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Alibaba

Brief Introduction

In 1999, Alibaba Group was established by 18 individuals headed by Jack Ma (Lai, 2010). He was an ex-English educator from Hangzhou, China and aimed to give assistance in order to make the internet reachable, reliable and useful for one and all. Alibaba Group is a cluster of businesses which are solely based on internet. Their goal is to give a simple path to purchase or sell globally. Currently, Alibaba Group has above 20,000 workers worldwide and has above 70 workplaces in Greater China, India, Singapore, United States and United Kingdom.

In this essay, first we have presented a concise history of Alibaba. After that we have discussed the relevant business tradition of the company. The manner in which the company's culture operates is examined in which the company's mission, vision, and values are also emphasized. Afterward, we have analyzed the development of relevant business traditions and current operation. In the last, we have not only talked about the future challenges but have also offered solutions to meet such challenges successfully.

Brief History

Thirteen years of development of Alibaba Group can be seen into 5 phases. According to Wang and Lim (2012), from 1998 to 2001, Alibaba examined the wants of both the small and medium-sized enterprises (SMES) in China. The Group arranged the information of the enterprises so as to go into the B2B (business-to-business) e-market via giving them information services online in line with their diverse industries and features. In 2002, Alibaba initially approved its credit verification process called as *Trustpass* so as to lessen the fear of shoppers and retailers related to swindle and deceit. Via offering the *Trustpass* services to SMEs, the Group started to generate its earnings. From 2003 to 2004, Alibaba focused on expanding the range of e-trade by developing abroad markets. From 2005 to 2007, for information search, Alibaba set up its own system in order to give open communication space and broad e-trade platforms for entrepreneurs throughout the

world. In 2008, they implemented a new online transaction model to go into the B2C (business-to-customer) market (Wang & Lim, 2012).

Relevant Business Tradition of Alibaba Group

Alibaba Group aspires to be a company that creates value for society. Since the company's humble beginnings, their core mission has been to make business easy for people around the world. By changing the way small businesses and entrepreneurs conduct business and giving consumers access to a broader selection of products and services, their various e-commerce properties are playing a leading role in creating jobs and grassroots economic opportunities in China and around the world as well as enriching the lives of millions of consumers.

Alibaba used Chinese culture as its foundation and implement some western rules but not all as it is hard for Alibaba to implement their methods as there is a vast difference between Chinese and western cultural fundamentals. Plus, management philosophy of the company is strongly influence by Tai Chi, Taoism, and Buddhism; they are the basis and fuel of its management values (Chen, 2013). It firmly believes in the theory that prior to resolving company problems you should work out on social issues first. Its management and values are deep rooted with the concept of thankfulness, sharing, and sincerity (Chen, 2013).

According to Jacobs (1982), Tsui and Farh (1997), and Yang (1997), Chinese guanxi tends to be shaped due to mutual customs, instead of individual or demographics likenesses. For Chinese people, it is a system of renqing i.e. favors, in which commitment and gratitude are constructed, also in which there is not any time restriction for refund (Gold, 2002). The company does not follow the Chinese guanxi business model at all as it is evident by the fact that in the best interest of the company, two founding members had to go and one of them was the wife of Jack Ma, Alibaba CEO. Alibaba business model is more tilted towards mixture of western principles and Chinese values with more weight age. It can be understood well that its culture ensures that it would not just become a profitable business that does not have human essence. People at Alibaba want to make their firm a firm with emotions, perceptions, and its own behavioral codes. It encourages people with fresh

blood, workers and front line managers to choose the ways to operate the company as it believes that there is no use of training people if you will not provide them opportunity. There is a special class known as Feng Qing Yang class in which young employees get training and gain extensive learning regarding values of Alibaba's culture.

Alibaba management is extremely vigilant while making selection decisions as they ensure that they hire someone who can share their ideas and their culture. The hiring policy also seems to be interested in a way that if they want to add one headcount then they have to increase the sales by a particular amount to justify the need for the new hiring (Chen, 2013). Thus, neither Alibaba has any hard and fast hiring policy to follow nor it needs to make any budget for the headcount as it is directly proportional with the sales turnover.

How Does the Company Culture Operate?

Alibaba Group has developed a robust organization culture which is based on a mutual mission, vision and value system as the foundation stone of Alibaba and its subordinates. Their business accomplishment and swift expansion is developed on the mettle of entrepreneurship, modernism, and a constant focus on fulfilling customers' needs.

Mission

"To make it easy to do business anywhere"

Vision

"To become the first platform of choice for sharing data

To be an enterprise that has the happiest employees

To last at least 102 years"

Values

Alibaba support the following code of belief:

"Customer first, employee second and shareholder third."

Development of Relevant Business Traditions and Current Operation

Traditional attitude form the basis of traditions, which acts as the attitude of management. According to the chairman of Alibaba, it is important to have a management attitude if the

company wants sustainable growth (Lacy, 2010). But if the company does not possess an influential and determined corporate culture as the basis, it cannot build the attitude and thoughts.

When a new employee becomes a part of Alibaba Group, he/she concentrates on a broad orientation along with a team-building program at the head office of the company in Hangzhou, China. This sort of program consists of a sound concentration on the mission, vision and values of the company. Besides, robust mutual values have facilitated them to sustain a widespread company traditions and society, regardless of how great they expand.

Esteem brotherhood, goodness, guts, feelings, and ethics are a part of Alibaba's culture. In the modern era, one must comprehend his/her objective and also the motive for survival. In the old period, organizations could flourish by just grasping a single good chance. In this current time, one has to value a theory: one must elucidate social problems prior to solving corporate problems. Only then can the company last forever. As a result, Alibaba has been hoping to solve social issues, issues of innovation, as well as employment problems. In a nut shell, Alibaba is no longer simply an organization, but an ecological unit (Einhorn, 2009).

Future Challenges

a) The association between Alibaba's clients is very complex as critical factors like various languages, traditions, practices, regulations and technologies are involved (Wang & Lim, 2004). Thus, it can cause a challenge to Alibaba in enhancing its sales volume and improvement regarding its administration and functions.

b) Suppliers from China misused the services of Alibaba to earn profits, which clearly shows a drastic loop in its system. These suppliers deceived the shoppers outside the country by publicizing the retailing of their goods at shockingly cheap costs (Wang & Lim, 2004). Approximately 100 marketing staff of Alibaba endorsed agreements with *fraudster China Suppliers*. To solve out this issue and demands from 2249 foreign customers, Alibaba gave out US\$170 million as compensations.

c) As far as e-transactions are concerned, Alibaba is strongly in need of the effectual safety of intellectual assets rights including the unbreakable observance over e-traders (Wang & Lim, 2004).

d) Alibaba is a place where various kinds of merchandise and items are feasibly offered by its customers or users but at times, it is very complicated for foreign buyers to get the required item at Alibaba and they prefer to get it from other e-trade business enterprises and precede dealings with them (Wang & Lim, 2004).

Solutions to Meet These Challenges Successfully

a) To deal with complexity in the relationship among its various clients, Alibaba must strengthen Customer Relationship Management (CRM) structure to decrease the complicatedness in business dealings. The main purpose of CRM is to learn about the client's needs and effectual ways to fulfill those needs to attain enhancement in sales volume and perfection at administrative and functional level.

b) In the light of the accounts about the scam scandal at www.alibaba.com and the incident of fake goods, Alibaba must take initiative of using the actual identifications at www.taobao.com. It refers that anyone who wants to sell the goods online have to use their actual names and must submit applications to the authorized bodies to get their selling authorizations with their ID numbers, as by this their business activities can remain under observation properly.

c) Concerning the safety of intellectual property rights and the significance of trustworthiness of businesses, Alibaba must emphasize on familiarity with regulations and vigilant observation on its staff, associates, clients and suppliers to avoid any further experience regarding the misuse of its services.

d) It has become essential for Alibaba to make additional subdivision of its target customers with the aim to prevent its target customers to move towards other e-trade enterprises for business information.

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