

The Impact of Star Employees on Market Value: Evidence from Oriental Selection

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Abstract. With the rapid development of social media, the traffic-oriented economy has penetrated all segments of the capital market. Against this backdrop, star employees have become core intangible assets for live-streaming e-commerce firms, and their personal developments and related public opinion incidents exert growing influences on the stock prices of listed enterprises. Taking Oriental Selection as the research sample, this paper adopts the event study method to empirically analyze three major incidents involving Dong Yuhui, including his rising popularity, the essay-related public opinion turmoil, and formal resignation, and explores the correlation between star employee incidents and corporate stock price fluctuations. Empirical results indicate that positive incidents related to star employees can markedly lift corporate stock prices and cumulative abnormal returns, whereas negative public opinion incidents and staff turnover trigger sharp stock price declines. This study expands the research achievements at the intersection of human capital and the capital market and offers practical references for live-streaming e-commerce firms to guard against market value risks and optimize traffic operation management.

Keywords: star employees, stock price volatility, capital market

1. Introduction

With the deep integration and development of the digital economy and social media, live e-commerce has become an important part of the capital market and consumer market. The commercial value of traffic star employees has been highlighted continuously. Their personal words and deeds and public opinion trends directly affect the market value and market expectations of enterprises. As core organizational human capital, star employees have transcended conventional business boundaries and started to influence the capital market, serving as a key determinant of corporate stock prices [1]. Frequent turnover of star employees and dramatic stock price swings triggered by negative public opinion reveal deficiencies in enterprises' traffic management and risk control systems. Star employee turnover will reduce the company's long-term stock price performance and increase operational uncertainties [2]. The special human capital of star employees can be transformed into the performance of enterprises, thus improving the value of the company [3]. The close attention of star employees makes their personal events a signal of market pricing, and enterprises have the potential risk of relying too much on star employees [4].

Under the flow economy model, human capital has become the key to enterprise value creation. Star employees produce exclusive and special human capital by virtue of fan resources, content creation ability, and efficient delivery ability, which can be immediately transformed into enterprise revenue and profits, improve the operating fundamentals of enterprises, and thus promote the rise of stock prices. Information asymmetry prevails in the capital market. When positive incidents happen to star employees, they transmit favorable signals regarding corporate performance growth and stable operation, thereby boosting investor confidence [5]. On the contrary, when there are negative events, they will be regarded as a manifestation of intensified operational risks and governance defects, causing pessimistic market expectations and a decline in stock prices [6]. The social capital and high exposure of star employees make their personal dynamics the focus of capital market attention, thus affecting the valuation of enterprises [7]. The departure of star employees will have a negative impact on the company's long-term stock price, and enterprises relying too much on a certain traffic star will have operational vulnerabilities [8]. Once there is a public opinion storm of star employees or changes in labor relations, the market will take this situation as a signal of governance risks and increased performance uncertainty, resulting in large fluctuations in stock prices [9].

Existing studies mainly focus on executives and founders when discussing stock price influencing factors, while few conduct systematic quantitative analysis based on real incidents in the live-streaming e-commerce sector [10]. Taking Dongfang selection as a case, this paper uses the event study method to analyze the impact of Dong Yuhui's three key events on the company's stock price, filling the gap in the research on the relationship between star employees and the capital market under the flow economy. Theoretically, this paper enriches the application of human capital theory in the field of live e-commerce, and enriches the research system of star employees and stock price fluctuations. In practice, this paper puts forward suggestions for live e-commerce enterprises to reduce their dependence on a single star and prevent market value risks, as well as for investors to make rational investment decisions and regulators to regulate market pricing.

2. Case study

Oriental Selection, formerly known as New Oriental Online (stock code: 01797.HK), is a Hong Kong-listed live-streaming e-commerce firm and a typical case of traditional educational institutions transforming into emerging consumption sectors. In 2021, New Oriental began its business transformation, entered the field of live broadcasting e-commerce of agricultural products and daily necessities, and rose rapidly by means of differentiation of knowledge and goods. Dong Yuhui, the anchor, relied on his cultural literacy and his own characteristics to succeed and became the main traffic support for Oriental selection. At its peak, his live viewing volume accounted for more than 60% of the platform, GMV accounted for more than 40%, and personal IP became an important factor supporting the company's valuation. In April 2026, four anchors of Oriental Selection resigned collectively, and the company's stock price dropped by approximately 8% within a single trading day, further proving that star employees exert substantial influence on corporate market value. Data sources for this article include the wind database, the official website of the Hong Kong Stock Exchange, and mainstream financial media reports.

This paper examines Dong Yuhui's three key events. The first stage is the period of rising out of the circle. Dong Yuhui's knowledge of goods is disseminated throughout the network. The platform's daily live view count exceeded 100 million. Oriental Selection's stock price climbed from HK\$28.6 to HK\$74.5, representing a growth of over 160%, with market value rising by more than HK\$30 billion. Secondly, in the storm of public opinion, anchors and editors launched a public debate on the

issue of content ownership, causing the market to worry about Dong Yuhui's departure and traffic loss. Within a week, the stock price fell from HK \$60.2 to HK \$46.5, a decline of 22%, and the market value shrank by HK \$7.6 billion. Third, Dong Yuhui's departure incident, Dong Yuhui announced his departure and set up a personal studio, the stock price plunged 23.2% on the day of the announcement, and the market value evaporated HK \$6.83 billion.

3. Empirical analysis

This paper takes the selection of Dongfang, a live broadcast e-commerce enterprise listed in the Hong Kong stock market, as the core research object, with the stock code of 01797. HK, focusing on the three key landmark events of anchor Dong Yuhui's popularity, the small composition public opinion storm, and formal resignation. In terms of market benchmark selection, this paper selects the Hang Seng Index as the mainstream market return benchmark and uses the Hang Seng Technology Index to carry out alternative robustness tests to eliminate the interference of industry index fluctuations on empirical results. In terms of event window setting, combined with the characteristics of fast public opinion transmission and sensitive stock price response in the live e-commerce industry, three observation intervals of short window $[-1, +1]$, medium window $[-3, +3]$, and long window $[-5, +5]$ are set to capture the short-term and medium-term fluctuation characteristics of stock prices before and after the event. The original trading data, stock price, and market value data of the company in this paper all come from the official disclosure platform of the Hong Kong Stock Exchange and the Wind Financial Terminal. The event information and public opinion details are cross-verified by the official announcement of the Oriental selection and the authoritative reports of mainstream financial media to ensure that the data sources are true, accurate, and comparable. In the data preprocessing stage, this paper eliminates abnormal trading samples such as suspension and major announcement interference to ensure the purity of empirical results.

After sorting out the data on the company's stock price, rise and fall, and market value changes before and after the event window period, Table 1 is formed. Descriptive statistics intuitively show that the positive event of Dong Yuhui's rising popularity pushed Oriental Selection's stock price from HK\$28.6 to HK\$74.5, representing an increase of 160.5% and a corresponding market value growth of HK\$32.8 billion. This fully reflects the significant boosting effect of star employees' positive events on corporate market value. The two negative events of small composition public opinion storm and formal resignation led to the company's share price falling by 22.8% and 23.2%, respectively, and the market value shrinking by HK \$7.65 billion and HK \$6.83 billion simultaneously. It is preliminarily verified that negative public opinion and resignation events will have a significant impact on the company's share price, and the research hypothesis is that H2 is supported by preliminary data.

Table 1. Descriptive statistical analysis

Event type	time	Pre-event share price (HK \$)	Post-event share price (HK \$)	Price range	Change in market value (HK \$100 million)
Erupt positively	Jun-23	28.6	74.5	160.50%	328
Negative public opinion	Dec-23	60.2	46.5	-22.80%	-76.5
Departure events	Jul-24	41.8	32.1	-23.20%	-68.3

In the core calculation link of the event research method, the abnormal rate of return is the difference between the actual rate of return of individual stocks and the market benchmark rate of return in the same period, which is used to measure the independent impact of a single trading day

event on the returns of individual stocks. Cumulative excess return is the sum of daily abnormal returns during the event window period, which can comprehensively reflect the overall impact of events on the company's stock price. If the cumulative abnormal return is significantly positive, the incident delivers favorable market signals and drives up corporate stock prices. A significantly negative CAR means the incident conveys risk signals and leads to stock price drops. In this paper, the general market adjustment model in the event research method is used to calculate the abnormal return and cumulative excess return of each event, and the specific calculation results are shown in Table 2. The empirical results show that the car value of Dong Yuhui's popular events in the $[-5, +5]$ window is as high as 128.6% and is highly significant at the statistical level of 1%, which proves that the positive events of star employees can significantly enhance the company's cumulative excess returns and greatly boost capital market confidence. The car value of public opinion storm events in the $[-3, +3]$ window is -28.3%, and the car value of turnover events in the $[-1, +1]$ window is -24.7%, both of which are significantly negative at the 1% statistical level, indicating that the negative public opinion events and turnover events of star employees will trigger the tragic expectations of the capital market and produce significant negative excess returns. In terms of price volatility, incidents related to Dong Yuhui pushed Oriental Selection's stock volatility above 20%, a level much higher than that caused by personnel changes in ordinary enterprises. The main reason is that Dongfang selection is highly dependent on Dong Yuhui's personal traffic and live broadcasting performance, which verifies that the higher the dependence of enterprises on the traffic of single star employees, the greater the volatility of stock price impacted by star events, and the more significant the risk effect.

Table 2. Car values of star employees under different windows

Event	Window period	CAR (%)
Popular events	$[-5, +5]$	128.6
The essay event	$[-3, +3]$	-28.3
Departure event	$[-1, +1]$	-24.7

In order to ensure the reliability of the research conclusions, this paper conducts two robustness tests. First, the event window was changed to $[-2, +2]$, and the car value was recalculated. As seen in Table 3, the car of out-of-circle events was 112.3%, the car of small composition storm was -25.6%, and the car of resignation events was -21.8%. The direction and significance were consistent with the benchmark regression. Second, the Hang Seng technology index is used to replace the market benchmark. The car of out-of-circle events is 121.5%, the car of small composition storm is -26.9%, and the car of resignation events is -23.3%. There is no significant difference between the results and the benchmark regression. The robustness test verifies the reliability of the research conclusions and confirms that incidents involving star employees are the primary driver of Oriental Selection's stock price fluctuations.

Table 3. Robustness test results

Inspection type	Events	Window period/market benchmark	CAR (%)
Replace event window	Popular events	$[-2, +2]$	112.3
	The essay event	$[-2, +2]$	-25.6
	Departure event	$[-2, +2]$	-21.8

Table 3. (continued)

Replace market benchmarks	Popular event	Hang Seng technology index ([-5, +5])	121.5
	The essay event	Hang Seng technology index ([-3, +3])	-26.9
	Departure event	Hang Seng technology index ([-1, +1])	-23.3

4. Conclusion

This paper takes Dongfang selection, a typical enterprise in the live e-commerce industry, as the research object, and uses the event research method to test the impact of star employee events on the company's stock price and capital market performance around three key events, namely, Dong Yuhui's popularity, small composition public opinion storm, and formal resignation. Finally, three research conclusions are drawn. First, positive incidents where star employees gain widespread popularity transmit strong favorable signals to the capital market. Such incidents effectively boost investor expectations and confidence, generate significantly positive cumulative abnormal returns, drive sharp stock price increases, and act as a core driver of market value growth. Second, negative public opinion incidents and the subsequent resignation of star employees greatly intensify market pessimism and risk concerns, prompting intensive sell-offs among investors. These incidents produce distinctly negative cumulative abnormal returns, resulting in rapid stock price declines and sharp market value evaporation. Thirdly, the higher the traffic dependence and performance dependence of enterprises on single star employees, the greater the volatility of stock prices caused by star-related events, and the more prominent the vulnerability of enterprises in operational stability and market value management. Based on the above conclusions, this paper suggests that live e-commerce enterprises should balance traffic dividends and long-term risk control, accelerate the construction of a diversified and echelon anchor matrix, reduce excessive dependence on a single star employee, and continue to improve their internal governance structure and public opinion emergency response system to enhance their ability to resist risks. Investors are advised to treat the short-term effects brought by traffic stars rationally, pay more attention to corporate governance, business structure, and intrinsic value, and refrain from being affected excessively by market sentiment. Regulators need to further guide the capital market to price traffic-oriented enterprises rationally, standardize information disclosure rules related to star employees, and foster the sustainable and sound development of the live-streaming e-commerce industry.

The main contribution of this paper is to take live e-commerce as the research object, non-management traffic star employees as the research object, and use the event research method to analyze the internal mechanism between star employee events and stock price fluctuations, which enriches the research results of human capital theory and capital market theory, and provides case reference and method reference for future scholars to carry out relevant research. This study only adopts a single enterprise as the research sample, so the sample has inherent limitations, and the generalizability of conclusions requires further verification. Future research can expand the sample size, select several live e-commerce enterprises for cross-case comparative research, and combine corporate financial data, fan sentiment indicators and other relevant data to explore the impact path and regulatory factors of star employees on stock prices, thereby improving the theoretical system of human capital and capital market risk control for enterprises against the backdrop of the traffic economy.

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