

# Organizational Sociology Perspectives on University Incubation for Student Entrepreneurship: A Case Study of the Emerging Internet Company miHoYo

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**Abstract.** Nowadays, the employment situation is grim, and the postponement and reemployment of college students have become the mainstream employment solutions. School-enterprise cooperation and university business incubation are particularly important at this juncture. From the perspective of organizational sociology, it is a win-win way for enterprises to place talent training before universities. In this process, there will be institutional construction born from the perspective of new institutionalism, emphasizing three institutional elements: regulatory, normative and cultural cognitive [1]. There are both restrictions and constraints on talents within the framework, as well as rewards based on prospects and future. In the existing research in China, many scholars focus on the dilemma, relatively critical and examine it; but there is a lack of dismantling and research on extremely excellent cases. Therefore, the author conducts research through the new institutionalism perspective of organizational sociology, giving full play to its interdisciplinary (including sociology, economics, psychology, etc.) many roles, so that organizational sociology, a knowledge so rich and connotative, can complete a complete analysis and study through composite materials, and provide some insignificant reference experience and significance for the field.

**Keywords:** organizational sociology, new institutionalism, graduate entrepreneurship

## 1. Background

As is known to all, in China, the employment situation of college graduates is now very noticeable, and its severity will cause widespread social concern every year. In the era of artificial intelligence technology update, more and more posts are easy to be replaced, and the employment pressure is increasing rapidly. At this time, if only the entrepreneurship option is internally viewed, the fact that college students embark on the road of entrepreneurship itself, as well as the employment pressure relief of other college students, has been greatly improved. The recognition of the famous scholar of the new institutionalism Masahiko Aoki on the cooperation between universities and enterprises is based on the division of two very different areas. He believes that the interaction between universities and enterprises (or industries) in society will produce synergistic effects, and this process itself will improve the potential of universities and enterprises respectively [2]. Therefore, from the perspective of organizational sociology, we regard universities and enterprises as two independent forms of social organization, which are related to each other and have resource dependence [3].

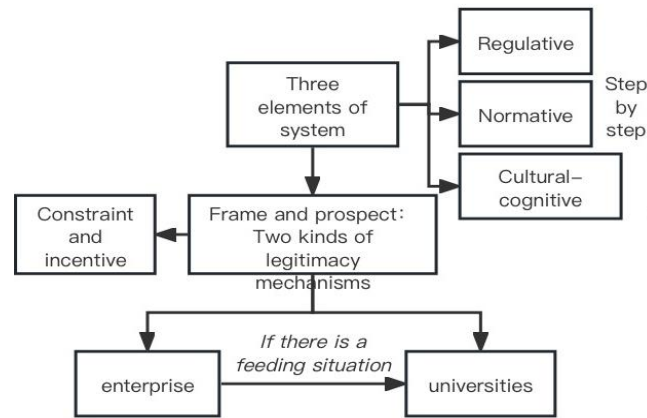
In organizational sociology, there are six main theoretical frameworks and analytical methods derived from Scott's division [4]. The author chooses the new institutionalism perspective belonging to the institutional theory to observe the following case.

## 2. Framework

This study is based on the following basic framework, which is shown below.

Starting from the perspective of the three elements of institutional theory in organizational sociology—regulative, normative, and cultural-cognitive—this research preliminarily analyzes the manifestations of miHoYo as a company in the process of university incubation and corporate-university cooperation, focusing on regulatory, normative, and cultural-cognitive aspects. Through the supportive policy of university incubation for student entrepreneurship, the legitimacy mechanisms of rules and

frameworks, as well as future prospects, which are essentially constraints and incentives, are applied to both enterprises and universities. The author also observes that most enterprises choose to give back to their alma mater, and miHoYo, as a case study in this paper, is a prime example.



**Figure 1.** The Basic Framework of the New Institutionalism Perspective on University Student Entrepreneurship Incubation: Self-drawn by the Author

The main part of this paper is divided into two parts: case overview and case analysis.

### 3. Case Overview

Due to the complexity of the company's background, this paper focuses on one of its founders, Wei Liu, as the narrative thread. The content is largely derived from official media interviews with Liu, information from miHoYo's official website, and numerous online reports. The case analysis section is primarily based on the new institutionalism perspective in organizational sociology, complemented by interdisciplinary perspectives. By integrating knowledge and applying a professional lens, the analysis aims to distill and showcase the success of miHoYo as a university incubation case.

Wei Liu, the president of miHoYo, was born in 1987 and enrolled at Shanghai Jiao Tong University at the age of 18 in 2005. As graduation approached in 2008, amidst the financial crisis, he chose to stay in Shanghai to pursue dual majors in Electronic Engineering at Shanghai Jiao Tong University and Electronic Computer Engineering at the Georgia Institute of Technology. In 2009, Liu, along with two dormitory mates, participated in Shanghai Jiao Tong University's entrepreneurship program and competition, initially developing a web page and community, followed by an engine for the competition. Unlike many other students who might have stopped at this point due to comprehensive assessments and award honors, they decided to continue.

In 2011, the three graduate students from Shanghai Jiao Tong University—Wei Liu, Haoyu Cai, and Yuhao Luo—formed a makeshift team to develop a web game using their self-developed Flash engine, Misato. While Liu took on the public-facing role, Cai and Luo were responsible for behind-the-scenes development. They developed an open-source literary community, which won them a prize of 200,000 yuan in a competition. This substantial sum could have easily led to complacency, but instead, the trio—Liu, Cai, and Luo—invested the money into developing a 2.5D game engine.

Notably, as graduation neared, Haoyu Cai, who was interning at a game company, made a significant effort to convince his superiors to use the engine for a game he wanted to lead, but was rejected. Undeterred, Cai, Liu, and Luo spent months developing their first game, "Samsara Story," which they entered into the second China Developers Conference and won the top prize.

In January 2011, with the support of Shanghai Jiao Tong University's progressive policies, miHoYo Studio was officially established in Room 1104-6, Building 1, No. 100 Qinzhou Road, Minhang Campus.

In 2012, 2014, and 2016, miHoYo launched the "Honkai" series, including "Honkai Impact 3rd." In September 2020, miHoYo's original IP, "Genshin Impact," made a sensational debut. In October, Wei Liu received the "2022 Shanghai May Day Labor Medal." That same year, he ranked 538th on the "2022 Hurun China Rich List" with a fortune of 11.5 billion yuan. In July 2022, Liu became a part-time vice president of the Shanghai General Chamber of Commerce [5]; in April 2023, he was awarded the "2023 National May Day Labor Medal." [6]

Years later, people noticed a streak of white hair on Wei Liu, a Shanghai People's Congress representative. It was not dyed; it was a testament to the challenging times in 2014 when miHoYo faced a marketing conflict with Apple's iOS "buyout" game mechanism, nearly on the brink of collapse.



**Figure 2.** Wei Liu, a representative of the Shanghai People's Congress

To ensure survival, Wei Liu had to actively participate in various entrepreneurship competitions supported or organized by Shanghai Jiao Tong University, Xuhui District, the Shanghai Municipal Education Commission, and the Shanghai Municipal People's Government. Finally, in 2013, Liu secured an angel investment of 1 million yuan from Hangzhou SkyNet Technology Co., Ltd., which was the only external funding miHoYo has received to date, holding a 15% stake. Whether by chance or due to the investor's keen eye, this investment later led Mr. Song, the shareholder, to be listed in a small ranking—the "China Rich List 500."

Although miHoYo started with game development, they never gave up on their pursuit of crafting and telling Chinese stories with finesse. They used games as a medium to convey our culture, our stories, and the passion of our youth to the world—successfully breaking through the barriers that had previously blocked our cultural domain overseas. miHoYo's positioning is never simply as "a game company." As Wei Liu later said in an interview, "We prefer to see ourselves as a company driven by both cultural creativity and technological innovation... We have our own IPs... We have core technologies in areas like cartoon rendering, artificial intelligence, and cloud computing. I believe we are driven by both cultural creativity and technological innovation."

Wei Liu's confidence in making such a statement is backed by the success of four games—"Honkai Impact 3rd" in 2016, the globally acclaimed "Genshin Impact" and "Tears of Themis" since 2020, and the 2023 hit "Honkai Star Rail"—which I would rather call outstanding IPs. After the success of "Honkai Impact 3rd," Liu mentioned in an interview, "Our team has always been thinking about what to do next. We returned to our development philosophy: something new, something exciting, something out of imagination. We've been thinking about what kind of product would excite us and feel out of imagination. We wanted to play it and were willing to make it, which led to the idea of creating 'Genshin Impact'" [12]. Soon after, on September 28, 2020, "Genshin Impact," a globally popular game that has amazed young people overseas and earned immense revenue, was launched. [7-8]

Today, miHoYo has become the third-largest publisher in the field of internet technology in China, especially in cultural IPs and the gaming industry, following Tencent and NetEase.

miHoYo's journey has been one of rags-to-riches and remarkable achievements, with countless social honors and official recognitions. The enduring friendship of Wei Liu and his two co-founders, Cai Haoyu and Luo Yuhao, serves as a strong reference for student entrepreneurship.

What's particularly special is that these three young men have changed my negative impression of the gaming industry through their passion and successfully shared Chinese culture and stories with young people in Japan, Korea, Southeast Asia, Europe, and America, reaching a wider global audience [10].

## 4. Theoretical Analysis

### 4.1. Normative Institutional Elements

Drawing from the new institutionalism within organizational sociology, normative elements are characterized by a strong sense of social responsibility. These elements are embedded within the case study's framework, particularly in the realms of "constraints" and "structures," and are driven by moral imperatives. Both enterprises and academic institutions exhibit a clear motivation to adhere to these norms.

In the case of miHoYo, the founders' profound ideals and steadfast beliefs in the CPC, the motherland, socialism, and traditional Chinese culture are paramount. Within the context of new institutionalism, these values serve as appropriate norms, which are further reinforced by the cultural milieu in China, granting them a heightened sense of legitimacy, validation, and recognition [14].

The establishment of a party branch within miHoYo is noteworthy. Wei Liu, the company's president and a member of the Communist Party of China, was elected as the party secretary of the Shanghai miHoYo Network Technology Co., Ltd. Committee on September 24, 2021. Following his election, Wei Liu shared his insights [12]. He emphasized the importance of "telling Chinese stories" through the medium of games, as highlighted in the 19th National Congress report. Games, as high-value cultural and creative products, have the potential to resonate with the youth and enhance China's cultural soft power. In the current international climate, where China faces significant misrepresentation, cultural dissemination through games offers a unique advantage. By leveraging Chinese history, games, and values, miHoYo's approach to international cultural output has become a vital conduit for showcasing China's cultural "soft power."

Beyond these ideals, Wei Liu and miHoYo have consistently demonstrated a strong sense of social responsibility, serving the people and giving back to society, which is a testament to the nurturing environment they have benefited from [13]. This commitment is evident in the company's numerous public welfare and charitable initiatives, as detailed in the accompanying charts.

#### 4.2. Cultural-Cognitive Institutional Elements

In the realm of new institutional economics, cultural-cognitive elements are perceived as shared understandings and taken-for-granted assumptions. These elements form a constructive schema, supported by a common culture that is both comprehensible and acknowledged.

A distinctive feature of miHoYo is the unbreakable "iron triangle" formed by its top executives. The complementary skills within the team enhance the entrepreneurs' ability to navigate environmental uncertainties, thereby reducing the risk of failure for new ventures. For instance, in miHoYo's early days, Cai Haoyu led the technical aspects, Wei Liu engaged in competitive strategies, and Luo Yuhao worked behind the scenes.

Wei Liu has stated, "The development of our global business is inseparable from the municipal government's commitment to building an international metropolis and fostering a high-level talent hub." He reflects on miHoYo's roots in Xuhui since 2011, a student entrepreneurship enterprise that has flourished in Shanghai's innovative and international environment. Wei Liu's experience in Shanghai, both as a student and an entrepreneur, has given him a profound understanding of the interplay between enterprise development and urban environment: "Our success, including that of Genshin Impact, in going international, is closely tied to Shanghai's overall environment."

This perspective elevates the role of university incubation to a level that reflects the capabilities of local governments.

#### 4.3. Conclusion

The cultural institutional legitimacy mechanism, as demonstrated by local universities, has become a widely recognized and institutionalized cultural atmosphere. This atmosphere serves as both a constraint and a motivator. The "weakly motivational institutional legitimacy mechanism [1]" fosters the diffusion of cultural-cognitive elements, such as imitation and orthodoxy, transcending the more superficial or intermediate regulatory and normative institutional factors.

### 5. Outlook and Reflection

The previous review of the literature on university incubation and university-enterprise collaboration did not delve into the analysis of exceptional cases, which provided the opportunity for this study. The analysis of outstanding cases can often be superficial and harmonious, making it challenging to combine theoretical insights to reveal the secrets of their excellence. Moreover, the replicability of such cases is limited due to factors such as timing, capital, and talent, which are not easily replicated. For instance, the post-pandemic business environment differs significantly from pre-pandemic conditions, particularly in the recovery phase. The founders of miHoYo, all graduates of Shanghai Jiao Tong University, stand out nationwide, and their personal circumstances add further complexity to the analysis. This study's limitations lie in its superficial analysis of the theoretical underpinnings and the richness of case facts. Future research should aim to delve deeper into the theory and enrich the empirical evidence.

The strength of new institutionalism lies in its flexibility and the profound cultural and cognitive drivers. While these elements may seem intangible, they provide a lasting impetus. As organizational sociology is not the author's primary field, the process of tracing the discipline's development to observe prominent events offers a valuable learning and growth opportunity.

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