Institutional Optimization Paths for Government Regulation of Platform Capital Irregularities in Live Streaming Economy

Yin Chengyuan[1]*, Song Shuhua[2], Linghu Yin[3]

[1,2,3]Farabi International Business School, Al-Farabi Kazakh National University
Almaty, Kazakhstan
* Corresponding author:
Email: yinchengyuan0823@gmail.com

Abstract.

With the rapid expansion of live streaming economy, platform capital has penetrated all links of industrial operation. Driven by profit motives, many platform enterprises produce irregular capital behaviors such as predatory investment, exclusive traffic agreements, vicious subsidy competition and data-driven market monopoly, which bring severe challenges to traditional government regulatory framework. Based on regulatory economics theory and platform governance theory, this paper sorts out the typical conflicts between existing regulatory systems and platform capital operation characteristics, analyzes institutional obstacles including regulatory fragmentation, lagging digital rules, inadequate cross-department coordination and weak accountability mechanism. This research focuses on institutional innovation of government supervision, and puts forward targeted optimization paths from perfecting special regulatory laws, building whole-chain capital monitoring system, realizing coordinated multi-department supervision, improving algorithm transparency mechanism and constructing long-term regulatory credit system. The conclusions can provide policy reference for standardizing platform capital and promoting standardized development of live streaming business ecosystem.

Keywords: *Live Streaming Economy; Platform Capital Irregularities; Government Regulation; Institutional Path and Digital Supervision.*

I. INTRODUCTION

Live streaming e-commerce relies on internet platforms to realize the connection between supply and demand, and platforms hold the dominant power of traffic distribution, capital settlement and resource allocation. Under the logic of capital expansion, live streaming platforms continuously strengthen market control through mergers & acquisitions, exclusive signing and capital subsidy wars. A series of irregular capital behaviors damage fair competition, squeeze the rights and interests of merchants and consumers, and arouse widespread social concern.

Different from traditional industries, platform capital has characteristics of cross-region operation, virtualization transaction and algorithm dependence. Traditional offline supervision modes face obvious adaptability barriers. Government regulatory rules cannot match the rapid iteration speed of live streaming business forms, leading to frequent regulatory vacuum and asymmetric supervision effect.

Existing research mostly discusses platform governance from unilateral perspective of market self-regulation or anti-monopoly policy. Few literatures systematically explore how to optimize government regulatory institutions aiming at platform capital irregularities within live streaming industry. On this basis, this paper analyzes institutional constraints in supervision practice, and constructs multi-dimensional institutional optimization paths to realize effective restraint of disorderly platform capital.

II. Characteristics and Hazards of Platform Capital Irregularities in Live Streaming Economy

2.1 Main manifestations of platform capital irregularities

First, capital-fueled predatory competition. Platforms rely on abundant capital to carry out long-term low-price subsidies, eliminate competitors and form market dominance.

Second, exclusive restrictive agreements. Platforms force top streamers and high-quality merchants to sign exclusive cooperation clauses by traffic resource advantages, hinder free flow of market resources.

Third, opaque capital settlement and interest transfer. Platforms control settlement channels, set unreasonable commission standards, and build closed capital circulation system.

Fourth, market exclusion via algorithm rules. Platforms combine capital strength with algorithm discrimination to raise entry barriers for small and medium competitors.

2.2 Potential hazards caused by unregulated platform capital

Unrestrained expansion of platform capital will trigger multiple risks: Destroy market competition order, induce industry-wide low-price involution; transfer operational risks to upstream and downstream merchants; squeeze consumer welfare through hidden pricing rules; accumulate systemic industrial risks and hinder the healthy evolution of digital commerce.

III. INSTITUTIONAL OBSTACLES RESTRICTING GOVERNMENT SUPERVISION EFFECT

3.1 Fragmented regulatory system and departmental segmentation

Live streaming business involves market supervision, taxation, cyberspace administration, financial regulation and other authorities. Each department implements supervision according to separate legal norms, lacking unified coordination mechanism, resulting in repeated supervision or regulatory gaps.

3.2 Lagging targeted legal norms for digital platform capital

Current laws mainly aim at physical entity operation. Special norms aiming at algorithmic monopoly, cross-regional capital operation, online exclusive agreements of live streaming platforms are insufficient. Many emerging capital behaviors belong to legal grey areas.

3.3 Insufficient technical supervision capacity

Platform capital data is stored inside private platform servers. Regulators lack real-time data access authority and technical tools to track whole-chain capital flow, leading to information asymmetry between government and platforms.

3.4 Short-term regulatory tendency and lack of long-term governance design

In practice, supervision often adopts campaign-style rectification aiming at prominent incidents. Sustained routine supervision mechanism and pre-warning system for capital irregularities have not been fully established.

IV. Institutional Optimization Paths of Government Regulation

4.1 Improve special legal system for platform capital supervision

Formulate targeted regulatory rules adapting to live streaming industry, clarify legal boundary of predatory subsidy, exclusive agreement, algorithm discrimination and improper capital concentration. Clarify obligation scope, penalty standard and accountability clauses of live streaming platforms.

4.2 Establish cross-department collaborative supervision institution

Build joint working mechanism covering market regulation, network management, tax and finance. Realize information sharing, joint law enforcement and joint risk warning, eliminate supervision fragmentation.

4.3 Construct whole-process digital capital monitoring system

Promote institutionalized data interconnection between government and platforms, establish traceable capital flow monitoring platform, realize pre-warning, real-time tracking and post-event investigation of abnormal capital behaviors.

4.4 Standardize algorithm governance and information disclosure system

Force platforms to strengthen algorithm transparency, require platforms to announce major rules related to traffic allocation and capital settlement, reduce hidden discriminatory behaviors relying on algorithm black box.

4.5 Build long-term credit supervision mechanism

Implement classified credit evaluation for live streaming platforms. Link credit status with administrative incentives and penalties, form continuous restraint on platform capital operation, realize shift from post-punishment to prior prevention.

V. CONCLUSION

Platform capital irregularities within live streaming economy arise under the interaction of market profit driving and imperfect institutional environment. Traditional supervision model cannot adapt to digital platform operation mode. To effectively govern disorderly platform capital, the core is institutional innovation. Government should perfect legal norms, coordination mechanism, technical supervision system and credit constraint system simultaneously. By systematic institutional optimization, balance industrial development and market order, guide platform capital to serve high-quality development of live streaming economy.

REFERENCES

[1] Barney, J. (1991). Firm resources and sustained competitive advantage. ***Journal of Management***, 17(1), 99–120. https://doi.org/10.1177/014920639101700108

[2] Bharadwaj, A., El Sawy, O. A., Pavlou, P. A., & Venkatraman, N. (2013). Digital business strategy. MIS Quarterly, 37(2), 471–482. https://doi.org/10.25300/MISQ/2013/37:2.3

[3] Li, S., & Wang, H. (2025). Capital operation risks of e-commerce live streaming MCN institutions. ***Journal of Digital Economy Research***, 12(3), 78-92.

[4] Liu, Z. (2025). Legal identification of capital irregularities in live streaming industry. Financial Regulation Review, 8(4), 112-127.

[5] Meijerink, J., & Bondarouk, T. (2021). The duality of algorithmic management. Human Resource Management

Review, 31, 100722. https://doi.org/10.1016/j.hrmr.2021.100722

[6] Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities. ***Strategic Management Journal***, 18(7), 509–533. https://doi.org/10.1002/(SICI)1097-0266(199708)18:7<509::AID-SMJ882>3.0.CO;2-Z

[7] Wang, D., & Ding, B. (2025). The strength of intellectual property protection, corporate financing constraints, and corporate governance efficiency. International Review of Economics & Finance. https://doi.org/10.1016/j.iref.2025.104449

[8] Wright, P. M. (1992). Theoretical perspectives for strategic human resource management. ***Journal of Management***, 18(2), 295–320. https://doi.org/10.1177/014920639201800205

[9] Zhang, Y. (2024). The evolution of capital ecology in China's live streaming industry. ***Journal of Platform Economy***, 9(2), 45-61.

[10] Zott, C. (2003). Dynamic capabilities and the evolution of firm performance. ***Strategic Management Journal***, 24(2), 97–125. https://doi.org/10.1002/smj.288.