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Platform Power and Institutional Alignment: Strategic Responses to Regulatory Consolidation in Southeast Asia

Kosidin[1]*

***Corresponding Mail:**
kosidin@unfari.ac.id

Abstrak

Regulatory consolidation is increasingly reshaping digital platform ecosystems across emerging economies. While intensified regulation is often assumed to constrain dominant platforms, its structural consequences remain under-theorized. This article develops a mechanism-based framework explaining how regulatory consolidation may recalibrate dependence relations and reinforce platform power under specific conditions. Integrating resource dependence theory, institutional response scholarship, and nonmarket strategy perspectives, the analysis conceptualizes consolidation as an institutional inflection point that raises compliance thresholds and stabilizes oversight regimes. When dominant platforms possess strong bottleneck control and developed political capabilities, they are positioned to convert regulatory stabilization into strategic advantage through institutional alignment. Compliance infrastructure becomes a source of relational leverage, while proactive regulatory engagement enhances legitimacy and competitive shielding. However, reinforcement is conditional. Where institutional complexity remains high or structural centrality is weak, consolidation may redistribute influence rather than entrench dominance. By reframing regulatory consolidation as a structurally contingent driver of ecosystem power, this study advances a power-centered understanding of how institutional stabilization interacts with digital market dominance in emerging platform economies.

Keywords

regulatory consolidation; platform power; resource dependence; institutional alignment; political capability; digital ecosystems

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[1] Faculty of Information Technology, Universitas Alghifari, Bandung, Indonesia

1. Introduction

Regulatory consolidation is reshaping the institutional terrain of digital platform ecosystems across emerging economies. In Southeast Asia, fragmented oversight regimes are increasingly replaced by harmonized licensing standards, intensified supervisory protocols, and cross-border coordination frameworks. Conventional wisdom suggests that stronger regulation constrains dominant platforms by limiting strategic discretion and increasing compliance burdens. Yet such an assumption overlooks a critical dynamic: regulatory consolidation may recalibrate dependence structures in ways that reinforce, rather than dilute, platform power.

Platform dominance has traditionally been explained through network effects, ecosystem centrality, and bottleneck control over critical complementarities (Jacobides et al., 2018). Dominant platforms frequently leverage ecosystem envelopment strategies to expand into adjacent markets and reduce multi-homing incentives, thereby stabilizing asymmetrical dependence (Eisenmann et al., 2011). Research on ecosystem competition further shows that leading firms actively manage cooperation and rivalry to preserve control over interdependent actors (Hannah & Eisenhardt, 2018). These dynamics highlight that platform power is not merely technological but relational and structurally embedded.

However, as regulatory regimes consolidate, the architecture of dependence may shift. Resource dependence theory conceptualizes power as emerging from asymmetrical control over valued resources and the management of environmental constraints (Emerson, 1962; Pfeffer & Salancik, 1978). When compliance thresholds rise and enforcement intensifies, actors with superior regulatory infrastructure may become indispensable coordination hubs. Smaller complementors facing heightened compliance costs may increase reliance on dominant platforms capable of absorbing institutional demands. Regulatory consolidation thus functions not only as oversight but as a potential mechanism of dependence recalibration.

Institutional scholarship provides further insight into how firms respond to such shifts. Organizations do not uniformly conform to regulatory pressures; rather, they adopt strategic responses ranging from acquiescence to manipulation (Oliver, 1991). Under conditions of institutional complexity—where multiple regulatory logics intersect—firms with greater structural centrality may more effectively navigate and align with dominant logics (Greenwood et al., 2011; Thornton et al., 2012). Alignment, in this sense, extends beyond passive compliance. It involves proactive adaptation and, in some cases, participation in shaping institutional interpretation.

Nonmarket strategy research reinforces this perspective by demonstrating that firms cultivate political capabilities to influence regulatory outcomes and reduce environmental uncertainty (Baron, 1995; Hillman et al., 2004). Meta-analytic evidence indicates that corporate political activity can enhance firm performance, particularly in contexts of regulatory flux (Lux et al., 2011). For dominant digital platforms, such capabilities may transform consolidation into strategic opportunity. Rather than resisting regulatory stabilization, powerful platforms may pursue institutional alignment that embeds their governance models within emerging standards.

Despite these insights, existing literature has not systematically examined how regulatory consolidation interacts with pre-existing ecosystem power asymmetries to shape strategic outcomes. Platform research emphasizes governance and competition (Jacobides et al., 2018), institutional theory focuses on legitimacy and conformity (Oliver, 1991), and political strategy scholarship analyzes regulatory engagement (Hillman et al., 2004). What remains underdeveloped is an integrated explanation of how dominant platforms strategically align with consolidating regulatory regimes to reinforce or stabilize their power positions.

This article addresses that gap by developing a conceptual framework linking regulatory consolidation, dependence recalibration, political capability, and institutional alignment. It argues that consolidation may reinforce platform dominance when high ecosystem centrality and political capability enable strategic alignment. Conversely, where bottleneck control is weaker or institutional complexity remains high, consolidation may redistribute influence rather than entrench it.

By integrating power-dependence theory, institutional response scholarship, and nonmarket strategy perspectives, this study advances a mechanism-based account of how regulatory stabilization shapes platform power in emerging digital ecosystems. In doing so, it reframes regulatory consolidation not as a neutral governance reform, but as a structural inflection point in the evolution of digital market dominance.

2. Theoretical Foundations

Understanding how dominant digital platforms respond to regulatory consolidation requires integrating insights from power theory, institutional response literature, and nonmarket strategy scholarship. While prior studies often examine these domains separately, regulatory consolidation in platform ecosystems exposes their interdependence. When regulatory regimes stabilize and enforcement intensifies, power asymmetries, strategic positioning, and institutional engagement intersect in ways that reshape ecosystem governance.

This section develops the theoretical foundations underpinning the proposed framework. It begins by conceptualizing power within platform ecosystems through a dependence lens. It then examines how organizations strategically respond to institutional pressures. Finally, it introduces political capability and institutional alignment as mechanisms through which dominant platforms shape regulatory outcomes.

2.1 Power and Dependence in Platform Ecosystems

Power in organizational settings has long been conceptualized as a function of asymmetric dependence. Emerson (1962) defines power not as an intrinsic attribute, but as a relational property emerging from the degree to which one actor depends on another for valued resources. When dependence is unequal, power accrues to the less dependent actor. This relational view moves beyond structural determinism and focuses on resource control as the basis of influence.

Resource dependence theory further develops this insight by arguing that organizations actively manage environmental constraints to reduce uncertainty and preserve autonomy (Pfeffer & Salancik, 1978). Firms seek to alter dependence relations through alliances, mergers, diversification, or political engagement. Importantly, dependence is dynamic; shifts in environmental conditions can recalibrate power asymmetries.

Digital platform ecosystems present a distinctive context for dependence dynamics. Ecosystems consist of interdependent actors—platform orchestrators, complementors, users, and regulators—whose interactions are coordinated through shared technological and governance infrastructures (Jacobides et al., 2018). Dominant platforms often control bottleneck positions that mediate access to markets, data, or distribution channels. Such bottleneck control increases complementor dependence and strengthens the platform's bargaining power.

Regulatory consolidation alters these dependence structures. As compliance thresholds rise and reporting requirements intensify, smaller actors may become more dependent on platform infrastructures that provide standardized compliance tools, identity systems, or integrated governance processes. Under such conditions, regulatory consolidation can indirectly increase complementor dependence on dominant platforms, thereby reinforcing asymmetrical power relations rather than diffusing them.

Understanding this recalibration of dependence is central to explaining how regulatory consolidation interacts with ecosystem power.

2.2 Strategic Responses to Institutional Processes

While power theory explains structural asymmetry, institutional scholarship explains how organizations respond to regulatory pressures. Rather than assuming uniform conformity, Oliver (1991) proposes a spectrum of strategic responses to institutional processes: acquiescence, compromise, avoidance, defiance, and manipulation. These responses vary in the degree of agency and resistance exercised by organizations.

Under conditions of weak power, firms may acquiesce to regulatory pressures to preserve legitimacy. However, organizations with greater resource capacity and structural centrality may pursue compromise or manipulation strategies, actively shaping regulatory interpretations or influencing policy formation. Institutional responses are therefore conditioned by both external pressure and internal power resources.

Institutional complexity further complicates this dynamic. Greenwood et al. (2011) argue that organizations often operate within multiple, potentially conflicting institutional logics. When regulatory consolidation occurs across fragmented jurisdictions or governance domains, institutional complexity increases. Firms must navigate overlapping expectations from regulators, market actors, and societal stakeholders.

In platform ecosystems, dominant actors may leverage their structural centrality to manage institutional complexity more effectively than peripheral actors. Rather than experiencing consolidation as a constraint, they may strategically align with regulatory regimes to stabilize expectations and reduce uncertainty. Institutional alignment, in this sense, becomes an active strategic choice rather than passive compliance.

This perspective shifts the analytical focus from whether firms comply to how and why they choose particular response strategies under conditions of regulatory consolidation.

2.3 Political Capability and Institutional Alignment

Strategic responses to regulatory consolidation are not solely reactive; they often involve active engagement in political and regulatory arenas. Nonmarket strategy literature emphasizes that firms operate simultaneously within market and political environments (Baron, 1995). Competitive advantage can depend on the integration of market positioning and regulatory engagement.

Corporate political activity research further demonstrates that firms develop political capabilities—structured processes for lobbying, coalition-building, regulatory consultation, and policy monitoring—to influence institutional outcomes (Hillman et al., 2004). Such capabilities vary across firms and often correlate with size, resources, and ecosystem centrality.

In digital platform ecosystems, political capability intersects with bottleneck control. Dominant platforms may possess greater access to regulatory dialogue, stronger cross-border policy experience, and more sophisticated compliance infrastructures. These capabilities enable institutional alignment strategies that go beyond acquiescence. Rather than resisting consolidation, platforms may support harmonization efforts that formalize standards consistent with their existing governance architectures.

Institutional alignment thus operates as a strategic mechanism. By aligning internal governance with consolidating regulatory frameworks, dominant platforms can transform regulatory stabilization into competitive reinforcement. In contrast, smaller or peripheral actors lacking political capability may experience consolidation as constraint or displacement.

This integration of power dependence, institutional response, and political capability provides the theoretical foundation for explaining divergent outcomes of regulatory consolidation in digital platform ecosystems.

3. Conceptual Framework and Propositions

Regulatory consolidation does not operate in a vacuum. Its consequences depend on pre-existing power asymmetries within platform ecosystems and on the strategic responses available to dominant actors. Building on the theoretical foundations outlined earlier, this section develops a conceptual framework that explains how regulatory consolidation interacts with ecosystem power structures and political capability to produce divergent outcomes.

The conceptual architecture below formalizes the mechanism-driven logic developed in the article. It integrates regulatory consolidation, dependence recalibration, political capability, and institutional complexity into a unified explanatory structure. The framework clarifies how structural and strategic conditions jointly determine whether consolidation reinforces or redistributes platform power.

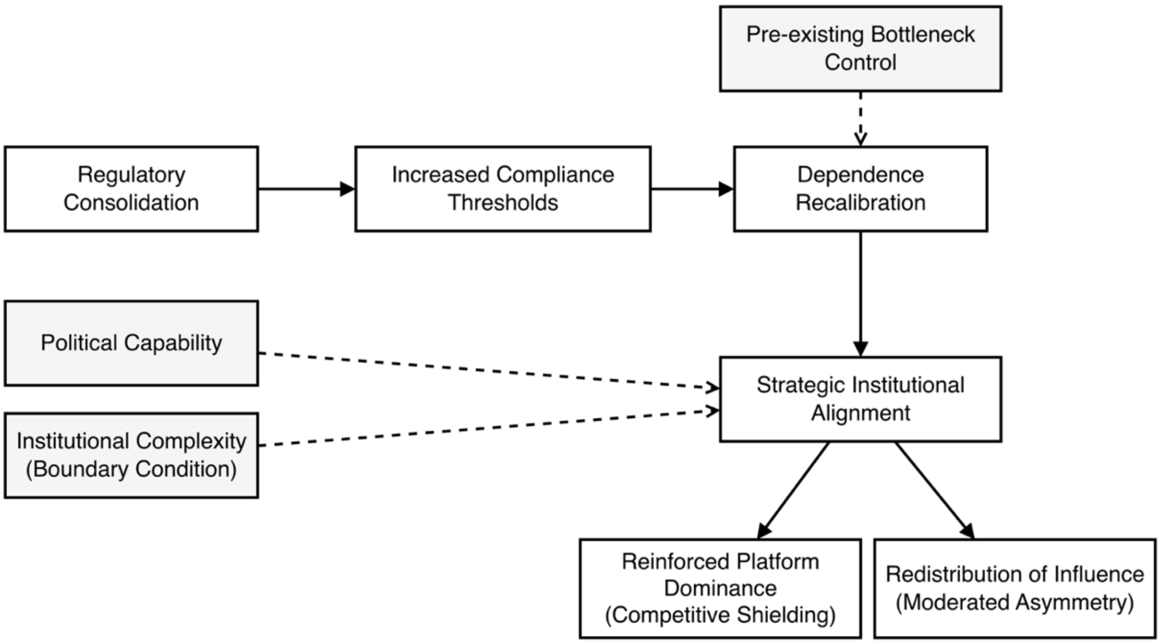

Figure 1. Regulatory Consolidation and Platform Power:
An Integrative Mechanism-Based Framework
Source: Developed by the authors

Figure 1 synthesizes the article's core theoretical argument into a structured causal architecture. It shows how regulatory consolidation increases compliance thresholds, which recalibrate dependence within platform ecosystems. The model specifies that pre-existing bottleneck control strengthens this shift, while political capability enables strategic institutional alignment. The framework then clarifies how alignment can produce either reinforced dominance through competitive shielding or a redistribution of influence, with institutional complexity operating as a boundary condition. In this way, Figure 1 makes explicit the conditional and mechanism-driven nature of regulatory consolidation's effects on platform power.

The framework rests on three core elements. First, regulatory consolidation functions as an institutional shift that increases standardization, enforcement intensity, and compliance thresholds. Second, platform ecosystems are characterized by asymmetric dependence structures, often centered around bottleneck control. Third, dominant platforms possess varying degrees of political capability and institutional alignment capacity, which condition their strategic responses. The interaction among these elements determines whether regulatory consolidation reinforces or redistributes platform dominance.

3.1 Regulatory Consolidation as Institutional Inflection

Regulatory consolidation refers to the stabilization and harmonization of previously fragmented oversight regimes. It may involve standardized licensing, unified supervisory protocols, cross-border regulatory coordination, and intensified enforcement mechanisms. Unlike regulatory proliferation, which increases rule density without coherence, consolidation reduces ambiguity by clarifying expectations and strengthening monitoring capacity.

From a dependence perspective, regulatory consolidation alters the environmental conditions under which organizations operate (Pfeffer & Salancik, 1978). Increased compliance thresholds raise the resource demands associated with legitimate participation. Actors with established compliance infrastructures are better positioned to absorb these demands. Smaller or peripheral actors may experience heightened vulnerability, particularly where compliance costs are fixed rather than variable.

Regulatory consolidation therefore functions as an institutional inflection point. It recalibrates environmental constraints and may indirectly shift dependence relations among ecosystem participants. The following diagram isolates the mechanism of dependence recalibration triggered by regulatory consolidation. It analytically contrasts ecosystem structure before and after increased compliance thresholds, clarifying how relative bargaining positions shift when compliance infrastructure becomes a critical resource.

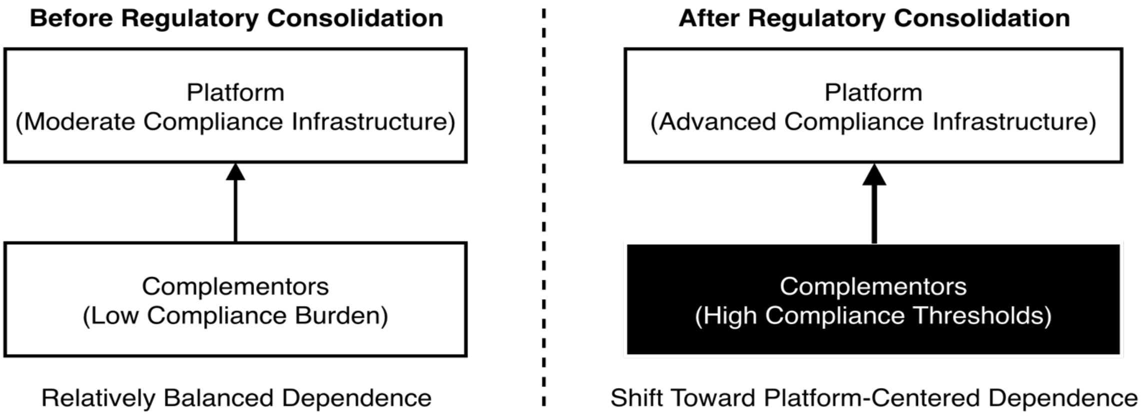

Figure 2. Dependence Recalibration Under Regulatory Consolidation
Source: Author's conceptualization

As illustrated in Figure 2, regulatory consolidation increases compliance thresholds, transforming compliance infrastructure into a critical resource. Prior to consolidation, dependence between complementors and the platform remains relatively balanced. Following consolidation, heightened compliance burdens increase complementor reliance on platforms with advanced regulatory infrastructure, shifting bargaining power and reinforcing asymmetry. Figure 2 thus isolates the micro-mechanism through which institutional stabilization recalibrates ecosystem dependence structures.

Proposition 1:
The greater the degree of regulatory consolidation, the more compliance-related dependence shifts toward platforms possessing superior compliance infrastructure.

3.2 Power Asymmetry and Dependence Recalibration

Platform ecosystems are structured by asymmetric dependence relations. Dominant platforms frequently control access to critical resources such as user bases, data flows, distribution channels, or payment infrastructures (Jacobides et al., 2018). These bottleneck positions generate complementor dependence and confer bargaining power.

When regulatory consolidation increases compliance thresholds, complementors may seek integration with dominant platforms to mitigate regulatory exposure. Platforms offering embedded compliance tools, standardized identity verification, or integrated reporting systems become infrastructural anchors. As dependence increases, power asymmetry may intensify.

However, this outcome is contingent upon pre-existing ecosystem centrality. Where bottleneck control is weak or contested, consolidation may redistribute power rather than reinforce it.

Proposition 2:
The positive relationship between regulatory consolidation and platform power reinforcement is stronger when pre-existing bottleneck control is high.

3.3 Strategic Institutional Alignment

Institutional theory emphasizes that organizations do not uniformly acquiesce to regulatory pressures. Instead, they choose strategic responses ranging from compliance to manipulation (Oliver, 1991). Under conditions of consolidation, dominant platforms may pursue institutional alignment—a strategy that integrates internal governance structures with emerging regulatory standards.

Institutional alignment differs from passive compliance. It involves proactively adapting governance architectures, standardizing processes consistent with regulatory frameworks, and publicly signaling conformity to institutional expectations. Alignment enhances legitimacy while stabilizing internal control mechanisms.

Firms possessing strong political capabilities are more likely to engage in such proactive alignment. Political capability includes structured regulatory engagement, participation in consultation processes, and the ability to interpret and influence policy development (Hillman et al., 2004). Through these mechanisms, platforms can align regulatory standards with their existing governance models, reducing friction between institutional demands and strategic objectives.

Proposition 3:
Platforms with greater political capability are more likely to respond to regulatory consolidation through strategic institutional alignment rather than passive compliance.

3.4 Institutional Shaping and Competitive Shielding

Under certain conditions, regulatory consolidation may produce competitive shielding effects. As compliance thresholds rise, new entrants face higher fixed costs. Dominant platforms with established regulatory legitimacy and operational scale can absorb these costs more effectively, thereby increasing entry barriers.

Institutional work theory suggests that powerful actors may engage in shaping activities that influence how regulatory standards are interpreted or implemented (Greenwood et al., 2011). While not necessarily altering formal rules, such shaping may affect enforcement priorities, technical standards, or implementation timelines.

Competitive shielding emerges when consolidation stabilizes rules in ways that align with incumbent governance models. Rather than eroding dominance, institutional stabilization reduces uncertainty and limits disruptive entry.

Proposition 4:
Regulatory consolidation increases competitive shielding effects for platforms that possess both high ecosystem centrality and strong political capability.

3.5 Institutional Complexity as a Boundary Condition

Regulatory consolidation does not eliminate institutional complexity. In multi-jurisdictional environments, consolidation may coexist with competing regulatory logics (Greenwood et al., 2011). Where institutional complexity remains high, alignment strategies may be more difficult to implement consistently.

Under high institutional complexity, dominant platforms may face conflicting demands across jurisdictions or regulatory domains. In such contexts, the power-reinforcing effect of consolidation may be attenuated.

Proposition 5:

The reinforcing effect of regulatory consolidation on platform dominance is weaker when institutional complexity remains high across jurisdictions.

3.6 Outcome Configurations

The interaction of regulatory consolidation, power asymmetry, political capability, and institutional complexity produces two broad outcome configurations.

First, consolidation may reinforce platform dominance. Dependence shifts toward incumbent platforms, institutional alignment stabilizes governance models, and competitive shielding limits entry. Power asymmetries intensify, and ecosystem centrality is consolidated.

Second, consolidation may redistribute power. Where bottleneck control is weak or political capability is limited, regulatory stabilization may level the playing field, reduce opportunistic governance practices, and enhance complementor autonomy.

The matrix below translates the article's conditional logic into a configurational framework. By crossing pre-existing bottleneck control with political capability, it clarifies when regulatory consolidation reinforces dominance and when it redistributes influence. This typological representation makes the boundary conditions of the theory analytically explicit.

Pre-existing Bottleneck Control	Political Capability: Low	Political Capability: High
High	Constrained Dominance (Structural Power, Limited Alignment)	Reinforced Dominance (Alignment + Competitive Shielding)
Low	Redistribution of Influence (Regulatory Leveling)	Strategic Repositioning (Political Leverage without Structural Centrality)

Figure 3. Configurational Outcomes of Regulatory Consolidation
Source: Developed by the authors

The framework articulated in Figure 3 clarifies how regulatory consolidation generates different power outcomes depending on structural and political conditions. When both bottleneck control and political capability are high, consolidation reinforces dominance through alignment and competitive shielding. Where structural power exists but political capability is limited, dominance remains constrained. In the absence of bottleneck control, consolidation tends to redistribute influence, unless strong political capability enables strategic repositioning.

These divergent configurations highlight that regulatory consolidation is not inherently pro-competitive or anti-competitive. Its effects depend on the structural and strategic conditions within platform ecosystems.

Integrative Summary

The conceptual framework developed here advances a power-centered interpretation of regulatory consolidation. Rather than assuming that regulation constrains dominant platforms, the framework specifies conditions under which consolidation reinforces platform power through dependence recalibration, institutional alignment, and competitive shielding. Political capability and institutional complexity function as critical moderators shaping these outcomes. The table below systematizes the five propositions by explicitly linking each to its core mechanism, moderating condition, and expected directional outcome. This structured synthesis enhances reviewer clarity by making the theoretical architecture transparent and non-redundant.

Table 1. Structured Summary of Propositions and Mechanisms

Proposition	Core Mechanism	Moderating Condition	Expected Directional Effect
Proposition 1: Regulatory consolidation increases compliance-related dependence on platforms with superior compliance infrastructure.	Consolidation raises compliance thresholds, increasing fixed regulatory costs and resource requirements.	Availability of advanced compliance infrastructure within the ecosystem.	Greater consolidation → stronger complementor dependence on capable platforms.
Proposition 2: The reinforcement effect is stronger when pre-existing bottleneck control is high.	Bottleneck control amplifies the value of platform-mediated access under higher compliance burdens.	Degree of structural centrality and control over critical resources.	High bottleneck control strengthens consolidation–power reinforcement link.
Proposition 3: Platforms with greater political capability pursue strategic institutional alignment.	Political capability enables proactive engagement and shaping of regulatory interpretation.	Strength of structured regulatory engagement and policy access.	Greater political capability → higher likelihood of strategic alignment (vs. passive compliance).
Proposition 4: Consolidation increases competitive shielding when both ecosystem centrality and political capability are high.	Alignment stabilizes governance models and raises entry barriers under standardized enforcement.	Joint presence of high bottleneck control and strong political capability.	Consolidation under these conditions → reinforced dominance through shielding.
Proposition 5: Reinforcement effects weaken when institutional complexity remains high.	Competing institutional logics increase interpretive uncertainty and constrain consistent alignment.	Degree of cross-jurisdictional or cross-domain institutional complexity.	High institutional complexity attenuates dominance reinforcement.

Source: Developed by the authors

Table 1 consolidates the article's theoretical architecture into a reviewer-oriented format. It clarifies how each proposition derives from a distinct mechanism, specifies its conditional scope, and makes the expected causal direction explicit. By structuring the propositions in this way, Table 1 reduces conceptual ambiguity and strengthens analytical coherence across the framework.

The refined table below isolates the minimal set of boundary conditions that determine whether regulatory consolidation reinforces or redistributes platform power. It removes derivative variables and focuses only on structurally decisive dimensions.

Table 2. Core Boundary Conditions of the Reinforcement Mechanism

Boundary Condition	High Level	Low Level	Implication for Consolidation Effects
Structural Centrality (Bottleneck Control)	Platform controls critical ecosystem access points and infrastructural gateways.	Access to users, data, or distribution is decentralized or substitutable.	High centrality enables dependence recalibration to reinforce dominance; low centrality increases redistribution likelihood.
Political Capability	Platform possesses structured regulatory engagement and policy-shaping capacity.	Platform relies primarily on reactive compliance.	High capability enables strategic institutional alignment; low capability limits reinforcement effects.
Institutional Coherence	Regulatory standards are harmonized and consistently enforced.	Overlapping or conflicting regulatory logics persist across jurisdictions.	High coherence stabilizes competitive shielding; low coherence attenuates reinforcement dynamics.

Source: Developed by the authors

Table 3 now performs a clearer theoretical function. It identifies only the necessary and sufficient boundary conditions for dominance reinforcement under regulatory consolidation. By collapsing compliance cost structure into structural centrality and removing derivative entry-barrier logic, the table avoids conceptual inflation. It reinforces the article's central claim: consolidation strengthens platform power only when structural centrality, political capability, and institutional coherence align.

By integrating power-dependence theory, institutional response scholarship, and nonmarket strategy perspectives, the framework offers a structured explanation of how dominant digital platforms strategically navigate consolidating regulatory regimes.

4. Managerial and Policy Implications

The framework developed in this article reframes regulatory consolidation as a strategic inflection point rather than a purely constraining force. By integrating power-dependence theory, institutional response perspectives, and political capability research, the analysis suggests that consolidation interacts with ecosystem asymmetries to produce differentiated strategic outcomes. These insights carry implications for platform leaders, regulators, and scholars examining digitally mediated markets in emerging economies.

4.1 Managerial Implications: Institutional Alignment as Power Strategy

For dominant platform firms, regulatory consolidation should not be interpreted solely as compliance escalation. Instead, consolidation represents an opportunity to recalibrate ecosystem dependence structures. When compliance requirements become standardized and enforcement intensifies, platforms possessing superior regulatory infrastructure can transform institutional stability into a strategic asset.

First, compliance capability becomes a source of relational leverage. Platforms that integrate regulatory reporting, identity verification, and supervisory interface mechanisms into their governance architecture can offer complementors reduced exposure to regulatory risk. In dependence terms, this increases the relative value of platform affiliation. Managers should therefore treat compliance systems not merely as defensive investments but as infrastructural extensions of ecosystem control.

Second, institutional alignment requires deliberate strategic positioning. Firms with political capability can engage proactively in consultation processes, cross-border coordination forums, and industry standard-setting initiatives. Rather than resisting consolidation, dominant platforms may seek to shape interpretive guidelines and implementation practices in ways consistent with their governance models. Institutional alignment becomes an active strategic response, stabilizing internal operations while enhancing legitimacy.

Third, leaders must recognize the limits of reinforcement. Overreliance on competitive shielding may generate reputational risk or regulatory backlash if consolidation is perceived as entrenching dominance. Sustainable alignment strategies require balancing compliance-driven centralization with ecosystem inclusivity. Strategic miscalibration may trigger intensified scrutiny or anti-competitive intervention.

For smaller or peripheral actors, the implications differ. Regulatory consolidation may increase dependence on dominant platforms, particularly when compliance costs are fixed. To mitigate asymmetry, smaller firms may pursue coalition strategies, shared compliance infrastructures, or multi-homing approaches that reduce single-platform dependence. Strategic autonomy under consolidation requires active management of institutional exposure.

The following table structures the managerial and policy implications into a comparative matrix. Rather than reiterating narrative discussion, it analytically differentiates actors, identifies their consolidation-specific challenges, and clarifies the strategic risks associated with misalignment.

Table 3. Strategic Implications of Regulatory Consolidation Across Ecosystem Actors

Actor	Strategic Challenge Under Consolidation	Recommended Strategic Response	Risk if Misaligned
Dominant Platform	Rising compliance thresholds increase scrutiny while creating opportunity for infrastructural leverage.	Develop advanced compliance infrastructure; pursue proactive institutional alignment; integrate market and nonmarket strategy.	Regulatory backlash, anti-competitive intervention, reputational erosion if shielding appears exclusionary.
Smaller / Peripheral Complementor	Fixed compliance costs increase dependence on dominant platforms and reduce bargaining power.	Form compliance coalitions; invest in shared regulatory utilities; diversify through multi-homing strategies.	Heightened single-platform dependence; loss of strategic autonomy; exit from market.
Regulator / Policymaker	Standardization may unintentionally reinforce incumbent dominance through high entry barriers.	Design proportional supervision; implement graduated requirements; enhance transparency and procedural clarity.	Market concentration, reduced competitive plurality, policy capture concerns.

Source: Developed by the authors

Table 3 translates the theoretical argument into actor-specific strategic implications without introducing conceptual redundancy. It clarifies how regulatory consolidation simultaneously creates opportunity, vulnerability, and governance risk across ecosystem participants. By structuring implications in this way, Table 3 reinforces the article's central claim that consolidation reshapes power relations conditionally rather than uniformly.

Collectively, these managerial implications highlight that power dynamics in digital ecosystems increasingly hinge on institutional literacy. Regulatory consolidation is not an exogenous shock; it is a terrain upon which strategic advantage can be constructed or eroded.

4.2 Policy Implications: Consolidation and Competitive Order

For policymakers, the analysis underscores that regulatory consolidation has structural consequences beyond risk mitigation. Standardization and intensified supervision may enhance stability and consumer protection, yet they also alter dependence relations within ecosystems.

When compliance thresholds are high, actors with established regulatory infrastructures are better positioned to absorb them. This may unintentionally reinforce incumbent dominance. Policymakers designing consolidated regimes should therefore assess whether entry barriers disproportionately affect smaller or emerging actors. Graduated requirements, proportional supervision, or shared compliance utilities may mitigate unintended concentration effects.

Moreover, consolidation strategies should consider the interaction between harmonization and institutional complexity. Cross-border coordination can reduce uncertainty and facilitate regional scalability. However, inconsistent implementation or overlapping logics across jurisdictions may produce strategic ambiguity, benefiting actors with greater interpretive capacity and political access. Transparency and procedural clarity become essential to prevent regulatory consolidation from becoming a channel of informal power reinforcement.

Finally, regulators must recognize that institutional alignment strategies by dominant platforms are not inherently problematic. Alignment can enhance stability, improve compliance culture, and reduce systemic risk. The policy challenge lies in distinguishing constructive alignment from strategic shaping that indirectly entrenches competitive asymmetry. Ongoing dialogue, monitoring of ecosystem concentration metrics, and stakeholder consultation can help maintain balanced competitive order.

4.3 Future Research Agenda

The conceptual framework developed here invites multiple avenues for empirical and theoretical advancement.

First, future research should examine how regulatory consolidation empirically affects dependence ratios within platform ecosystems. Quantitative studies could measure shifts in complementor affiliation patterns, multi-homing behavior, or compliance outsourcing following regulatory stabilization. Such analysis would test whether consolidation systematically increases dependence on dominant platforms.

Second, comparative research across jurisdictions can explore how varying degrees of political capability moderate platform responses. Scholars may investigate whether firms with stronger regulatory engagement infrastructures are more likely to pursue institutional alignment and whether such alignment correlates with subsequent power reinforcement.

Third, institutional complexity warrants deeper exploration as a boundary condition. Cross-country variation in regulatory harmonization provides a natural laboratory for examining how competing institutional logics affect alignment strategies and dominance outcomes. Longitudinal designs could trace how platforms navigate evolving regulatory consolidation over time.

Fourth, future scholarship may extend power-dependence theory by incorporating digital infrastructural assets as sources of environmental control. Traditional resource dependence frameworks emphasize physical or financial resources; digital ecosystems introduce new forms of infrastructural intermediation that reshape dependence structures under regulatory stabilization.

Finally, normative and policy-oriented research could investigate the conditions under which regulatory consolidation promotes competitive plurality rather than entrenchment. Identifying design features that balance stability with openness would contribute to both institutional theory and ecosystem governance scholarship.

Regulatory consolidation in digital platform ecosystems should not be understood as a simple tightening of oversight. It represents a structural shift in institutional stability that interacts with pre-existing power asymmetries and political capabilities. Under certain conditions, consolidation reinforces dominant platform positions through dependence recalibration, institutional alignment, and competitive shielding. Under others, it redistributes influence and moderates asymmetry.

Recognizing this conditionality is essential for scholars, managers, and policymakers seeking to understand the evolving relationship between institutional design and digital market power. In emerging digital economies, the consolidation of regulation may become a defining factor in shaping the future architecture of platform dominance.

5. Conclusion

This article advances a power-centered interpretation of regulatory consolidation in digital platform ecosystems. Rather than assuming that intensified regulation necessarily constrains dominant platforms, the analysis demonstrates that consolidation can function as a strategic inflection point. By recalibrating compliance thresholds, stabilizing institutional expectations, and standardizing oversight regimes, regulatory consolidation reshapes dependence relations within ecosystems.

When dominant platforms possess strong bottleneck positions and developed political capabilities, consolidation may reinforce rather than diminish their power. Through strategic institutional alignment, these firms convert regulatory stabilization into competitive reinforcement. Compliance infrastructure becomes relational leverage, alignment becomes legitimacy capital, and standardized oversight can produce competitive shielding effects. Under such conditions, regulatory consolidation interacts with pre-existing asymmetries to entrench dominance.

However, reinforcement is not automatic. Where bottleneck control is limited, political capability is weak, or institutional complexity remains high, consolidation may redistribute influence or moderate power disparities. The effects of regulatory consolidation are therefore conditional rather than deterministic.

By integrating power-dependence theory, institutional response perspectives, and nonmarket strategy scholarship, this study contributes a mechanism-based explanation of how regulatory stabilization intersects with ecosystem dominance. In emerging digital economies, the consolidation of regulation is not merely a governance reform; it is a structural force that shapes the trajectory of platform power.

Understanding this interaction is essential for scholars seeking to theorize digital market evolution, for managers navigating institutional change, and for policymakers designing regulatory regimes that balance stability with competitive plurality.

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