

Leadership Development in Chinese Classics

Group Project: Alibaba



Alibaba.com

以創新，邁向綠色未來

做好綠色阿里巴巴，做強綠色價值鏈，做大綠色生態

Group 1



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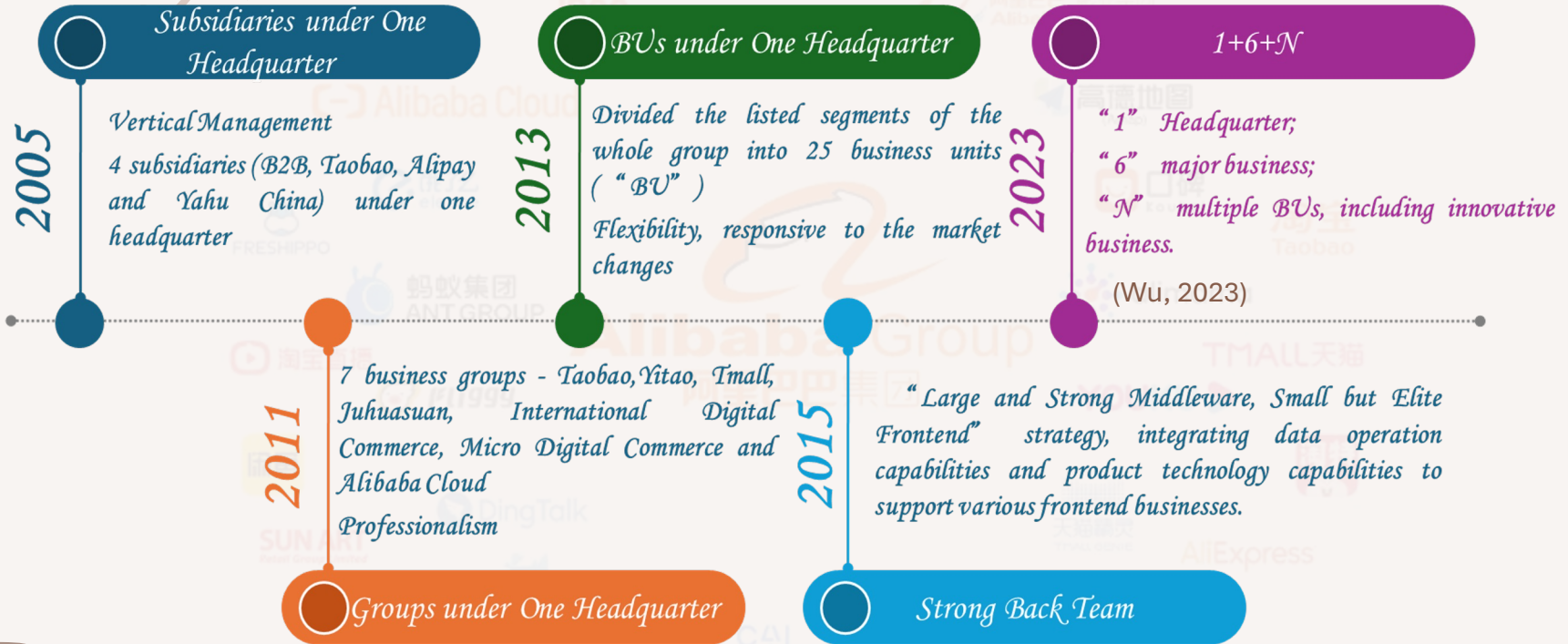
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Navigating Change

Navigating change through Yijing (易經)



Evolution of Alibaba's Organizational Structure



Connections between Eights Trigrams (八卦) and organizational evolution

Evolving



Qian (Heaven)



坤
Kun (Earth)

- **Qian** (Heaven) representing strength and a proactive spirit.
- **Kun** (Earth) representing inclusiveness and nurturing power.

Balance



離
Li (Fire)



坎
Kan (Water)

- **Kan** (Water) symbolizes obstacles, reminding people to be cautious in facing challenges.
- **Li** (Fire) symbolizes light, guiding people to find a way out in darkness.

Coordination



震
Zhen (Thunder)



艮
Gen (Mountain)

- **Zhen** (Thunder) symbolizes vibration, prompting people to have the power to act and dare to break the status quo.
- **Gen** (Mountain) symbolizes stillness, reminding people to maintain a certain stability during changes.

Harmony



兌
Dui (Lake)



巽
Xun (Wind)

- **Xun** (Wind) symbolizes communication, emphasizing the flow and exchange of information.
- **Dui** (Lake) symbolizes joy, encouraging people to find positive aspects in change and maintain an optimistic attitude.

Spirits of Four Jia (家) throughout the organizational evolution

Daojia



- **Go with Flows (顺其自然):** follow the principle of adapting to market and environmental changes.

Fajia



- **Strict Rules and Regulations:** ensure standardized and efficient operations.
- **Clear Rewards and Punishments:** incentive mechanisms and disciplinary measures are used to regulate employees' behaviour and ensure the effective execution of company strategies.

Bingjia



- **Flexibility and Adaptability:** highly flexible in organizational structure and strategic planning, able to quickly respond to market changes(1+6+N). (lslb, 2023)
- **Strategic Planning:** long-term development in strategic planning, continuously adjusting its organizational structure and expanding its business to achieve strategic goals.

Rujia



- **Harmonious Coexistence (和谐共生):** teamwork and internal collaboration, fostering a harmonious work environment.
- **Integrity:** core value of "integrity" requires employees to be honest and upright, with consistent words and actions.

Mission & Vision & alignment with Four Jia (家)

Clear Mission with Ambitious Vision

- **Alibaba's Mission** - "Make it easy to do business anywhere"
- **Alibaba's Vision** - "We aspire to be a good company that will last for 102 years. We envision that our customers will meet, work and live at Alibaba." (Alibaba, 2024)

Alignment with Chinese Philosophy

Daojia

Wu Wei(无为): open platform of services for enterprises to self-choose, rather than imposing mandatory interventions.

Fajia

Strict Rules and Regulations: healthy development - Detailed standards for merchants onboarding and mechanisms for penalizing violations.

Clear Rewards and Punishments: top-performing merchants will be rewarded with more traffic and support, while violators will be penalized or even expelled.

Bingjia

Flexibility and Adaptability: help enterprises to succeed in the ever-changing market through technological innovation and high-quality services (live streaming for sales and mini-programs).

Rujia

Harmonious Coexistence: harmonious transactions between buyers and sellers through its intermediary role (Consumer Protection Program safeguards consumer rights and enhances consumer trust).

Integrity: Alipay's escrow transaction model ensures the safety of transactions for both buyers and sellers.

Jack Ma's Leadership Philosophy

Ru-jia (儒家):

People-oriented (以人為本):

- Benevolence towards others (仁者愛人). (Lau, D., 1979) Leaders should care for their subordinates.
- Employees are the most valuable asset of Alibaba. The character 企 (enterprise) has the character 人 (people) above it, so 企業 (enterprise) may 止業 (cease to operate) without people.
- An enterprise is like a home in the workplace. When employees feel happy and being cared for, they will work hard to contribute to the enterprise and grow together with it.

Jack Ma's Leadership Philosophy

Bing-jia (兵家):

Concentrate strengths, attack weaknesses (集中優勢 · 各個擊破) (Sun Tzu, Art of War, Chapter 5&6, 2009):

- Focusing forces to target the enemy's vulnerabilities: Concentrates resources to build core competences, such as Taobao and Alipay, to establish strong market position. Not to cover all aspects but to focus on a breakthrough point

Inspire morale, unite people (激勵士氣 · 凝聚人心) (Sun Tzu, Art of War, Chapter 11, 2009):

- High morale and unity are essential for victory: Builds corporate culture to motivate employees' initiative and creativity. Employees are divided into ten levels, those at level seven and above are entitled to share options.

Sun Tzu, G. B. (2009), *The Art of War, Chapter 5 兵勢*, Oxford University Press.
Sun Tzu, G. B. (2009), *The Art of War, Chapter 6 虛實*, Oxford University Press.
Sun Tzu, G. B. (2009), *The Art of War, Chapter 11 九地*, Oxford University Press.

Jack Ma's Leadership Philosophy

Dao-jia (道家):

Non-action governance, empower and delegate (無為而治 · 放手賦能):

- Doesn't mean doing nothing, but to avoid actions that go against natural principles
- Empowers teams and delegates authority, believes in creativity and capabilities of employees. Promotes management style that provides space for team and individual to thrive.

Emphasis on inner cultivation (注重內在修養):

- Focuses on personal development and spiritual well-being
- Offers free gym facilities for employees and organizes sports events to promote physical fitness. "Happy work, serious life".
- Jack Ma brings joy to employees by performing at annual event

Jack Ma's Leadership Philosophy

Fa-jia (法家):

Clear rewards and punishments (獎罰分明) (Watson, B. 2003):

- Clear rewards and punishments to motivate and constrain employees. This mechanism effectively stimulates employees' enthusiasm and sense of responsibility.

Performance oriented (績效導向):

- Focus on results, valuing performance and outcomes. Ensure efficient completion of tasks by setting clear goals and indicators.
 - Employees are categorized into three types: good performance + lack of teamwork are "wild dogs"; poor performance + good-natured are "white rabbits"; good performance + teamwork are "hunting dogs".
 - Detailed performance evaluation system to ensure work outcomes can be quantified and assessed. first-rate execution with third-rate creativity is preferred to first-rate creativity with third-rate execution.

Jack Ma's Leadership Philosophy

HR management: A blend of Dao-jia, Ru-jia, and Fa-jia

Dao-jia: Non-action governance (無為而治) for senior management

- Full empowerment. Senior management personnel are allowed to lead and make decisions, rather than being instructed or micromanaged. Certainly not to control them with extreme distrust.

Ru-jia: Human nature is inherently good (人性本善) for mid-level (Lau, D., 2004)

- No clocking in is required. Trust they will voluntarily work overtime to complete tasks than arriving late. Evaluation is not based on time but on the quality and completion of work tasks.

Fa-jia: Human nature is inherently evil (人性本惡) for lower-level (Han F., 2003)

- Not allowed excessive flexibility and autonomy. Strictly follow the orders of managers determining what to produce while quality and progress of production are responsibility of subordinates.

Lau, D. C. Trans., 2004, *Mencius by Mencius*, 2A:6, Penguin

Han, F., Watson, B. Trans., 2003, *Xunzi: basic writings, chapter 23*, Columbia University Press

Management Framework : 3 axes 管理三板斧

Purpose: Lack of good management to handle the growth of the company

3 Axes level: To cultivate capable manager and same time achieve sustainable growth and operational efficiency (Wang J., 2023)

- A clear path for development across three levels—junior, mid-level, and senior management
- Equipped with the skills needed to drive the organization forward
- Enhancing organizational agility and strategic alignment
- Whole framework is like a model to train their own soldier



3 Axes Management 管理三板斧 (Stage One)

Stage one (Leg-level Axes)

Focus on operational effectiveness, with an emphasis on team unity and disciplined execution.

任務落地 (Task execution)

- Field commanders who build capable units and execute immediate tasks with precision
- Fix quick

建團隊 (Build your team)

- Design what kind of team member will be hired and not only hiring the right people but also making decisive moves when an individual's performance doesn't meet the team's needs, maintaining a disciplined and effective unit
- Fostering a sense of trust, loyalty, and mutual support within their team and focus on results-oriented execution, setting concrete goals and ensuring that the team meets them. (Inspire morale, unite people)



3 Axes Management 管理三板斧 (Stage Two)

Stage Two (Waist-level Axes)

emphasizing adaptability, coordination, and an in-depth understanding of strategy

懂戰略 (Strategy thinking) (Sun Tzu, Art of War, Chapter 2,, 2009):

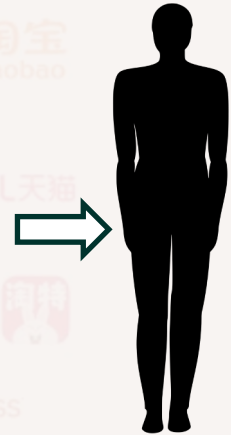
- Understand the larger battle plan and guide their units
- Similar to how military leaders are deeply acquainted with their campaign objectives, mid-level managers need to thoroughly understand Alibaba's strategic vision

Resource integration

- Ability to build the team adaptive team structure ensures that Alibaba can respond efficiently to market changes, leveraging the unique strengths of each team member

Acting as a Director

- Responsible for guiding team efforts, efficiently allocating resources, and adjusting tactics to maintain alignment with the strategic mission



3 Axes Management 管理三板斧 (Stage Three)

Stage Three (Head-level Axes)

Fostering the manager with long-term vision and decisive leadership

定戰略 (Strategy Design)

- Emphasizing on foresight, adaptability, and the ability to inspire and mobilize an entire organization
- Mission and meaning

Creating an Environment

- Creating a positive and empowering atmosphere where employees feel inspired to contribute their best work
- Provides a clear roadmap, guiding the organization towards sustainable growth and competitive advantage



Talent Management: Values

Value-Driven Talent Management

At the core of Alibaba's talent strategy lies a commitment to aligning staff values with corporate values, creating a cohesive and purpose-driven workforce that is essential for sustained growth and success

Dual Evaluation System: Align the personal value and corporate values

Performance evaluation (50%) + Value evaluation (50%)

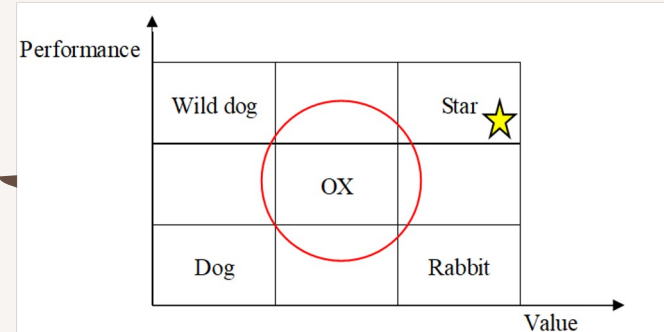
"Star" have excellent performance and good values, and they should be given more challenging tasks while being motivated

"Ox" are the majority of the backbone members, with good performance and values, and they are the pillars of the company

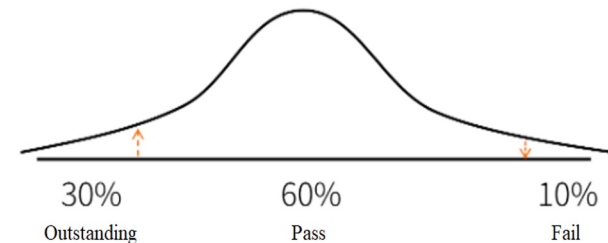
"Dog" lack both values and good performance and must be eliminated.

"Rabbit" have good values but lack performance. Many "Rabbits" end up not becoming "Ox" but become "Rabbit" instead. "Rabbit" will consume more of your energy, but your energy should be focused more on the "Ox" and "Star," so "Rabbit" should also be eliminated

"Wild Dog" are very capable but lack values. "Wild Dogs" cannot be kept because they will bite people, and as long as one "Wild Dog" is allowed to survive, other "Wild Dogs" will come.



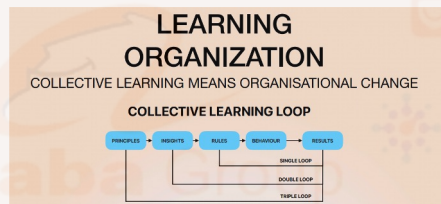
Ranking Curve



Talent Management

Practical Implementation of Values

- Alibaba's executives understand that values are not just abstract concepts but practical guidelines that drive everyday actions and decisions
- Emphasize the importance of translating values into tangible behaviors and organizational rules that are directly linked to daily operations
 - 「獨孤九劍」
 - 「六脈神劍」
 - 「新六脈神劍」



Organizational Learning

- Fosters a culture of continuous learning and improvement
- The values framework serves as a platform for collective learning, enabling employees to interpret and implement the rules in a way that aligns with the company's overarching goals
- Through dialogue, shared understanding, and cooperative work processes, Alibaba promotes a culture of continuous adaptation and evolution.

阿里巴巴

新六脈神劍

The New Six Values for the Alibaba Digital Economy

使命
Mission

▶ 让天下没有难做的生意
To make it easy to do business anywhere

愿景
Vision

▶ 活102年：我们不追求大，不追求强，我们追求成为一家活102年的好公司
Last for 102 years! We do not pursue size or power; we aspire to be a good company that will last for 102 years.

▶ 到2036年，服务20亿消费者，创造1亿就业机会，帮助1000万家中小企业盈利
By 2036, we aim to serve 2 billion consumers, create 100 million jobs, and help 10 million SMEs to be profitable

价值观
Values

▶ 客户第一 员工第二 股东第三
Customers first, employees second, shareholders third

▶ 因为信任 所以简单
Trust makes everything simple

▶ 唯一不变的是变化
Change is the only constant

▶ 今天最好的表现是明天最低的要求
Today's best performance is tomorrow's baseline

▶ 此时此刻 非我莫属
If not now, when? If not me, who?

▶ 认真生活 快乐工作
Live seriously, work happily

一群有情有义的人，在一起做一件有价值有意义的事
Well-meaning people get together to do meaningful things

2019年9月10日

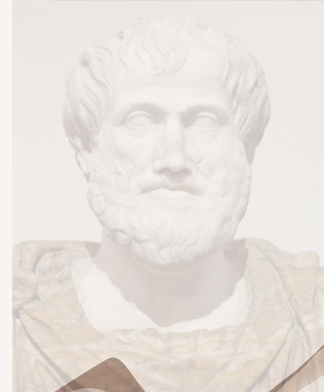
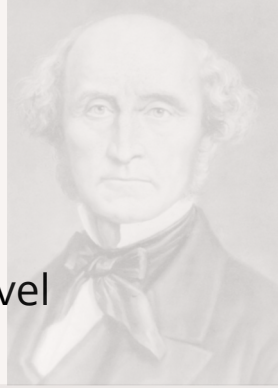
Amazon's Management: A blend of Aristotle, John Stuart Mill and William James

"We're not competitor obsessed, we're customer obsessed. We start with what the customer needs and we work backwards." – Jeff Bezos

- **Utilitarianism:** decision making for the greater good for senior management
 - Decision making based on greater good and maintain long term vision
- **Virtue ethics:** foster a culture of excellence and integrity for mid-level management on Amazon's Leadership Principles
 - Inspire others through role modelling and mentorship
- **Pragmatism:** focus on practical solutions for lower-level
 - Learning through experience, experimentation and iterative improvement

"Have backbone, disagree and Commit"
"Earn trust" – Amazon's leadership principles

"Dive deep", "Deliver results" – Amazon's leadership principles



Alibaba & Amazon: Global expansion success factors

Alibaba B2B marketplace:

- M&A:
 - **India:** Paytm mobile payment platform, which is the largest in India. Alibaba utilizes its localized marketing strategy to promote its services through multiple channels.
 - **Africa:** Jumia e-commerce platform, which is the largest in Africa.
- In-house localized services:
 - **Europe:** Ali-express, a cross border e-commerce, multilingual platform. Customized according to local needs. i.e localized logistics services in France and Spain

Amazon B2C, C2C marketplace:

- In-house localized services:
 - **India:** entered in 2013, Amazon's multi-lingual e-commerce platform. Heavy investment in logistics infrastructure.
 - **Europe:** entered in 1998, through M&A with local booksellers in the U.K and Germany. Amazon's multi-lingual e-commerce platform. Significant cloud and data center services (AWS) growth.
 - **Japan:** entered in 2000, by introducing localized e-commerce platform
 - **Australia:** entered in 2017

Alibaba FY23 by segment

FY23
Ending Mar. 2023

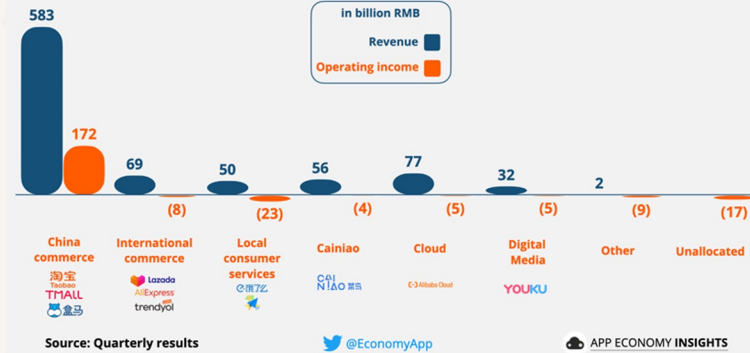
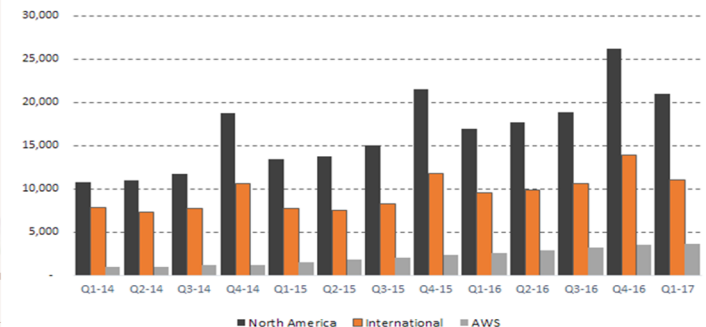


Figure 1: Amazon segment revenue



(Source: Seeking Alpha)

Challenges in cross cultural operation

- B2B vs B2C,C2C
 - Alibaba: Manufacturing, suppliers & customer, deep vertical integration
 - Amazon: Mainly customers focused, horizontal integration

- **Amazon**

- Individualistic
- Deductive
- Logic based
- Reality based



- **Alibaba**

- Collectivistic
- Inductive
- Holistic
- Metaphorical

Facing the rapid changes in environment

Risk Awareness and Prevention:

- Scrutinizing Consciousness (You huan yi shi 忧患意识): This concept from traditional wisdom emphasizes the importance of being vigilant and proactive in identifying potential risks and challenges. Alibaba's leadership should maintain a sense of 忧患意识, constantly scanning the horizon for emerging trends in AI and other technologies that could disrupt their business model. They should develop robust risk management frameworks to anticipate and mitigate potential threats.



Facing the rapid changes in environment

Strategic Foresight:

- The Dao of Sheng Sheng (生生之謂道): This principle from the "I Ching" suggests the continuous process of growth and regeneration. Alibaba should embrace this philosophy by fostering a culture of innovation and adaptability. They should invest in research and development to stay ahead of AI trends, creating new products and services that not only respond to current market demands but also shape future ones.



Facing the rapid changes in environment

Case Studies of Crisis Management:

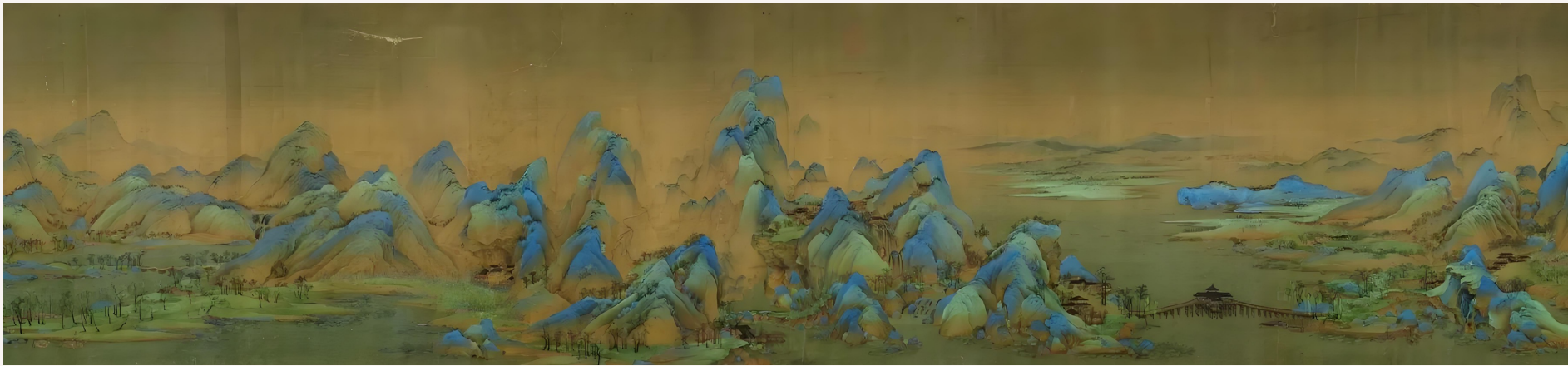
- Self-reflection (Zi wo fan xin 自我反省): In the face of crises, Alibaba's leadership can benefit from engaging in self-reflection to learn from past experiences. By examining how they've managed previous challenges, they can identify strengths and weaknesses in their crisis response strategies. This introspection can inform more effective crisis management plans for future scenarios.



Facing the rapid changes in environment

- Adopt a Flexible Leadership Style: Rapid changes often require swift and adaptive decision-making.
- Empower and Develop Talent: As AI evolves, the skills required within the organization will also change.
- Build Resilience: Develop systems and processes that are resilient to shocks.
- Leverage Technology: Alibaba, being a tech giant, should leverage its own technologies to stay ahead.
- Engage in Ethical Considerations: As AI evolves, ethical considerations become increasingly important.

千里江山图



Thank you!
Q&A

