the concerns and interests of non-market stakeholders is important for firms to develop legitimacy and a sustainable competitive advantage (cf. Bach & Allen, 2010; Baron, 1995). Non-market strategies refer to all those activities that are undertaken to address the issues of non-markets' actors—such as communities, policy makers, NGOs, media, and social activists, among others (Bach & Allen, 2010; Katic & Hillman, 2022). Firms need to develop market responses suited to address any market environmental related issues—such as how to deal with competitors, to serve customers, and to coordinate their activities with those of their supply chain partners. Increasingly, non-market strategies are becoming extremely important, and the survival and performance of firms depend on their ability to develop viable such strategies aimed at not only establishing legitimacy, but also developing sustainable competitive advantages across markets.

In order to develop a solid understanding about the extant research, we conducted the keywords search using the terms '*platform MNEs*', '*digital firms*', '*non-market strategies*' related articles published in leading international business (IB) journals ranked as 3 & 4 as per the 2021 journals' guide of Chartered Association of Business Schools (CABS), as well as the meta-ranking of international business journals compiled by Tüselmann et al. (2016). However, a review of the extant literature (see Table 1- which shows the total number of articles published on platform MNEs and non-market strategies) indicates that a large body of international business research has addressed non-market strategies and digital platforms in isolation, thus neglecting the role played by non-market strategies in supporting the international behaviours

of platform-based MNEs. This understanding is important for several reasons. First, due to the scalability of platform-based MNEs and their ecosystem of users, complementors and other stakeholders, their non-market strategies have to account for the expectations and requirements of these diverse participants. Second, platform-based MNEs can have widespread environmental, social, and governance impact, which often attract public and regulatory attention. Managing public perception and societal impact becomes crucial for them, requiring a robust approach to CSR and other non-market strategies. Third, platform-based MNEs often deal with significant amounts of user data, making them subject to strict regulations around data privacy and security. This necessitates a different approach to non-market strategies to address these concerns and engage with policymakers to shape favourable regulations. This special issue is thus timely and important, as the unique characteristics of platform-based MNEs urgently require further theorizing concerning their non-market strategies and the entry/survival of such firms in different markets.

Table 1 provides an overview of the number of articles published in leading IB journals between 2000- 2022

[Insert Table 1 about here]

Table 1. Number of papers on non-market strategies and platform-based firms published in major international business journals between 2000 and 2022.

Journal	Topic	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Number of papers	% of total
Journal of International Business Studies	Platform-based firms																1			4	1	5	9	20	11.76	
	Non-market strategies							2				1				1	0	2	2	0	0	0	3	5	16	9.41
Journal of World Business	Platform-based firms												1				1			1		3	1	5	12	7.06
	Non-market strategies																6	1	1	1	0	2	0	3	14	8.24
Global Strategy Journal	Platform-based firms																	1				3	3	3	10	5.88
	Non-market strategies												2		2					3	4		1	1	2	15
Asia Pacific Journal of Management	Platform-based firms																				1	0	1	3	5	2.94
	Non-market strategies								1								1		1	1			4	5	13	7.65
Journal of International Management	Platform-based firms						1										1					2	1	11	16	9.41
	Non-market strategies			1				2												2		2	2	2	11	6.47
	Platform-based firms and non-market strategies																							4	4	2.35

3. The Articles in this Special Issue

The aim of this special issue was to examine the rising phenomenon of digital platform MNEs and their non-market strategies in international settings. We encouraged scholars to consider submission adopting multi-perspectives (micro, meso and macro- levels) theory testing as well as theory building papers, which can provide new insights about the antecedents of non-market strategies and performance consequences for the platform-based firms. We solicited submissions for this special issue on the topics listed below:

- Platform firms' stakeholder management, microfoundations, non-market strategies, and disruptive innovation.
- Interactions with formal and informal institutions, stakeholder management and non-market strategies, and platform-based firm innovation.
- Stakeholder engagement and knowledge transfer across subsidiaries for non-market strategies.
- Value creation and stakeholder management through non-market strategies.
- Sharing economy firm engagement with local value chains through non-market strategies and disruptive innovation.
- Sharing economy firm negotiation and relationship management strategies in international markets.
- Comparative studies on the non-market strategies adopted by sharing economy firms vs. traditional ones in different institutional settings.
- The role played by top management teams and corporate boards in shaping the non-market strategies of platform firms in developed and emerging/developing markets.
- Sharing economy firm legitimacy and stakeholder management through non-market strategies across developing and developed markets and its impact on disruptive innovation.
- The impact of non-market strategies on performance
- A firm's capability to develop, modify, and renew resources to drive ecosystem coordination and disruptive innovation through the use of non-market strategies.
- The ways in which corporate headquarters develop non-market strategies in the sharing economy context, in comparison to the industrial age.
- The ways in which sharing economy firms' non-market strategies differ between developed and emerging markets.

In terms of the selection process, our call for papers elicited a strong response, whereby we received submissions covering a wide variety of topics related to non-market strategies and platform-based firms. We selected three articles for inclusion in this special issue. These are summarized in Table 2.

Table 2. Summary of the articles included in this special issue

Authors	Research question(s)/aim(s)	Theory/perspective	Method and context	Key Findings
Ko, Amankwah-Amoah, Appiah & Larimo (2022)	To develop a dynamic model suited to incorporate trust in sharing economy platforms through the adoption of non-market strategies	Resource-based view; institutional theory	Conceptual paper	Political capabilities and market competitiveness are helpful to address any limitations linked to information asymmetry, to develop trust, and to strengthen relationships with government.
Donbesuur, Zahoor, Al-Tabbaa, Adomako & Tarba (2023)	To what extent do managerial competencies and non-market strategies drive the performance of platform-based international new ventures (INVs) in developing economies?	Resource-based view; institutional theory	Quantitative method; Ghana	Managerial competencies promote the international performance of platform-based INVs through non-market strategies. Further, domestic institutional voids moderate the indirect impact of managerial competencies on international performance via non-market strategies.
Ghuri, Fu & Minayora (2022)	(1) How are marginalized communities defined in entrepreneurship research? (2) What characteristics have been neglected in the literature? (3) How does digital technology—combined with entrepreneurial activity—contribute to capability enhancement in	----	Systematic literature review	The disparities in skills, access to technology, and lack of education found in developing countries lead to low rates of technology adoption and entrepreneurship. In addition, non-market activities at the individual, organizational, and societal levels are needed in marginalized communities.

	marginalized communities?			
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In the first article of this special issue, Ko et al. (2022) emphasize the issues related to trust in sharing economy platforms and the adoption of various non-market strategies. They argue that emerging economy firms face unique challenges in building trust in their platforms. In this regard, the authors highlight the relevance of non-market strategies—including political capabilities—and market competitiveness in addressing any limitations linked to information asymmetry that plague trust-building efforts. By building on the digital transformation, trust, and sharing economy literatures, the authors develop a new model that suggests that sharing economy platform providers design CSR activities aimed at developing trust with digitization and implement corporate political activity (CPA) to develop relationships with regulatory bodies. The paper concludes by providing several propositions and arguing that effective non-market strategies are rooted in the firm-level resources and capabilities that enable organizations to engage with social actors and build relationships to gain legitimacy. Going forward, future studies could empirically validate these conceptual insights in developing and emerging countries. More importantly, future studies could examine how firms can reduce the potential risk of ransoms and cyberattacks and investigate the relevance of non-market strategies in sustaining stakeholder trust in their platforms. Trust related issues are extremely important in the context of platform firms, which rely on disruptive technology to scale up their value chain activities. It would thus be important to examine the role played by power and trust across ecosystem partners and how power and trust influence non-market strategies across different institutional settings.

In the second article, Donbesuur et al. (2023) discuss the role played by managerial competencies, non-market strategies, and institutional voids in the international performance of platform-based international new ventures (INVs). Unlike most work conducted from the institutional perspective, Donbesuur and colleagues integrated insights drawn from the resource-based view to study the implications of managerial competencies for the international performance of platform-based INVs via non-market strategies and to determine the contingency role played by institutional voids. The authors conducted a quantitative study based on survey data drawn from 181 platform-based INVs operating in Ghana, representing a 43.61% response rate. The results of their regression analysis indicate that CSR and CPA non-market strategies mediate the relationship between managerial competencies and the

performance of platform-based INVs. Additionally, the findings reveal that perceived domestic institutional voids strengthen the positive relationship between managerial competencies and non-market strategies. However, no support was found for perceived domestic institutional voids playing a moderating role in the relationship between non-market strategies and international performance. The contribution made by this paper lies in its demonstration of the relevance of managerial competencies, non-market strategies, and institutional voids in the performance of platform-based INVs. As this study shows, future research may draw on the various types of managerial competencies and top management team characteristics that can be useful to navigate different non-market environments. The CEO/corporate activism can also influence political actors (Katic & Hillman, 2022), thus going forward, future studies could pay more attention to the CEO/corporate activism (cf. Chatterji & Toffel, 2019; Katic & Hillman, 2022; Maks-Solomon & Drewry, 2021), and explicate their role in new ventures and more mature platform-based MNEs' survival and post-entry performance in developed and emerging markets.

The final article by Ghauri et al. (2022) examined digital technology platform and entrepreneurship in marginalized communities. They argue that, while the institutions in marginalised communities support entrepreneurial activity, the literature has not highlighted digital technology as a solution suited to develop capabilities for technology adoption in marginalized communities. Ghauri and colleagues conducted a systematic literature review of 60 articles published from 1994 to 2018. They focused on the combined string search of 'entrepreneurship' and 'digital technology' in the ABI/Inform, Scopus, and Web of Science databases. The findings of their review confirm the scarcity of literature on the non-market activities of platform-based MNEs and entrepreneurial ventures. In addition, they argue that such firms contribute to reduce inequalities and support sustainable development through non-market strategies. Their findings also indicate that innovation in digital technology and non-market strategies holds implications in relation to supporting entrepreneurship and social actors in poor regions. The authors encourage scholars to investigate how the individual, organisational, and contextual levels of engagement interact to better encourage and expose marginalised communities to the greater benefits of disruptive technologies.

Future studies could thus build on the work of Ghauri and colleagues and examine the non-market strategies adopted by platform-based firms and small entrepreneurial complementors' firms operating in marginalized communities, and how such strategies create value for both complementors and platform-based more mature and entrepreneurial firms. Going forward, future studies can adopt multi-perspectives- micro, meso, and marco-levels and

shed light on the role of non-market strategies and digital platform firms' value creation and capture in marginalized communities based in developing and emerging markets where formal institutions are weak.

4. The future trajectories of non-market strategies and platform-based MNEs

The aim of this introductory article was to shed light on non-market strategies and platform-based firms. Platform-based MNEs have disrupted the global economy through their direct and indirect network effects. However, despite the role they play in value creation and innovation for different stakeholders, these firms face significant legitimacy challenges in their home and host markets, and limited systematic discussion has been held around their non-market strategies and their conduct across different markets.

Taken together, the papers in this special issue offer interesting insights and perspectives on platform-based MNEs and the non-market strategies they adopt to establish legitimacy. Based on these papers and review of the extant literature, we next capture the research themes that scholars may find fruitful to drive their future research agendas.

Regulatory policies. As platform-based MNEs operate in heterogeneous, complex, uncertain and constantly changing regulatory landscapes, there is a need to further investigate their relationships with local governments and regulatory bodies. One way whereby non-market strategy scholars can move forward is to attempt to fundamentally understand how the relationships between platform-based MNEs, regulations, and society are co-evolving across different countries. We know that the unique business models of platform-based MNEs—coupled with their dominant and even monopolistic power—raise important and potentially disconcerting questions about future regulatory policies both at the city, regional and international levels. This makes it necessary to address the regulatory environment for digital platforms and ideas around self-regulation—i.e., “*any system of regulation in which the regulatory target—either at the individual-firm level or sometimes through an industry association that represents targets—imposes commands and consequences upon itself*” (Coglianese & Mendelson, 2010, p. 172; Cusumano, Gawer & Yoffie, 2021). In other words, there is a need to address why self-regulation and government regulations fail to sufficiently address the challenges encountered by platform-based MNEs, especially when they operate in foreign markets (Cusumano et al., 2021). There is now increasing call to regulate big-tech platform firms as current competition regimes are becoming ineffective to regulate the rising clout of platform firms (cf. Petit & Teece, 2021; Teece, 2003). Thus, future studies could pay

more attention to public-private governance regimes such as co-regulation and shared governance (Flew, 2018; Popiel & Sang, 2021; Popiel, 2022), and the ways in which non-market strategies support co-regulations and shared governance in the context of platform-based MNEs operating across developed and emerging/developing markets.

Institutions and Platform policies. Donbesuur et al. (2023) contribute to the study of institutions and platform policies by examining the effects of managerial competencies on the international performance of platform-based INVs, particularly through non-market strategies. This presents a significant connection to the evolving dynamics of platform-based MNEs, urging us to reconsider the roles of institutions and governance structures. This opens up several promising avenues for future research. First, there is a need to study how platform-based MNEs manage the high levels of institutional complexity they encounter in engaging local stakeholders through non-market strategies due to the institutional diversity found across countries. Second, future research should investigate the impact of integrating non-market and market strategies to manage formal and informal institutions, as this would generate valuable theoretical insights about such firms' financial and non-financial performance and survival. Finally, scholars could explore the effectiveness of different types of non-market strategies in shaping platform policies pertaining to issues such as competition policy, labour rights, climate change, data governance, and data security.

Resources and Capabilities. Firms can be heterogeneous in terms of the non-market resources and capabilities they have (e.g., Albino-Pimentel, Dussauge, & Shaver, 2018), and these could differently affect firms' non-market strategies. Thus, there is a need to study what physical and digital resources and capabilities must be developed and leveraged in order to become closely embedded in local networks, and how such embeddedness can be converted into firm-specific or ownership advantages suited to differentiate platform-based MNEs' non-market strategies and the resultant performance. Ko et al. (2022) point out the unique challenges that emerging economy firms' face in building trust in their platforms that is subjected to issues of information asymmetry. The authors highlight the importance of non-market strategies in overcoming these challenges. This opens up new avenue for further research, for example, how to build political capabilities to generate greater local influence and become more intimately connected to local stakeholders. This increased local connectivity, which could be thought of as a non-market relational resource, can reshape interests and alliances and introduce novel approaches to manage institutional complexity (Yi et al., 2023). The concept of co-specialized resources and capabilities provides a significant perspective on how platform-based MNEs can enhance their ecosystem social responsibility (ESR). It would

thus be interesting to investigate how such co-specialized resources and capabilities shape new interests, new alliances, and new ways of managing institutional complexity in foreign countries that leads to high levels of social synergies and positive externalities that contribute to ecosystem social responsibility. The study of Ghauri and colleagues also shed light on the vital role of individual, organizational, and societal level non-market activities suited for the adoption of digital technologies and platforms by marginalized communities based in developing economies. Thus, future studies could adopt multi-theoretical and multi-level perspectives such as micro, meso, and macro-levels and examine the role of non-market strategies in creating value for the more mature and entrepreneurial firms based in developing economies that are part of the platform-based MNEs' ecosystem.

Governance. Platform-based MNEs operate within a complex web of social expectations, institutional norms, and ecosystem participants' demands that span across international borders. To navigate this landscape, these MNEs must strategically establish and enforce accepted ecosystem-wide norms globally. As part of this process, the platforms must effectively internalize higher social standards and respond to societal issues specific to the host society in both emerging and developed economies. The development of non-market strategies tailored to unexpected demands and societal issues is, therefore, essential. Digital platforms' policy communications reflect these complexities and highlight their roles as influencers in policy debates, as well as their ability to promote policy-related initiatives to minimize the likelihood of state intervention. However, these policy communications also reveal the platforms' regulatory philosophies, shedding light on their perspectives on governance—an area yet to be fully explored (Levina & Hasinoff, 2017; Popiel & Sang, 2021). While typically associated with a libertarian aversion to regulation, digital platforms often view governments as vital actors, especially considering the global scope of their operations. For example, future research could investigate how platforms look to governments for coordination of international norms and standards, delineation of user data collection and processing boundaries, and basic labor protections and investments.

Nonetheless, platform governance is characterized by several key features including tech solutionism—using technical tools to address non-technical problems; frictionless regulation—the retooling of state regulatory mechanisms to meet the needs of the tech sector; and multi-stakeholderism—an attempt to legitimize business decisions and disperse liability (Popiel and Sang, 2021) Each of these aspects brings about its own set of governance implications and potential challenges, which leaves promising venues for further enquiry.

Big Tech firms have recently been accused of engaging in shady lobbying in the EU Parliament through intermediaries and smaller front organizations (Guardian, 2023; Goujard, 2022). We encourage the IB scholars to address research questions centered on the ethical implications of these lobbying strategies. Additionally, it is crucial to understand how responsible governance structures are created within platform-based MNEs across different countries. In the same vein, it is important to scrutinize how co-regulatory arrangements between states and platforms can be designed to be resilient amidst sectoral fluctuations, effective in achieving policy goals, and prevent regulatory capture (Tiwana, Konsynski, & Bush, 2010; Tiwana, 2014). These considerations are paramount as platforms continue to expand and engage civil society organizations on various issues, which can make government intervention more challenging.

Locations. As platform-based MNEs navigate through complex cross-border operations, understanding location-specific challenges and deploying tailored non-market strategies becomes crucial. These strategies could potentially cover direct and indirect methods, and their impacts on both financial and non-financial performance (Katic & Hillman, 2022). There is indeed a need for scholars to conduct multiple case studies and large-scale surveys across different markets, focusing on political ideologies, political distances, and cultural distances of specific locations. These comparative studies can shed light on the diverse risks and strategies undertaken by platform-based MNEs to meet local stakeholders' expectations.

The ripple effects of policy and regulatory changes around the world can be profound, as demonstrated by recent events in France and Australia, where governments have required dominant digital platforms to compensate news organizations. This shift, echoed by policymakers in the United States and Canada, significantly impacts the non-market strategies of platforms. For instance, the Australian government signaled in June 2021 that if Facebook and Google continue making side payments to publishers, other requirements of the News Media and Digital Platforms Mandatory Bargaining Code may be set aside (Isaac and Cave 2021). Similar dynamics have played out in France, where as long as Google compensates publishers, the government seems willing to overlook whether the company is specifically paying for (or says it is paying for) copyright-worthy snippets (Royal and Napoli, 2022).

However, these scenarios, while seemingly offering a solution to struggling news media, raise several concerns. Critiques argue that such models favor large, national news organizations over local and/or independent outlets and potentially distort the laws' public interest goals. They also risk disincentivizing the evolution of the press and undermining access

to diverse viewpoints. Thus, examining these effects across locations such as Asia, Africa, South America, or the USA and the EU can contribute to comparative studies on non-market strategies and platform-based MNEs. Specific cases like the geopolitical challenges faced by TikTok in the US, driven by privacy and security concerns, demonstrate the major spillover effects of data location on non-market strategies. Moreover, different levels of regulations pose unique challenges for platform-based firms, necessitating the exploration of non-market strategies at city, subnational, and national levels (Rauch & Schleicher, 2015).

Alternative approaches such as taxing platforms and placing funds in an endowment to support local, independent, and non-commercial journalism, or providing media vouchers to citizens to support news media based on grassroots preference (Karr and Aaron 2019; Waldman 2021), can also serve as potential models for non-market strategies. However, much depends on how the situations in Australia and Europe continue to evolve, influencing the adoption of these models across different national contexts. Thus, while the governance of platforms is complex, addressing these challenges through well-researched non-market strategies is fundamental for platform-based MNEs to meet their stakeholders' expectations and succeed in an ever-evolving global marketplace.

Knowledge management and its cross-border transfer for implementing non-market strategies. The concept of ecosystem social responsibility (ESR) proposed by Yi et al (2023) holds the potential to enhance our understanding of the intricate social dynamics within digital platform ecosystems. Addressing ESR involves tackling social frictions among ecosystem participants and implementing non-market strategies to manage the negative externalities that may arise when complementors exploit platform governance. In this context, knowledge management and its cross-border transfer play a crucial role for platform-based MNEs. For effective implementation of non-market strategies and ESR principles, these firms must rely not only on their own explicit and tacit knowledge, but also on the knowledge held by their ecosystem partners. This necessitates the development of mechanisms for the accumulation, sharing, and transfer of relevant knowledge across borders, between the MNEs, their subsidiaries, and their ecosystem partners. Future studies could explore how platform-based MNEs manage this process of knowledge transfer, especially how they disseminate understanding of non-market strategies to their network partners in different jurisdictions. Research could examine the ways in which effective knowledge transfer enhances platform firms' ability to engage productively with non-market stakeholders, potentially alleviating social frictions, reducing negative externalities, and thereby bolstering their commitment to

ESR. The role of ESR in knowledge management strategy and the effect of this relationship on the platform's performance could also be an area of investigation.

Ecosystem partners. Finally, considering the limitations of self-regulation and government regulation in addressing the challenges faced by platform-based MNEs, a promising area of research lies in exploring how wider ecosystem partners can collaborate with such firms to co-create improved regulatory policies that promote ethical behavior. Crucially, this collaboration aims to understand and tackle the collective action problem that often hampers investment in social responsibility, potentially resulting in social frictions and ecosystem irresponsibility (Verbeke & Greidanus, 2009; Yi et al, 2023). The exploration should also extend to how such participatory forms of regulation can be quantified and promoted. Future research could focus on understanding how intricate ecosystem relationships can be managed through non-market strategies, particularly given the amplification of governing complexity and risks when platform ecosystems scale up. This might entail examining the dynamics of social value co-creation (or co-destruction), social frictions, and synergies among ecosystem partners, and how these can be influenced to ensure greater commitment to social performance and responsibility. Such insights would offer valuable clarity for platform-based MNEs operating in increasingly complex and diverse institutional environments. Future research could also examine the collective practices and policies undertaken by ecosystem participants, as meta-organizations, in contributing to the policy making process (cf. Engert et al., 2022; Li et al., 2019; Yi et al., 2023). Scholars could explore how such firms fulfil their social obligations with multiple stakeholders. For example, future studies could examine the collective social and political non-market strategies adopted both locally and globally by digital platform ecosystems across their home and host countries in addressing grand societal challenges. Additionally, most studies have focused on for-profit ecosystems; there is potential for the investigation of the social and political non-market strategies of for-profit and social platform ecosystems in their home and global markets (cf. Schrieck, Wiesche, & Krcmar, 2017).

5. Conclusions

The rise of platform-based MNEs and their related ecosystems raise important questions about how such firms should be governed and managed in the international context. The investigations recently conducted against platforms such as Amazon, Google, and Facebook

remind us of the uncertainty and unprecedented level of regulatory and social expectations pertaining to such firms. We hope that, by presenting platform-based MNEs and non-market strategies in combination and showcasing three exemplar articles, this special issue will help to propel forward the international management field. We believe that, by engaging in non-market strategies and closely connecting and engaging with ecosystem stakeholders in host countries, platform-based MNEs will be more likely to generate long-term economic and societal value. Our hope is that this special issue will inspire the IB community to continue examining these important issues.

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