

〈Research Article〉

The Entrepreneurship of Alibaba

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Abstract

With the continuous maturity and development of China's socialist economy, the acceleration of global economic integration, and the renewal of high technology, enterprises are facing an increasingly complex and changeable "super-competitive" environment. In the dynamic environment with rapid market changes, enterprises seizing opportunities can quickly establish competitive advantages in emerging niche markets, but they may also be defeated in a very short period by latecomers who are better at taking advantage of opportunities. In the complex and dynamic environment, the rigid enterprises will be eventually eliminated in the times. Only companies that constantly adapt to the market environment and adjust the strategic evolution will be able to maintain their own sustainable development advantages and realize the substantial development of the company.

Based on the review of the related literatures at home and abroad, this article constructs the research framework of enterprise strategic evolution through the comprehensive analysis of the related theories of strategic management, and forms the key event set of case enterprises based on second-hand data from different sources. Then the article sorts out, analyzes and summarizes the evolution process of Alibaba strategy based on the above framework, and discusses the changes in the strategy, competitive advantages and resource capability in the development of Alibaba. Then, by comparing with the strategic evolution of Haier Group, the article summarizes the common features of the evolution process of enterprise strategy through the cross-case analysis of two cases. Thereby the conclusion is obtained.

The conclusions are as follows: Firstly, there are rules to follow in the enterprise strategic evolution. The whole evolution includes three stages: start-up, growth and mature. The enterprise has a certain business model in each stage; Secondly, the dynamic capability is the main driving factor in the strategic evolution of enterprises, and will show different characteristics in different stages of enterprise development; Thirdly, The strategic evolution of enterprise is path-dependent, which is mainly reflected in three aspects: enterprise strategy, dynamic capability and accumulation of resource capability. And the three aspects show dynamic consistency.

Keywords: Strategic Evolution; Alibaba; Haier Group; Dynamic Capability; Path Dependence

1. Overview

1.1 Research Background

The success of Alibaba Group depends on the correct strategic thinking and strategic choice of Jack Ma, the founder of Alibaba Group. Faced with a complex, ever-changing and uncertain market environment, only with a firm, effective and scientific strategic thinking, can we obtain sustained competitive advantage in the dynamic market environment. In an audio session, Jack Ma shared his enterprise development strategy - "Three Axes" (literally Sanbanfu), proposing mission, vision, values for strategy and talent, organization, and KPI for tactics. ¹Mission is the meaning of the existence of an enterprise, vision is the stage goal of the enterprise, and values determine the system construction. The strategy should be supported by tactical measures, such as absorbing talents, adjusting organization and setting scientific and effective KPI according to the situation. Only by the perfect combination of strategy and tactics, enterprises can grow and develop continually. Jack Ma emphasizes that the choice, change and development of enterprise strategy should be made after you think about three questions: what do you have, what do you want, and what can you give up. When Ali was founded, Jack Ma had two visions: Ali would run for 102 years and become one of the top 10 websites in the world. Driven by the visions, with the rigorous and scientific strategic thinking, and under the guidance of tactics, Jack Ma always adheres to the direction of his own enterprise development. Facing the complex and ever-changing market, he constantly adjusts his strategy to restructure, renew, reconstruct and rebuild the resources and capabilities, actively develops various new opportunities and avoids market risks, in order to adapt to the changes of external environment and ensure the sustainable development of enterprises.

As a typical representative of the new economic form, there is no doubt that Alibaba is one of the important objects to study the evolution process of enterprise strategy.

Haier Group, was established in 1984. It's an outstanding representative of China's white household appliance industry. In 2019, the Interbrand Best Chinese Brands List was released. Haier ranked 23rd with a brand value of 13.11 billion yuan, an increase of 38% year-on-year. The brand value growth rate ranked third. (Source:Haier Group Official Website)

Alibaba, an emerging enterprise that grows out of e-commerce, an excellent representative of the internet industry. Haier, a representative of traditional enterprises. This article will conduct an in-depth analysis of the strategic evolution of Alibaba Group, founded by Jack Ma, and conduct benchmarking analysis based on the strategic evolution of Haier Group, a leading traditional appliance company.

By analyzing the strategic changes of innovation and traditional enterprises in the dynamic market environment, we can find out the effective mechanism of strategic choices in complex and volatile markets, and provide lessons for the sustainable development of major enterprises. The highly dynamic

market environment is not only a challenge, but also an opportunity for enterprises, so it is helpful for an enterprise to study its strategic evolution and sum up its internal mechanism in order to better cope with environmental changes and realize its own sustainable development. Taking e-commerce enterprises as the object of study, it is easier to draw conclusions in line with the reality of the times.

1.2 Research Significance

Based on the dynamic capability theory, this article collects the relevant traditional strategic management theories, analyzes and integrates the relevant data, puts forward a preliminary study framework of enterprise strategic evolution, and uses the framework to carry out case studies on the strategic evolution of enterprises, in order to supplement the existing theory and guide enterprise practice. Therefore, this study has certain academic significance.

1.2.1 Theoretical significance

The existing strategic management theory mainly studies the formation process of enterprise strategy, and there is little research on the relationship among resources, capabilities and dynamic capabilities in the evolution process of enterprise strategy with the dynamic environment, so this article fills the theoretical gap to a certain extent. In addition, the research will focus on the strategic research of Alibaba Group, analyze Jack Ma's strategic choice in the process of entrepreneurial development. Alibaba is a poster child of e-commerce enterprises, so the summary of its strategic development also has a certain reference for the follow-up e-commerce strategic research.

1.2.2 Realistic significance

After more than 20 years development of e-commerce industry in China, the early market dividend gradually disappears, and the industry is gradually entering a period of in-depth development. For many new e-commerce enterprises and traditional enterprises transforming e-commerce, the development prospects are still grim. The author hopes that this study will analyze and compare the strategic evolution process between the new e-commerce enterprises represented by Alibaba Group and the traditional e-commerce transformation enterprises represented by Haier Group, so as to help enterprises similar to these two types to sum up experience, find their own evolution strategy. By constantly renewing, reconstructing and rebuilding resources and capabilities, they can actively respond to changes in the external environment and realize the continuous development of enterprises.

1.3 Research Contents

This article mainly uses case studies to analyze and discuss the strategic evolution of Alibaba Group under dynamic environment, clarifies the main influencing factors and general features of the evolution

process of enterprise strategy, and sums up the rules of strategic evolution of modern enterprises in the dynamic market. The chapters are arranged as follows.

Chapter I: overview. Firstly, the author introduces the background of the "hyper-competitive" faced by enterprises, and further points out the insufficiency of the existing strategic management theory on the strategic evolution mechanism of enterprise strategy and the necessity of taking Alibaba group as the research object, so as to determine the research theme of this paper and clarify the significance of the research.

Chapter II: this part summarizes relevant theories and researches as well as the definition, types, mainstream theory and the influencing factors of enterprise strategic evolution. Based on this theory and referring to the strategic research models that were put forward by domestic and foreign scholars, this paper puts forward the analysis framework of the evolution process of enterprise strategy under the dynamic environment.

Chapter III: the chapter designs case study, including reasons of case selection, case background, case study methods, data collection methods and so on.

Chapter IV: case study. In this part, the study first carries out an in-depth analysis and summary of Alibaba Group's strategic change, and then conducts cross-case study. By sorting out the strategic change management of Haier Group, this part comparatively analyses the two cases to verify the theoretical assumptions and answers the case questions, so as to draw preliminary conclusions.

Chapter V: Conclusion. In this part, the author systematically collates the full text, synthesizes the theoretical research content of the full text and the analysis results of specific cases, and draws the conclusion of this study.

2. Case Study Design

2.1 Definition of Research Issues

The first step for case study is to identify research issues. Researchers need to propose and clarify the purpose of case studies and learn about the tasks and problem orientation of case studies (Yin, 1994). Firstly, this paper analyses and summarizes the existing theories of strategic evolution. And based on this, it puts forward two theoretical hypotheses: "dynamic capability is the main driving factor in the evolution process of enterprise strategy" and "the process of strategic evolution of enterprises has the characteristics of path dependence".

In order to verify the relevant hypothesis, this paper chooses Alibaba Group, a famous e-commerce enterprise with typical dynamic characteristics and frequent strategic evolution, as the research object, carries out a retrospective study of the critical event method, and then regularly summarizes the evolution process of enterprise strategy under the e-commerce scenario, adhering to the replication logic

and the extension logic.

2.2 Case Selection

Case selection is an important part of case study. Internet enterprises are the representative industries under the current new economic environment and the background of China's transformation. The development process of the whole industry has been deeply affected by the external turbulent environment. It is an ideal observation object to study the evolution process of enterprise strategy under the dynamic environment.

2.3 Data Collection

This study carries out the in-depth understanding of the case mainly through second-hand data from various sources. The sources of second-hand data include: (1) Published books; (2) Published academic papers; (3) Annual reports and announcements of the case enterprise; (4) Teaching cases of China Management Case Sharing Center; (5) Industry research reports provided by major domestic research institutions; (6) Consultation reports issued by domestic financial institutions; (7) Public video interviews and documentaries. Through the multi-channel data search, this paper formed a multi-source data set, including case-based, text-based, graphical and verbal data, which covers the key information of the two enterprises since they were established. At the same time, this paper's author tries to use non-subjective data to compare the data from different sources to ensure the reliability and validity of the data used.

3. Case Analysis

3.1 Start-up Period (1999–2003)

At the beginning of 1999, Jack Ma, who did not make a big achievement in Beijing's Internet industry, returned to Hangzhou to establish Alibaba with more than a dozen young people and RMB 500 thousand of venture capital. Some of these people were his partners who had gone north with him from Hangzhou to start their own businesses, and some of them were from Beijing. But it was this seemingly "mob" of young people who drew an e-commerce pie in their own way in Hangzhou, which looked entirely different from the Beijing-style "skyscraper pie". Simply put, what Alibaba wants to do is a platform that uses the power of the Internet to reduce business costs and broker deals. Alibaba takes a share of the reduced business costs of all enterprises and makes it a source of revenue and profits. With this development goal, Alibaba and Taobao came into being.

3.1.1 Key event A — founding Alibaba

After completing the website development work of the e-commerce center of the Ministry of China and Foreign Trade and Economic Cooperation, in February 1999, Jack Ma led a venture team with 17 members, including Sun Tongyu, Jin Jianhang, Cai Chongxin, Peng Lei and Zhang Ying to set up Alibaba in their apartment in Hangzhou. Their goal is to set up a B2B (Business to Business) platform for small and medium-sized enterprises (SMEs) in China to participate in global trade via the Internet. Before that, they have already started Haibo.com.cn, China Telecom Yellow Pages and designed websites for Ministry of Foreign Trade and Economic cooperation. On April 15, 1999, alibaba.com, the company's first global wholesale trade market, was launched. In the same year, Alibaba followed the market changes and withdrew from the domestic wholesale trade market in China-1688.com. B2B e-commerce platform has taken shape. From 1999 to 2000, due to the free use of B2B platform, it attracted users. The company, showing a tight cash flow, successively raised USD25 million from Goldman Sachs, SoftBank and other investment institutions, which meant it began to open the way for external financing. By December 2001, B2B platform users exceeded 1 million. Alibaba in the B2B segment of the e-commerce market has achieved rapid expansion. At the same time, Alibaba has also found its own characteristic profit model and launched two value-added services, "China Supplier" and "Trust Pass". And it achieved a positive cash flow at the end of 2002.

By March 2019, Alibaba has 101,958 employees, and Alibaba's full-year revenue is RMB250,266 billion, up 58% from a year earlier, and it made the fastest pace since its IPO. In the three years from FY2015 to FY2017, the annual revenue growth was 45%, 32.7%, and 56%, respectively, compared with 58% in the most recent period. In FY2018, Alibaba's core e-commerce business revenue was RMB214.02 billion, up 60% from the previous year, which also indicated the highest annual growth since its IPO.

Table 1 Alibaba Revenue Statistics (*Alibaba Group 2018 Financial Year Results Report*)
(Unit: RMB100 million)

Annually	Q1		Q2		Q3		Q4	
	Total revenue	Net profit	Total revenue	Net profit	Total revenue	Net profit	Total revenue	Net profit
2019	934.98	258.3	1149.24	212.52				
2018	619.32	66.41	809.20	76.50	851.48	182.41	1172.78	330.52
2017	385.79	98.52	501.84	140.3	551.22	174.0	830.28	233.3
2016	241.84	53.14	321.54	71.42	342.92	70.75	532.48	171.5
2015	174.25	28.69	202.45	308.16	221.71	227.03	345.43	124.56
2014	Listed on September 19				168.29	30.30	261.79	59.83

Alibaba's Revenue and Growth Data for Fiscal Year 2015-2018

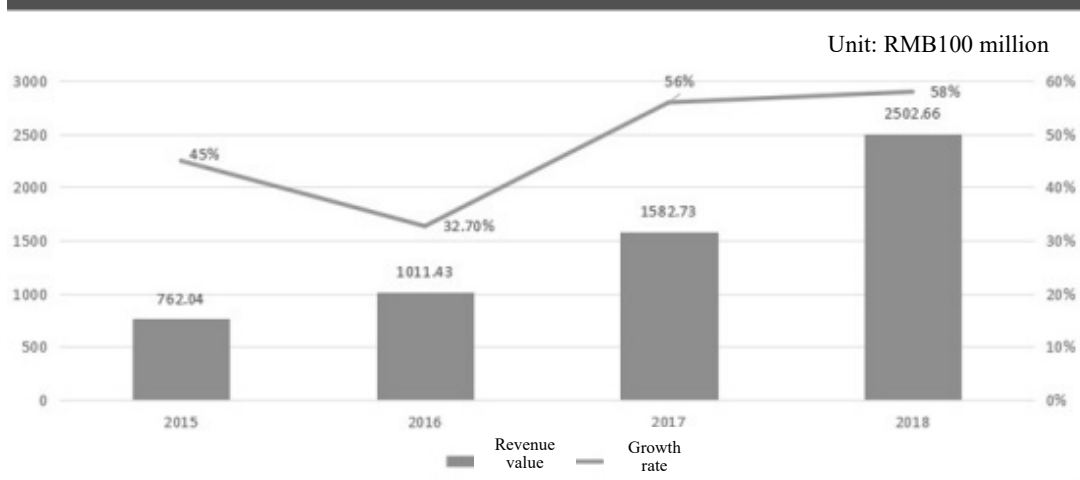


Figure 1 Alibaba's Revenue and Growth Data for Fiscal Year 2015-2018 (*Alibaba Group 2018 Financial Year Results Report*)

At the beginning of the venture, Alibaba was not always smooth strategically. In 2000, after securing external financing, Alibaba decided to set up an international headquarters in the US and relocate its Chinese headquarters to Shanghai to expand globally. The implementation of this decision has directly contributed to the high operating costs of the company, with Alibaba's bank account balance of less than USD10 million by January 2001. Faced with operating difficulties, Jack Ma and his venture team decided to close their overseas offices and lay off workers, and three months later the company's monthly operating expenses fell to USD500 thousand, and they passed the crisis.(Alibaba Group's Financial Year 2018 Performance Report)

3.1.2 Key Event B – Establish Taobao to enter the C2C market

(1) Event Description

In 2003, the SARS epidemic raged, people were forced to live at home. This closed environment unintentionally facilitated China's e-commerce market. With increasing people began to use the Internet for shopping, C2C e-commerce model that directly oriented to ordinary consumers was sought after. In March 2002, eBay, a C2C e-commerce provider from the United States, invested USD30 million in Eachnet, a domestic shopping website, and entered into strategic cooperation, which marked eBay formally entering the Chinese market (Potte Erisman,2015). After conducting market research and judgment, Alibaba realized that eBay was going to do a lot of business in China. They would start with retail and then move on to competing with Alibaba for large wholesale businesses. At the same time, Jack Ma said in an interview, "There are 100 million Internet users in

China, but less than 5 million people are really trying to shop online, and 95 million people have not been online, which is a huge potential market." (China Management Case Sharing Center Library)

Based on such a judgment of the external environment, Jack Ma selected a group of technically competent employees from the Alibaba team, led by Sun Yutong, the founder of the venture team, and began to prepare for the establishment of its own C2C platform, Taobao in April 2003. Sun Yutong, once one of Alibaba Group's 18 pioneers, who companied with Jack Ma from the China Telecom Yellow Pages to Alibaba, at that time can be said to be the second person outside the Jack Ma. When preparing for the establishment of Taobao, he was responsible for the operation of the entire team, and defeated eBay with a large scale at that time with his superb ability. Sun Yutong was just an ordinary office worker. It was Jack Ma who knew how to make good use of talents and invited him to his team, as a result Sun became the founder of Alibaba. The success of Alibaba's strategic development is due in large part to the recruitment of talents in the "three axes" of Jack Ma's stratagem. Jack Ma has always been able to acutely tap talents in the enterprise management and clearly know what kind of people and talents are needed in the development process of his own enterprise so as to maximize the benefit of his team.

On May 10, 2003, Taobao came into service. Taobao is a large online retail and business circle in the Asia-Pacific region, founded by Alibaba Group in May 2003. Up to 2018, Taobao's annual active consumers were 552 million. For the full year of 2018, Alibaba Group's platform turnover topped 4 trillion yuan to RMB4.82 trillion, which was no smaller than the GDP of major developed countries in Europe and the United States for the whole year. Meanwhile, Alibaba has become the world's largest mobile economy with 617 million monthly active users. While announcing the birth of Taobao, Jack Ma also announced a three-year no-profit policy for Taobao, and continued to implement its free-of-charge strategy, which has proved the success of B2B platforms, and stressed that Alibaba's existing profitability and cash reserves were sufficient to support Taobao's development.

In addition to the free use measures, Taobao also launched a number of characteristic services according to the features of the Chinese market. It shapes their own brand characteristics by forming a clear differentiation with eBay in customer positioning, product development, pricing mechanisms, customer service. In February 2004, Alibaba held a press conference to announce that it had secured a total of \$82 million in venture capital from Softbank, Fidelity and other institutions, of which \$60 million was injected separately into Taobao to support its competition with eBay. By the end of 2004, Taobao's market share had reached 41%, while eBay's had fallen to 53%. (King&Tucci,2002)

3.2 Growth Period (2004–2007)

Alibaba entered into the profitable period as it broke the break-even line in December 2001. With the product line continued to enrich, Alibaba moved successfully from the start-up phase to the growth

period. In the growth period, Alibaba has improved relevant services and adjusted its organizational structure to ensure its sustainable development.

3.2.1 Key Event C – Launch of Alipay to improve services

The birth of Alipay is closely related to the development of Taobao. With the swift growth of the transaction volume on Taobao platform, the traditional payment method has become an important factor hindering its further expansion. At that time, Taobao was a shopping intermediary, and Online shopping required buyers to go to the bank and put the money into Taobao's ICBC account. After receiving confirmation of arrival, Taobao put the money into the seller's bank account, which is equivalent to the current stage of Alipay. At that time, Taobao did not establish an effective credit mechanism, and the payment was only through manual means and bank manual transfer. In those days, neither bank remittance nor cash on delivery could solve the trust problem effectively between buyers and sellers. Without the guarantee of a third-party platform, it was difficult for buyers and sellers to build trust in the platform. Therefore, in 2003, Taobao formally launched Alipay, which built a "secured transactions" model of online shopping, allowing buyers to confirm that the product was satisfied with the circumstances of payment to sellers, which greatly reduced the risk of transactions. The existence of Alipay is equivalent to a third-party guarantee platform. The "full compensation" payment service was launched by Alipay in 2005, with the promise of "you dare to use, I dare to compensate", greatly enhanced consumer confidence and accumulated the first batch of loyal users at this stage.

At the end of 2004, the management of Alibaba realized that Alipay should not be just an application tool. In December of the same year, Alipay was split from Taobao and operated as a separate company, starting formally to develop into an independent payment platform. At the same time, with its growing business, Jack Ma and his team began to seek the support of major banks. During the following year, Alipay successively reached cooperation agreements with more than 10 banking and financial institutions, including Agricultural Bank of China, China Merchants Bank, Shanghai Pudong Development Bank, Minsheng Bank, and so on, to jointly explore the Chinese e-commerce payment market. After basically meeting the daily transaction needs of Taobao, Alipay team expanded its business to other areas. The first involved with the online game recharge services and air ticket purchase business, and then with the B2C e-commerce market. (China Electronic Commerce Center, 2011)

By August 2008, the number of Alipay users had exceeded 100 million, and the annual transaction value had exceeded RMB130 billion. After all, the mobile Internet was not as popular as it is today, the coverage rate was only 200 million people, the mobile payment habits of domestic users have not been cultivated. At the same time, Internet payment, mobile phone payment, NFC payment, SMS

payment and other payment methods coexisted. Therefore, Alipay, with a 40% market share, basically occupied half of mobile payment and became the largest third-party payment platform in China.

3.2.2 Key Event D – Acquisition of Yahoo China, strategic cooperation with Yahoo

In 2005, Taobao's market share reached 59%, surpassing rival eBay for the first time. Alipay, an emerging business, started to operate independently, with rapid growth in both the number of users and the size of transactions. At that time, Alibaba had established competitive advantages in B2B, C2C and third-party payment platforms, and the diversification strategy of "Work at Alibaba" had taken shape. With the rapid growth of new business, Alibaba B2B, as the sole profit center at that time, was unable to provide sufficient cash flow for the development of the whole group. Alibaba urgently needed to introduce new external financing to help the company achieve its diversified strategic development goals.

On the other hand, at that time, the habits of Chinese Internet users changed, and the search engine had become the main channel for people to get information on the Internet, and it was an important traffic entrance of e-commerce. Layout search had become an important part of Alibaba's diversification strategy. Search technique was also becoming more and more important for the development of e-commerce platform business. In August 2005, Alibaba announced a strategic partnership with Yahoo.

Yahoo is a famous Internet portal in the United States, one of the creators of the Internet miracle at the end of the 20th century. Since the launch of Yahoo China in 1999, it became China's largest portal website and one of the most widely used websites on the Internet. At the search engine, users can search all kinds of information from all over the world, and it is the main platform for Internet users to obtain and publish information. It can be said as the strategic cooperation decision between Jack Ma and Yahoo. In that year, it was equivalent to install an accelerator for the development of Alibaba, making Alibaba's user scale grow geometrically.

Yahoo was a major shareholder in Alibaba, with 40% shares and 35% voting rights. Alibaba acquired all of Yahoo China's assets through the sale of its shares and received USD 1 billion in strategic investment from Yahoo. Yahoo China's assets included Yahoo's portal, search engine and so on. Through the deal, Alibaba's business chain expanded into search, portals and instant messaging. After Yahoo China merged with Alibaba Group, Jack Ma and the management began to integrate it with other business. On the one hand, it was to integrate Yahoo China's human resources and technical resources, so as to apply Yahoo's technical capabilities to the e-commerce business. After acquiring Yahoo China, Alibaba launched value-added services such as competitive search ranking, zhitongche.taobao.com and keyword search on Taobao and B2B platforms, exploring new profit models and enhancing the company's profitability. Subsequent new business such as Alimama.com

(marketing platform), Alibaba Cloud (cloud computing) and Etao.com (e-commerce search) also received talent and technical support from Yahoo China. On the other hand, it was about Yahoo China's follow-up operation, and Jack Ma first proposed to focus on search and then turned to entertainment and social networking. But a competitive edge was not gained in the search market, so the market share continued to decline.

3.2.3 Key Event E – Adjustment of the organizational structure to build platform service capability

Alibaba's net profit rose 340 percent from RMB 219.9 million in 2006 to RMB 967.8 million in 2007. Alibaba's main business, such as B2B, Taobao and Alipay, were expanding their leading position in the Chinese market. In 2006, some people commented on B2B's Alibaba.com: "It traded more than the combination from the second to the tenth places," with 20 million corporate users. However, Alibaba was still only a giant within the industry at that time, did not yet achieve its "Work at Alibaba" strategic vision.

Alibaba that insists on a comprehensive platform in recent years has also begun to be challenged from the emerging vertical industry (B2C) sites, and how to use its existing advantages to build barriers to entry has become an urgent problem. With the connection of Alibaba and Taobao in business, users and other aspects, Alibaba's network has produced a significant aggregation effect on small and medium-sized enterprise users, more and more resources began to take the initiative to close to Alibaba. Therefore, effective integration of internal and external resources has become the key to solve the problem.

At the strategy meeting in mid-2006, Alibaba executives decided to change the linear development trend of each business sector in the past, and began to make an inventory of the existing resources and break up several businesses with obvious division of labor into independent companies. At the same time, they also decided to establish Alisoft, and enter the software market of small and medium-sized enterprises. Against this backdrop, Alibaba voluntarily completed what Jack Ma called as "the largest ever split." In October 2006, Alibaba announced a major restructuring of the Group, which was basically split in March 2017.

The split Alibaba Group has five wholly-owned subsidiaries, including Alibaba.com and Alisoft in the B to B division, as well as Taobao, Alipay and Yahoo China in the B to C division. Wei Zhe, Wang Tao, Sun Tongyu, Lu Zhaoxi and Zeng Ming served as the presidents of the five companies respectively, and also served as senior and executive vice presidents of the Group. (Source: Internet)

Table 2 Competence Analysis of the Principals of Alibaba's Wholly-owned Subsidiaries

Figures	Title	Management Capability
Wei Zhe	Executive Vice President of Alibaba Group and President of E-commerce at Alibaba Enterprise (B2B)	Wei Zhe has an outstanding sales promotion and retail management experience, and he brings the professional operation method that is needed to run a company into Alibaba. Wei Zhe is a rare professional at present. He has both excellent traditional management experience and Internet spirit
Wang Tao	Senior Vice President of Alibaba Group, Chairman of Alisoft	He served as a senior executive in Microsoft, Skyworth, Kingsoft and Alibaba, with over 20 years of experience in IT, Internet, sci-tech and healthcare
Sun Tongyu	In the spring of 1996, he joined China Telecom Yellow Pages, and in April 2003, he led Taobao venture team to start a new business	Under the leadership of Sun Tongyu, Taobao won the honor of "Top 10 Best Investments in China" selected by China Business Post and SOHU in 2003 for its rapid development and unique culture in the field of personal transactions.
Lu Zhaoxi	On August 22, 2016, Alibaba Group announced President Jing Xiandong of Ant Financial Group would hold the post of chairman replacing Lu Zhaoxi from September 1.	Lu Zhaoxi not only loves and is familiar with the group's business, participates in the cultural and organizational construction of Alibaba, trains many talents, but also has his own unique leadership style and charm. His ability to appreciate and learn new things and to judge and decide on key issues, and his strong executive force are impressive
Zeng Ming	Senior Vice President of the staff division in Alibaba Group	Dr. Zeng has been devoted to the development of Chinese enterprises for many years. He has maintained close cooperation with leading Chinese companies, including Haier and Lenovo

The five companies are customer-oriented, restructured into divisions in varying degrees, with Alibaba Group Vice Presidents as the heads of the divisions. Subsequently, five companies set up a board of directors, and Jack Ma served as the chairman of the five subsidiaries and the chairman of the group's board of directors, and also as the group's CEO.

The spin-off was accompanied by, but reversed to, access to Alibaba's internal resources, including standardization of product systems and sharing of users, data, funds and technology across business. Notable changes included:

First, Alisoft unified "Taobao Wangwang" and "Tradelink", two instant messaging tools previously owned by Taobao and Alibaba, into "Alitalk". On this basis, Alisoft President Wang Tao also presided over the launch of Alisoft online store version, domestic trade version, and foreign trade version.

Secondly, Alibaba Group broke through the integrity records and certification of users of its "Alipay", "TrustPass" and "China Suppliers", helping users of its platforms to achieve mutual integration.

3.3 Maturity Period (2008–present)

Alibaba has become unique in the field of e-commerce through continuous exploration in its infancy and growth period, but Alibaba has not stopped there. Through the update of technical, marketing and industrial structure, the mature Alibaba has provided continuous blood transfusion to ensure its diversification and sustainable development.

3.3.1 Key Event F – Establishment of Alibaba Cloud Computing, and Layout of Cloud Computing and Big Data Business

In September 2009, Alibaba established Alibaba Cloud Computing Co., Ltd., with the goal of providing complete Internet computing services. From 2010, Alibaba Cloud began to drive the entire Alibaba Group to "IOE", referring to three traditional information systems service companies, namely IBM, Oracle and EMC, among which IBM is a server provider. With the geometric growth of Alibaba users and the continuous application of cloud computing, "IOE" system was no longer adapted to the horizontal expansion of the company's cloud services, and maintenance costs continued to rise, so Alibaba needed new large-scale distributed computing capabilities. The Alibaba Cloud team first integrated the Hadoop (an open-source distributed architecture) cluster built by the companies themselves, developed the Cloud Ladder 1 distributed platform, and realized the management and sharing of all data throughout the group.

At the same time, Alibaba Cloud also independently developed a large-scale distributed computing system with its own intellectual property rights-"Apsara", on the basis of which it built the Cloud Ladder 2 distributed platform. In August 2010, Apsara System became the common platform for Alibaba Group's internal four major applications (search, email, small file storage, Ali Finance). On May 17, 2013, Alibaba Group's last IBM minicomputer went offline at Alipay, and on July 10, 2013, Taobao's last Oracle database went offline. This marked Alibaba officially established a new technology system with cloud computing as its core, and getting rid of "IOE" won an initial success.

With the update of the data technology architecture represented by cloud computing, Alibaba began to have the ability to mine and produce the data accumulated on various platforms within the organization. In early 2010, Taobao launched the "Data Rubik's Cube", which opened the global market data to the outside world for the first time and was pursued by the platform sellers. After that, Taobao data team has launched several data products such as "live event room", "seller cloud picture" and "page click". In 2011, data expert Che Pinjue joined Alipay and launched "observatory" and "seismograph" for Alipay's business; he also launched "golden strategy" and "limitless magic needle" for Taobao. Since then, the development of Alibaba's internal data product has gradually accelerated, and the value of the data began to be effectively discovered.

In July 2012, Alibaba carried out a new organizational restructuring. Alibaba Cloud was split up

and operated independently, while Alibaba's databases and large-scale computing resources were integrated into a "Data Platform Business Division." After this adjustment, Alibaba Cloud has focused on building storage and computing platforms, while the Data Platform Business Division has been responsible for data mining. In September 2012, Jack Ma announced at the Internet Merchants Conference: Alibaba will transform itself into a company with 3 kinds of major business-platform, finance and data, and the use of data resources will be elevated to a strategic height. Alibaba announced the establishment of a Data Committee and a Chief Data Officer at the group management level in December 2012. Che Pinjue, the head of Taobao's Business and Intelligence Department, served as its first president, in charge of developing data-related strategies.

3.3.2 Key Event G – From “Big Taobao” to “Big Alibaba”, Establishment of China’s E-commerce Infrastructure

In 2007, Alibaba's B2B business was successfully listed in Hong Kong, with USD 1.69 billion in financing. Because of this, Alibaba earned sufficient development funding to shift its corporate strategy from "Work at Alibaba" to "Live at Alibaba". Its goal is to make Alibaba a provider of e-commerce infrastructure in China, providing the great environment for the survival and growth of e-commerce companies and building a business ecosystem with Alibaba at its core. (China Net,IT,2007)

In 2008, Alibaba officially launched its "Big Taobao" strategy, and announced an investment of RMB 5 billion over the next five years to upgrade the existing e-commerce service system around Taobao.com, provide basic services related to water, electricity and coal for all e-commerce participants, let all users (including merchants and consumers) complete all the e-commerce activities such as payment, marketing, logistics on the platform of "Big Taobao", and gradually establish an e-commerce ecosystem around the consumers. The first step of the Big Taobao strategy is to integrate the internal resources with Taobao.com as the core to form a B2B2C business chain: In April 2008, Taobao integrated high-quality brand merchants on the platform to form the Taobao Mall; In September 2008, Taobao and Alimama.com merged, and the B2B platform of Alibaba and Taobao.com began to fully open.

The second step is to issue the Taobao Partner Program, bringing together e-commerce outsourcing providers from all parties to provide personalized products and services for SMEs: In September 2009, Shopex and HiChina Zhicheng Technology Ltd. became the first batch of partners of Taobao. By the end of 2010, Taobao had had more than 120 partners. The types of services include IT, market research, customer service, commercial applications and other aspects.

Nowadays, the SMEs are speeding up their transformation and consumers' demand are becoming more personalized and professional. After more than three years of attempts, Alibaba came up with measures to avoid the "imperial" development trend of Taobao, and to better implement the idea of

building an ecosystem. In June 2011, Alibaba announced to upgrade its "Big Taobao" strategy to "Big Alibaba" strategy, transform itself from a consumer-centric online shopping ecosystem into a win-win consumption platform for both supply and demand.

In order to promote the "Big Alibaba" strategy, Alibaba firstly integrated the platform system of the Big Taobao. Taobao was divided into three companies--Taobao, Taobao Mall and Etao to plan the e-commerce search. In October 2011, Alibaba further split Juhuasuan business from Taobao to make it an independent group purchase platform. So far, Alibaba has set up the CBBS (Consumer to Business to Service partners) integrated e-commerce market, which can provide comprehensive information flow services.

With the comprehensive improvement of Alibaba cloud computing and big data technology, all the data processing of Alipay, the data warehouse of Taobao, the small loan business of Alibaba and other core business have been technically supported by the Apsara System. In December 2015, Alibaba built a strong central platform to integrate the product technology and data capabilities of Alibaba, forming an organizational and business system based on the principle of "large central platform, small front platform". With the help of the powerful central platform, Alibaba's data business platform has integrated all the data of Alibaba Group, realized the intercommunication with the data of Ant Financial and Cainiao, and initially established the e-commerce infrastructure system relying on data interchange.

3.3.3 Key Event H – Investment, M&A, Cooperation, and Layout of Alibaba Ecosphere

In mid-2008, based on its previous investment division, Alibaba established Alibaba Capital. With the aim of matching with Alibaba's ecosystem strategy and bringing new members into the ecosystem, it took the focus on investment, M&A, and business development.

As the core enterprise in the business ecosystem (Moore, 1996), Alibaba has formed an e-commerce infrastructure system that can be used by many enterprises through the complex activities of integration of internal and external resources and opportunity utilization. It has grasped the basis and the key of the business ecosystem (Stacey, 1995), and started to expand the boundaries of the business ecosystem with this advantage as the core. Through combing Alibaba's entire investment and M&A event set, the author finds that there are three main points in Alibaba's behavior logic. First, through a series of investment activities, Alibaba has brought new business entities (such as new suppliers and service providers) into its business ecosystem and enabled them to create synergy values around its core business system (Moore, 1993). Investments in Eleme, Suning and Sina Weibo fall into this category. Second, as a pioneer of innovation in the business ecosystem, Alibaba has upgraded its core business and entered new industries through M&A, and constantly updated itself to avoid obsolescence (Barney Tang, 2009). M&A of Wanwang, UC and cultural entertainment

related companies all fall into this category. Third, as the keystone of the business ecosystem, Alibaba occupies the central position of the system, helping other enterprises in the system enhance their capabilities through direct intervention or provision of tools and interfaces to promote their capacity development, and provide shared resources (such as funds, data, users) to other members, thus promoting the continuous innovation and development of the ecosystem (Stacey, 1995). Cooperation with Eleme, Sina Weibo, Suning, DDCoupon in data, payment and other areas fall into this category. Following the above three logics, Alibaba has completed the construction of business ecosystem and initially realized the "Big Alibaba Strategy" through a series of integration activities including internal and external resource integration and opportunity utilization (mainly in the form of investment, M&A and cooperation).

Alibaba's previously accumulated core competencies of capital operation and data application have played a critical role in its investment, M&A and cooperation. As the keystone of the business ecosystem, Alibaba must coordinate the entire ecosystem in real time and bring in enterprises that can enhance the overall value of the system (Feng Jiaping, 2010). Through investment or M&A, Alibaba will continue to bring in enterprises that meet the requirements of the system and integrate the business and resources of the two sides, which embodies its ability to operate capital. As the business ecosystem is centered in data, Alibaba's capital operation has been around the acquisition and sharing of data resources. At present, it has formed an ecosystem of data collection and aggregation covering daily life, business and social activities of users, including comprehensive needs of food, clothing, housing, transportation and use, which shows Alibaba's data application capability. An important feature of business ecosystems is the sharing of resources within the system. As the largest e-commerce platform in China, after years of e-commerce infrastructure construction, Alibaba now can provide its clients (both vendors and consumers) with comprehensive solutions including trading platforms, finance and logistics, becoming the first company realizing the sharing of e-commerce infrastructure. As the new resource, data resource has the characteristics of high fixed cost, low marginal cost, reproducibility and functional diversity (Yang Shanlin, 2015), making itself an ideal shared resource. Relying on its platform advantages, Alibaba has established a multi-dimensional data resource library with a wide range of sources, and continuously invested in cloud computing and big data related technologies. It has already owned a wealth of data resources and application capability. In the process of introducing new enterprises to the business ecosystem, Alibaba has established a wide range of data partnerships with various enterprises. On the one hand, Alibaba has opened its data platform to partners to help enterprises improve efficiency and reduce costs; On the other hand, Alibaba also obtains new data resources from its partners' business systems and upgrades its data resource structure to create more value. Data resources have become a new "energy" in Alibaba's business ecosystem.

3.4 Alibaba Case Summary

By sorting out and summarizing the database of Alibaba's development process, eight key events are abstracted herein and classified in accordance with different stages of the enterprise life cycle. The author first tries to analyze and tease out the key events of Alibaba in different stages of development herein, and gets the overall picture of Alibaba's strategy evolution process, its relevant influencing factors and the action mechanism between strategies. At the basis of those, the author further analyzes the key features of the strategy evolution process. (As shown in Figure 2)

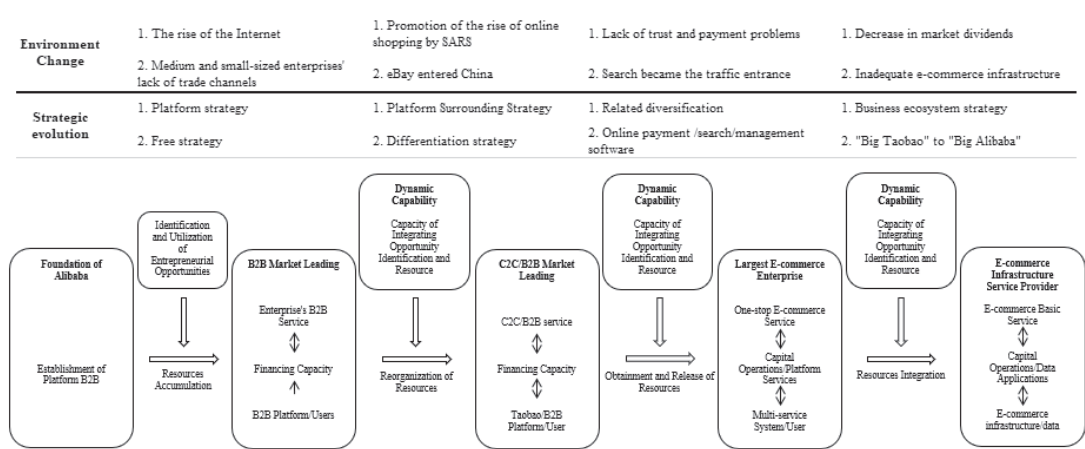


Figure 2 Process of Alibaba's Strategic Evolution

By teasing out examples of Alibaba's strategic evolution, we can easily find that its founder Jack Ma's thought and personality play an important role in Alibaba Group's strategy direction. Pregnant and postnatal role models play an important part in guiding and influencing the formation of characteristics of animals' behavior (Zhang Huili, 2009). Jack Ma is of great significance to Alibaba, and a large part of Alibaba's strategic evolution is reflected in the organizational culture and behavior characteristics endowed by the Jack Ma.

In its early days, Jack Ma summoned starters who were later praised as the "eighteen Arhats" to meet at his home and promoted his entrepreneurial ideas. His speech was brilliant and passionate. The core content included three points: the first is to be a company that will continue to develop for 80 years in the future, the second is to become one of the top 10 websites in the world, and the third is to make people use Alibaba as long as they are businessmen. The three points became the long-term goal of founding their company (Liu Shiying, Peng Zheng, 2006). Jack Ma's slogan to become the dream of Alibaba team in its early days is a simple and effective value that guides the organization's direction. As Peng Lei (Alibaba's chief human resources officer and one of the 18 founders) put it: "Indeed, we 18 are all attracted by Jack Ma's personal charm." As the founder of Alibaba, Jack Ma's personal

thoughts and cognitive characteristics constitute the orientation of Alibaba in its early days, and its development and strategic evolution comes from the influence of the founders.

This process is not only the development and maturity of Jack Ma's own thoughts, but also the incubation of the initial form of Alibaba. The unique experience of the founders and the personalized thinking that results therefrom are often the core motivations for the organization's foundation (Valentin & Jensen, 2007), which coincides with the findings observed in different industries by Baum (2000), Milanov, and Fernhaber (2009). Therefore, Jack Ma's experience and thinking contributed to the formation of Alibaba's enterprise organization and strategic evolution.

Alibaba's strategic choice in each period bears Jack Ma's imprint, and Jack Ma's personal influence makes great sense to Alibaba in each period.

4. Research Conclusion

Through the summary based on the existing theories and the analysis of Alibaba, this paper has come to the following conclusions:

1. The characteristic of Alibaba's strategic evolution is extracted through the termwise replication logic of case study, then it is summarized according to the different stages of the enterprise's same life cycle.

2. The inner mechanism of sustainable growth through strategic evolution is further analyzed.

3. On the basis of combining the core viewpoints of the existing strategic management theory and the actual environment, two hypotheses are deduced according to the theoretical logic, i.e. "dynamic capability is the main driving factor in the evolution process of enterprise strategy" and "the progressive process of enterprise strategy is characterized by path dependence". The verification of these two hypotheses through the comparative analysis of Alibaba's development history bring us the following conclusions:

Dynamic capability is the main factor in the evolution process of enterprise strategy, and it will show different characteristics in different stages of enterprise development, among which:

- (1) At the beginning of establishment, the enterprise did not have dynamic capability;

- (2) The driving force in the start-up stage is mainly reflected in the matching and correlation between opportunity identification and resources;

- (3) The driving force in the growth period is mainly reflected as the behavior of resource access in the process of opportunity identification.

- (4) The driving force in the maturity period is mainly reflected as the behavior of resource integration in the process of opportunity exploitation.

The strategic evolution of enterprise shows its path dependence, which is mainly reflected in three

aspects: enterprise strategy, dynamic capability and resource capability, and among the three is a kind of distinctive dynamic consistency.

4. Shortage of the research and prospects

Based on the "Opportunity-Resource Integration" vision of dynamic capability, combined with related strategic management theories, this paper is written to explore the driving factors, typical characteristics and general process of Alibaba's strategic evolution, and achieved certain results, but there are still many shortcomings:

(1) The common goal of enterprise strategic evolution is to maintain and expand the competitive advantage of the enterprise no matter how different it is. In this process, different people are required to complete different tasks at different stages. On the one hand, the entrepreneur, as the leader of an enterprise, determines the strategic choice of the enterprise directly, and influences the behavior style and behavior intensity of the employees in the process of implementing the strategy (Chen Chuanming, 2002); On the other hand, the specific implementation of the enterprise strategy should be completed by talents based on their organizations with their skills and knowledge. The human factor, therefore, plays an important role in the enterprise strategic evolution. Limited by the author's ability of data collection and analysis, this paper focuses more on the critical time in the process of enterprise development, while lacks systematicness of Jack Ma and his venture team's behavior, which needs to be further researched in the follow-up study.

(2) According to the development of the Internet industry in China, this paper shows a time-based clarification about strategic evolution and summarizes the general rules of it, but because of the limited materials, the next step of Alibaba's development and the analysis about the future direction of strategic evolution can be subject to more in-depth analysis in the follow-up study.

Note

¹ Personal Library. Mission, Vision and Values of the Jack Ma Strategy [EB/OL]. 2018-03-08

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