


# Chapter 20

## The Role of Specific Human Capital in Entrepreneurial Ecosystems: A Case Study of Oriental Selection's Digital Transformation

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### **ABSTRACT**

*By analyzing the case of Oriental Selection (Dongfang Zhenxuan), this paper discusses the key role of specific human capital in the entrepreneurial ecosystem in the digital era. The specific human capital represented by Dong Yuhui, through his personal charisma and innovation ability, has successfully promoted the strategic transformation of New Oriental and helped the enterprise make new market breakthroughs under the background of the “double-decrease” policy. Combining the theory of specific human capital and the theory of corporate ecological niche, the study elaborates the core role of specific human capital in rebranding, digital transformation and market expansion. The results show that specific human capital not only enhances the innovation ability and market competitiveness of enterprises, but also promotes the sustainable development of enterprises in the digital era.*

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# 1. INTRODUCTION

## 1.1 Background of the Study

With the digital transformation of the global economy, the role of specific human capital in driving corporate innovation and ecosystem building has become critical. On July 24, 2021, the General Office of the Central Committee of the Communist Party of China (CPC) and the General Office of the State Council (GOH) of the CPC Central Committee and the State Council issued the Opinions on Further Reducing the Burden of Homework on Compulsory Education Students and the Burden of Off-Campus Training (CPC Central Committee and State Council, 2021), which proposed the The “Double Reduction” policy (2021), i.e., reducing the burden of homework on students in compulsory education and reducing the burden of out-of-school training, has been regarded by the Party Group of the Ministry of Education as the “No. 1 Project”. The implementation of this policy has had a far-reaching impact on the tutoring industry, especially on tutoring organizations like New Oriental. New Oriental, as one of the leading companies in the industry, has been greatly impacted, sacking 60,000 employees, with its share price dropping by 70% at one point, and its market value evaporating by about RMB 200 billion. The implementation of the policy has had a profound impact on the teaching and training industry, especially on teaching and training organizations like New Oriental.

Oriental Selection is the new Oriental in the “double-decrease” policy launched by the agricultural products with goods live room, bilingual live and knowledge-based with goods style quickly became popular. At the end of December 2021, the live-streaming e-commerce business of a certain platform began to gain traction. By June 2022, the platform's number of followers soared to 10 million, with single-day GMV exceeding 20 million yuan, propelling it into the ranks of the leading platforms in the live-streaming e-commerce industry! As of October 31, 2022, the number of fans has exceeded 27 million, and the peak single-day GMV exceeded 250 million yuan. The success of Oriental Selection has helped New Oriental's stock price and market value rebound, come out of the predicament affected by the policy, and regain the 30 billion mark in market value, realizing the transformation and rebirth of the enterprise, and the success of Oriental Selection has demonstrated how a specific human capital and innovation strategy can help enterprises to rebirth against the odds in the wave of digital transformation (Qu Wenqi Shi Jinyang Zheng Daoyi Chen Liyun Liu Zheng.2024).

By searching the topics “New Oriental Live” and “Oriental Selection” in China Knowledge Network, a total of 202 articles were retrieved, and the visual analysis of these articles resulted in Figure 1, from which it can be seen that the focus of the research is mainly concentrated in the following areas “Knowledge band”, “live band”, “stock price”, “supply chain” and other aspects, the hotspot of discussion centres on New Oriental's market performance, brand value and the influence analysis of knowledge-based anchors with goods. Most of the research focuses on market performance and the content operation of live broadcasting, while there is a relative lack of research on how this kind of specific human capital drives corporate innovation. Dong Yuhui not only possesses professional knowledge reserves but also through his unique personal charm, humour style and cultural literacy, he has elevated the content of Dongfang Selection's live streaming from pure commercial sales to the level of cultural dissemination and knowledge sharing. This innovative form has successfully attracted a large audience, injected new vitality into the platform, and become a unique representative of the live broadcast e-commerce industry. This suggests that specific human capital (i.e., individuals with a high degree of expertise and charisma) has an irreplaceable role in promoting enterprise transformation and innovation. Therefore, an in-depth study

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