

## **Research Summary**

This dissertation highlighted three challenges awaiting platform-driven firms in an emerging market. The first challenge is institutional barriers where nascent businesses are expected to conform to existing regulations. Second, platform firms must deploy appropriate strategies to transform traditionality when confronting informal economic activities as potential opportunities. Third, transitions to informality through technology innovation occasionally yield heavy criticism from incumbents. Therefore, understanding how platforms respond is a critical conjuncture. Having understood those potential challenges encountered by platform-driven firms, there is one big question: how can technology-driven firms use their platforms to approach and interact with the informal economy as an unregulated domain?

To answer this question, I presented three related studies building on works of literature on digital platforms strategies, informal economy, and institutions. In the first study (Chapter 2), a closer examination of the entrepreneurial process of digital-driven firms in tackling legitimacy constraints was conducted. Through this research, I highlighted how those firms approached differently based on whom they worked with. At the user level, it demonstrated how platforms combine available technology and level of knowledge, such as educating benefits of using a mobile application. The second, market level, I suggest that it is lucrative for the firms to understand the nature of the informal economy, not only as a practice but also because of complicated institutional voids. Eventually, the last strategy illustrated the importance of compliance with existing

regulations. Lobby and stakeholder collaboration could become adequate arrangements to strengthen legitimacy in emerging markets.

In the second study (Chapter 3), I examined deeper on the market level, as briefly proposed in the preceding section. The research question is, how do platform-based ventures' abilities assist unregulated and underutilised sectors in utilising digital platforms? Comprising nineteen case studies of digital platforms in Indonesia, I revealed several significant findings. First, regarding technological and traditional disparity, the four types of interaction serve as an exclusive method and a continuous ability for an inclusive platform. Second, as a complementary, I raised three concerns encountered by digital platforms in emerging markets: knowledge shortage, technology resistance, and the need for formalisation.

I then applied the findings of the two preceding chapters to a single case study of Gojek, a ridesharing platform in Indonesia. The third study (Chapter 4) attempted to fill gaps in which the extant body of research mainly discussed the impact of sharing economy business models. Instead, arguments on ridesharing platforms are somewhat narrow that incentives do not necessarily drive practices. Chapter four focuses on how Gojek deployed a balanced yet distinctive strategy, pairing informal economic provision and response from regulatory bodies. I proposed these intertwining strategies – compliant, transformative, and conjoint. Building on the business on grassroots problems, the three strategies posed a promising instrument for Gojek to win the market and claim the first giant platform in Indonesia.

This dissertation contributes to two broad literatures: platform strategies and informal economy. First, the primary contributor to the literature on platform strategies concerns innovation and technology adoption in the context of less developed markets. The idea that firms utilising a digital platform as a transaction medium is occasionally supplemented by contesting market demands and institutions' requirements. In part, when incumbents, former players in the industries, opposed the notion of the platform model, I suggest that it is critical for digital founders and their teams to lead distinctive methods. Some examples illustrated how platforms could act not only as intermediaries but also as agents supporting micro-entrepreneurs and others underutilised excessive informal provision supplies. Platform firms are also expected to show a soft negotiation to the controlling authorities on how they escalated efficiency in the grey area.

Second, building on the theory of informal economy, frequently referred to as a by-product of government failures in providing reliable infrastructures, this study is one of limited research entangling the exploratory digitalisation process in informal sectors. Many studies disclosed plausible findings on how actors in the informal area could not obtain accessible resources such as financial and regulatory knowledge. However, the table turned when digital-driven firms attempted to bring the activities onto the platform, mediating vendors and users seamlessly. Although informal players seemed reluctant to move their operation, slowly purposive strategies are highly favourable. I suggest that platform firms should perceive informality as a potential pool for redeveloping and restructuring inaccessible channels, as noted above.

This dissertation also yields practical implications that are important for establishing digital-based business and a set of recommendations for better policy output. First, it has implications for how entrepreneurs in the digital market acquire legitimacy, concentrating on attracting end-users and navigating the disparity between technology-driven innovation and marginalised activities in the informal area. In particular, where previous research has mainly indicted platform firms such as Uber and Airbnb as rule-breaker operating in a permissionless domain, this dissertation unravelled a slightly different finding. Although Indonesia, as an emerging market, demonstrated weak law enforcement, all firms analysed in this study were legally registered. The problems, in contrast, did not lay on platforms' externalities but informal activities that have been persistently served because of regulation discrepancies. For instance, where Uber was accused of being the source of indefinite labour and encouraging tax evasion, Gojek, a ridesharing platform, started by improving the informal motorcycle taxis. This distinctive starting point affected the interaction process in transforming and shifting market behaviour through the digital platform.

Second, in addition to growing concern that platform business could cause severe effects on informalities, it has implications for how the government as a regulation maker provide supportive actions. As I suggested in the previous chapters, the regulator should see the proliferation of application-based activities as opportunities to capture informal sectors that prolonged has been immeasurable. With firms exploring the grey area, the underground practices gradually appeared on the surface and presented latent targets for improvement. However, it should not be seen merely as a chance for formalisation but as a perfect occasion to educate

and denounce informal economy actors' benefit of registration, for example. So far, the incentives are heavily carried by platform firms by offering easy registration, promotional media, and trustworthy financial aids. Policymakers should follow the path opened by platform businesses by forming equal access for both digital and micro-entrepreneurs.