

The Study of Contributions the Human Resources Management of Alibaba Made When the Company Was Facing Problems



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ABSTRACT

The purpose of this thesis is to take a look at what contributions the Human Resource Management in Alibaba has made to the company when Alibaba was facing external and internal problems by comparing the theories of human resource with what the management of Alibaba has done.

The thesis first describes Alibaba's background and is the reason why the author decided to write this thesis. In the second chapter, several theories of Human Resource Management are introduced to enhance the comprehension of the actions made by Alibaba.

The thesis then identifies five representative events during the company's development and analyses the role the Human Resource Management in Alibaba played.

In conclusion the author uses the information gained from the theories and the analysis presented to define the main contributions of Human Resource Management in Alibaba and made as well gives reasonable recommendations. Moreover, the thesis hopes to help people have a better understanding of the Human Resource Management.

Keywords Alibaba; Human resource management

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1 INTRODUCTION

1.1 Background

The reason why the author chose this topic was based on a video called Dream Maker (Alibaba 2017), which is the official documentary produced by the Alibaba Group. Alibaba is one of the most famous Chinese companies in the world. What the company has achieved can be considered as a miracle because there was no one believing that Alibaba can be so successful in less than 20 years when it was found by Mr. Jack Ma and his team in 1999.

The documentary Dream Maker clearly illustrates different periods of Alibaba's development as well as describes how the company caught the opportunities and how it solved the problems it was facing. When watching the documentary, the author found that the way Alibaba managed its human resources was very innovative and fearless in its early age. Especially when the company was facing problems and threats, what it decided to do differed from what other companies' choices were at that time.

Those innovative and daring reforms Alibaba did may be very normal in today's business environment. However, in the early 2000s, those ideas and reforms had never been heard in China. Alibaba's daring and innovative ideas and plans were deemed to be ridiculous and useless even some employees inside the company did not have confidence about where the company's future would be at that time. However, great changes as well as satisfying results from those new measures proved that Alibaba made the right choice.

Human Resource Management (HRM) is sometimes intangible for people to study and understand. The main point of HRM is studying and analyzing people's personality and behavior. Humans are more difficult to control compared to other subjects because humans are more complicated. There are plenty of theories about HRM, but the author holds the view that the real situation can be more complicated, and human's behavior is always unpredictable because theory cannot cover all human's thoughts and behavior.

Consequently, when studying HRM, it is inappropriate to analyze all problems based on what the theories say. Theories must be applied practically. Therefore, by studying the HRM of Alibaba, it was a great opportunity to understand how to put theories into real situations.

In the following chapters, the author will give clearer and more detailed analysis of what Alibaba's HRM did to assist the company when facing problems and threats as well as illustrate the similarities and differences between theory and real practice.

1.2 Research question

The research question for this thesis is: *How did Alibaba manage its Human Resource when external or internal problems occurred?*

To answer the research question, the author searched the data based on the timeline of Alibaba's development and chose the most representative problems or threats to analyze how its HRM did in that situation.

1.3 Company background

Alibaba was found by 18-people team led by Mr. Ma Yun (Jack Ma) in 1999 in Hangzhou, China (Alibaba Group 2017). However, it is not the first company that Mr. Ma has established. In April 1995, Mr. Jack and his team established websites called The Chinese Yellow Pages and The Ministry of Foreign Trade, which aimed at the Business to Business (B2B) model. According to Mr. Jack Ma's early interview record, the main idea of those websites was to show the whole world what information China has. In the mid-1990s, the Internet was totally a new word for China. At that time, there was already tons of data about western countries including food, news, culture and so on but there was no data and information about the Chinese society on the Internet. Consequently, after a business trip to U.S.A and seeing what the Internet was, Mr. Jack Ma devoted himself to develop the Internet industry in China as soon as he came back. However, at that time, although those new E-commerce websites created ripples in the Internet world in China, they faded away soon with the suspicion and dispute about the Internet.

By analyzing and concluding the failure of the former business, Mr. Jack Ma and his team started a new business in 1999. Alibaba was created at that time, which aimed at small and middle enterprises all over the world. The core idea of Alibaba is to make it easy to business anywhere. (Alibaba 2017.)

Alibaba was found in the age when Internet just started to be developed in China. There was no website like Alibaba as well as online trade platform at that time. Therefore, Alibaba's core idea sounded ridiculous and impossible for most people even for some employees in the company.

Alibaba received its first investment from Goldman Sachs, Fidelity Investment and other investors in October 1999. However, before that, Alibaba had been rejected 37 times by investors. (Alibaba 2017.)

When looking back at the process of Alibaba's development, Alibaba has gone through countless barriers and problems from both the internal and external environment. When Alibaba's first online trade platform Taobao.com was found in 2006, it was also the same year that eBay entered Chinese market. During that time, people regarded this competition as throwing straws against the wind because Alibaba was just a new company while eBay was a global online trade platform. No one could ever believe Taobao.com could survive the competition.

When eBay first came to the Chinese market, it occupied 95 per cents of the marketing share but there was only 1 per cent of the whole Chinese population online. Three years later, this number turned to 52 per cent. In the same year, eBay quitted from Chinese market. (Alibaba 2017)

2 THEORETICAL FRAMEWORK

This research applied the following theories

2.1 Human Resource Management

Although artificial intelligence and computers are developing rapidly in the present era, the operation and development of an organization is still based on humans instead of computers. If an organization wants to operate efficiently and effectively, it is of great significance to manage the people in the organization.

Human Resource Management (HRM) is the planning, organizing, directing and controlling the people of the organization to perform more efficiently and effectively. The overall goal of HRM is to ensure that the organization can reach the goal and gain competitive advantages in the market through people. (Mamoria & Gankar 2008, 346.)

The main functions of HRM can be divided into six parts, which are Human Resource Planning, Recruitment, Training and Developing, Performance Appraisal, Compensation and Benefit Administration and Labor relationship. (Mamoria & Gankar 2008, 340 – 348.)

2.1.1 Six functions of HRM

Human Resource Planning

When an organization is developing, its company scale starts to become bigger and there will be some new jobs showing up. One function of HRM

is to analyse what kind of human resources the company needs. For example, one Chinese company call Auto Home, which is the biggest online automobile forum in the world. In the past few years, it has developed and enlarged rapidly. As it is an internet company, Auto Home is in bad need of internet specialists. The page view also grows up rapidly when the company's scale becomes much bigger, which means it need more people to work for it to ensure the stability of the website.

Beside finding what kind of human resource the organization need, HRM is also responsible for getting the utmost out of current human resource and finding out the surplus in the organization. Good HRM managers can put right persons on the right positions and eliminate people who are not competent.

Recruitment

It is because this part has the most uncertainty and one choice may impact the whole organization's operation. (Mamoria & Gankar. 2008, 24.)

Recruitment process can be divided into four steps: planning, selecting resumes, deciding interview times if need and making decisions. Taking the normal recruitment process in China as an example, departments will give the specific instruction of the positions to the recruiting team such as jobs description, skills required, working experience, compensation and so on. After that, the recruiting team will publish the information in the official website and other platforms online. When they receive some resumes from outside, the recruiting team will do a preliminary screening of all resumes they have received. In China, the overall look of the resume is of great importance. Most Chinese HR managers prefer innovative and concise resumes. Due to the quantity of the whole population in China, recruiting team need to see plenty of resumes per day. Therefore, conventional styles are hard to have their attention unless there are something unexpected.

When the recruiting team selects the appropriate candidates, the next step is to book interview times with the candidates. The recruiting team will inform the candidates by email or phone. In some company, recruiting team will first make a brief phone interview with the candidates, which includes questions such as introduction, personal skills and on-board time. As for some positions with languages requirement, candidates will be asked to use stated language to answer the questions as well.

When candidates pass the phone interview, they will receive an invitation to participate in the face to face interview in the company. Nevertheless, the interviewers are not from the recruiting team (unless it is the position of HR department). They will be the managers or directors of the department that candidates are going to work in. During the face to face interview, candidates will be asked questions related to the profession,

former working experience, education background and some private questions. The interviewer will assess the candidates based on the overall performance in the interview then decide whether he/she has passed or failed. If a candidate's overall performance is very outstanding and have left a brilliant impression to the interviewer, he/she may be hired immediately, but in most situation, interviewers will ask the candidates to wait information for couple of days. Consequently, companies make final decision based on two things, the resume and the performance in face to face interview.

As it stated above, when most companies hire new employees, they can only assess the person through two things. People are different and complicated, it is impossible to completely understand a person only through resume and interview. Therefore, recruitment is of great demanding of HR managers' observation and judgement. As the author said before, one choice may impact the whole organization's operation. When an organization has hired people who are not suitable, it will bring problems. (Mamoria & Gankar. 2008, 24.)

Training and Developing

Training and developing in a company aim at improving employees' quality of work and helping new employees get familiar to their jobs. Moreover, they will get suggestion and counselling from elder experienced employees, which is beneficial to their own career development (Mamoria & Gankar. 2008, 24). There is different between training and developing.

Training is a process of learning and understanding a series of programmed behaviour. It mainly aims at giving knowledge to people who do not know or are not aware of it (Mamoria & Gankar. 2008, 172). Training is essential to new employees because they do not know the rules and principles of the company as well as the procedure of their new job. It will be hard for new employees who have not been trained to start their work immediately.

Nevertheless, training is not only for new hired employees. Nowadays, employees need new knowledge nearly every day in many sectors, which increases the need for continuous training. In the first situation, employees who participate in the project need time to get familiar of the instruction of project as well as what exactly they need to do. In another situation, when company have experienced a big reform, it is no longer the environment people used to work in. There will be many different places. Taking China as an example, Internet in China was not as advanced as it is now in 10 years ago. When internet becomes more and more advanced, companies need to train its employees to accept and use it. Otherwise, they would lose competitiveness in the market. Now wireless technology and cloud calculation is used widely, if a company do not train its employees about this but insists to use the out-date technology, its

effectiveness and efficiency will be affected, and it will be left behind by its competitors.

Professional development is related to training process, but it does not only cover improving employees' job performance in the organization. It brings great improvement to their professional growth as well, motivating them to discover their potential capability and makes them become mature. Good developing does not only help people become better worker, they will also become better men or better women in their private time. (Mamoria & Gankar 2008, 173.)

Performance Appraisal

Performance Appraisal is a process that assess how employees have performed in terms of the requirement of the jobs. The whole process can be divided into three steps: setting the standard, evaluating how employees performed related to the standard and giving feedback to employees. (Mamoria & Gankar. 2008, 239.)

Setting the standard means the managers need to define what goals the department or individuals should reach in a specific period. For example, a salesman is supposed to sell 50 computers to customers in one month. '50 computers' is a standard that this salesman needs to reach in one month.

When a standard has been set, managers will use it to evaluate employee's performance during the work. A complete evaluation process consists of many aspects. Whether an employee reaches the standard is an important index of the whole process. If he/she has not reached it, reasons are supposed to be clarified as unexpected accidents or personal problems.

After evaluating the performance of an employee, the last step is to communicate with him/her and give feedback. Employees who have done good jobs and have reached the standard will be asked to keep and to try to do it better next time, besides, some organizations requires job reports, which can help employees who have not reached the standard to learn some useful experience and skills. For those who have not reached the standard, problems and troubles during the work have been identified in evaluation. What managers are supposed to do is to communicate with those employees and help them to solve problems.

Performance appraisal has been considered as the most significant and indispensable tools in an organization to make decisions regarding promotions, merit increases and punishments (Mamoria & Gankar. 2008, 243). Employees' strengths and weaknesses will be clearly pointed out through the accurate information provided by performance appraisal. Managers can clearly see which employees need to be trained to improve individual's capability. (Mamoria & Gankar. 2008, 244.)

Compensation and Benefit Administration

Compensation and benefit are defined as the wages and other substantial welfare employees can get through working for the organization. The main purpose of it is to maintain a labour-cost structure in the organization (Mamoria & Gankar. 2008, 280). It means that what employees can get should be equal to how much contribution they have made for the organization.

Labour relationship

This part is related to labour law. When an organization decides to hire someone, there should be a legal contract signed by both the organization and the individual. (Mamoria & Gankar. 2008.)

2.2 The Three-step Models by Kurt Lewin

This theory by Mr. Kurt Lewin gave managers or change agents a framework to do the change in the organization. In this theory, Mr. Kurt Lewin describes a change process in 3 steps: Unfreezing; Changing and Refreezing. (Lewin. 1935, 74 – 105.)

2.2.1 Unfreezing the present level

The first step of Lewin's three-steps theory is called unfreezing. During this time, organization is preparing for a change. The most representative phenomenon in this step is the intense resistance to what is going to happen. When people get used to an environment, it is quite difficult for them to abandon it and to accept a total new circumstance.

For an organization, the most important part in this time is to recognize and admit that the current way of operation is no longer acceptable. This is also the reason why there will be resistance and fear. During this time, an organization needs to challenge it beliefs, values and attitudes which were correctly defined and widely admitted earlier (Lewin. 1935, 75 – 78) Therefore, when an organization overturns what it used to believe, negative comments, self-doubt and anxiety will appear inside the organization.

To understand this step much deeply, there is another theory created by Mr. Kurt Lewin called Force Field Analysis (Lewin. 1935, 78 – 80). By studying this theory, it will be much easier to understand why there is resistance to a change process.

In Mr. Kurt's Force Field Analysis theory, there are always two opposite forces existing when a change or a reform is going to happen. One of them is to motivate and drive the process, which can be defined as 'Pros'. The other one is the force against what will happen and keep situation as

normal, which can be called 'Cons'. Those two forces keep each other in balance before change. However, if an organization is going to have a change, the balances need to be broken. During this time, the organization must make sure that the forces driving for change overweighs the forces against change. In other word, an organization must estimate the pros and cons and ensure the pros outweighing the cons so that the change can be successful. (Connelly 2017.)

To make sure the change process can be applied well, the most vital step for the organization is to eliminate the barrier of the change process and get employees motivated. Employees can only be motivated when they realize that a change is necessary, and it can bring better results. The more people feel how urgent and essential it is, the more they will get motivated to have a change. Consequently, the change process will be accepted much easier by employees when there is complaint and dissatisfaction about the current environment in the organization or when employees are aware that a change will make the organization more competitive in the future.

2.2.2 Changing to a new level

After experiencing the uncertainty and challenges in the first step, the organization is moving to the second steps called Changing, which is considered as the hardest part in the whole process of change.

When the organization enters this step, it means the change is starting. In the first step, people only felt shocked and they were denial about what was going to happen. They had emotional resistance, but it was not so strong. Some people even can be convinced of accepting the change. However, when the change really comes, those resistant emotions will be much stronger. Some people will be more fearful and anxious than they were before. (Lewin 1935, 83 – 84.)

However, when those people really stand on the edge of the platform and look down, at that moment, they will feel much more fearful at that moment. Besides, the resistant emotion will be stronger and more intense as well. It is not easy for people to convince themselves to overcome their inner fear and decide to jump from the platform. People who are in second step of change have the same feeling as those who are going to jump down as well. (Connelly 2016.)

Unfortunately, there must be someone who will be harmed by the change process especially those people who can get great benefit from the status quo now. It will take them more time to recognize what benefits the change can bring to them. Managers of the organization need to be patient about some negative phenomena because satisfied results will not show up immediately. (Lewin 1935, 84 – 87.)

The following chart is called The Change Curve, which describe the fluctuation of people's performance towards to the change with time going by.

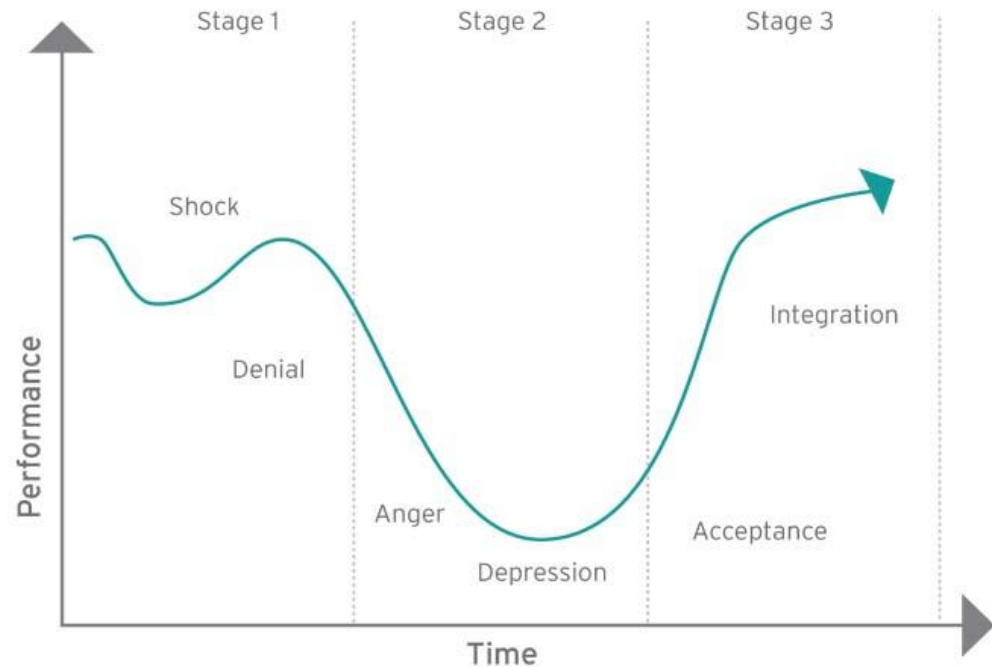


Figure 1. The Change Curve (Connelly 2018.)

When the organization starts the change process, at the beginning, people's feeling is corresponding to Stage 2 in Figure 1, which are angry and depressed. A change can never complete overnight, it is a time-consuming process. As it is showed in Figure 1, people's performance declines when entering Stage 2 in the beginning and rises at the end of it. There is no time limit for how long this fluctuation will last because every organization as well as every individual is different. However, it is possible to reduce the time when the organization is well managed.

During the change step, cohesion force is quite vital. The goal of the change can only be reached when the whole organization is united in a coherent vision. Support and communication play an important role in this phase. Since different people have different level of comprehension capability, frequent communication can help some of them not to lose direction and to remember where they are heading. There is one useful method called Role Model (Fejes & Dahlstedt 2017). It is the most effective way for people to learn a new idea or found new attitude by watching and imitating how others are doing. The role model is what the organization expects its people to be. Consequently, when people are aware of what they are expected to become, they have a specific direction to go. What they should do is to learn and perform as same as the model does.

As it illustrated in Figure 1, after experiencing a certain time of the change, people's performance transform from angry and depressed to acceptable and integrated. This fluctuation appears because people start to realize the benefit of the change and gradually form new attitude as well as get used to the new environment. As it was said above, there is not particular time limit in this step when people in the organization start to accept the change process and devote themselves to it. It can be considered as a signal of successful change.

2.2.3 Refreezing the new level

The last step of Kurt Lewin's theory is called Refreezing. When the organization enters this step, it means the change is almost complete. The organization has new value, belief and attitude. People are willing to stay and work in the new environment.

In this step, the most important thing is to keep the new situation stable and make sure it cannot be overturned and changed easily over a period in the future. People who have went through the whole process of change are supposed to assess themselves as well, which means that they should clearly realize whether their new attitudes match what the organization expected them to have. Their performance will be compared to the role model. Since every individual is different, their performance can be in various degrees of deviation compared to the role model. Some of them even do not approve the model. To solve this problem, support and encourage is essential. Because change will never be completed in one night, some people need more time to get used to a new environment.

To make sure the new attitude and performance can last for a long time in the future, communication between each other is also important especially for those who have closed connection such as the HR departments and finance departments. Besides, some new relationships may be formed due to the change. Knowing others' attitudes and behaviors is helpful to enhance own comprehension of the new environment and to start building new commitment in the organization.

When the whole process is completed, it is significant to celebrate the success of change, which can give people clear signal of the closure and let them believe changes in the future can be successful as well.

2.3 Managing Change

When an organization is going to have a change, it must be planned and managed carefully and systematically. If the change is not unmanaged, it cannot reach the minimum acceptance.

Managed vs. Unmanaged Change

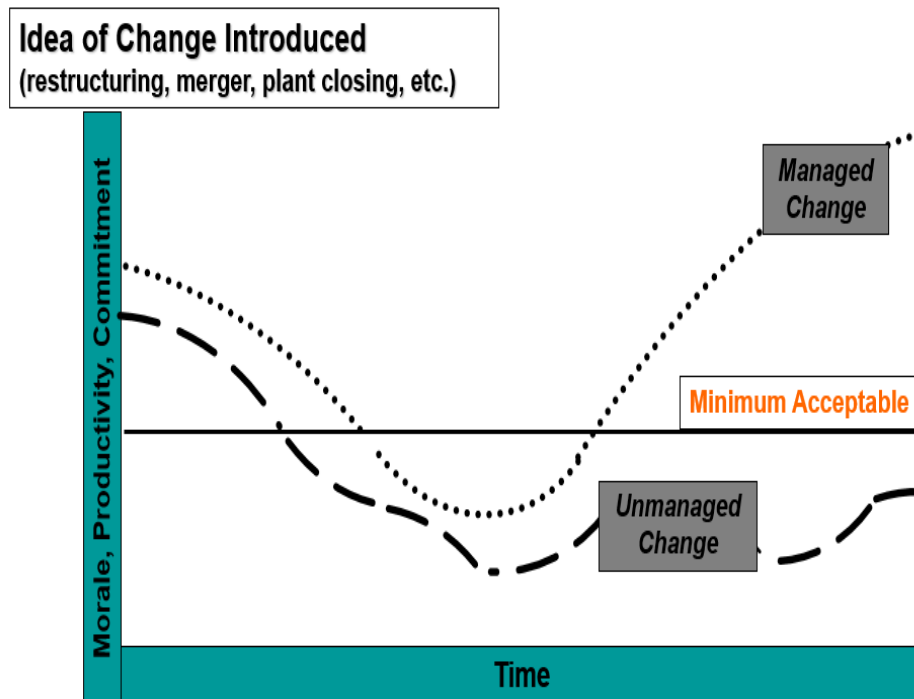


Figure 2. Managed vs. Unmanaged Change (Aarnio 2017.)

Based on Figure 2, it describes that people's morale, productivity and commitment will fall below the minimum acceptance so long as there is a change no matter it is managed or unmanaged. However, for managed change, people's emotion will rise with time going by and it will reach the minimum acceptance in a specific time. Nevertheless, when change is unmanaged in the organization, after falling below the minimum acceptance, people's performance will stay there. It is much harder to go up and it even cannot reach the basic standard any more (Aarnio 2017).

When the organization is applying managed change, every process is clearly stated as well as controlled systematically and people have a general direction about where they are heading. Before the change is really coming, the managers have the responsibility to introduce the whole picture to their employees and make them have a basic comprehension about what and how to do it. Therefore, when the change starts, although people's performance will be negative in the beginning, there are still clear routines in their mind about what to do next. What they need to overcome is their own negative emotions such as depression and fear but there are only few tangible barriers during the process and all of them are easy to be solved. As time goes by, people in the organization will gradually figure out the benefit of the change as well as get used to new situation and they

start to be active. During this time, the implementation of the change start to be smoother and it will soon reach the minimum acceptance.

However, if the change is not well managed, there will be plenty of problems occurring during the process. When an organization's change process is unmanaged, its goal and direction is equivocal. Managers do not have a clear clue about where they are heading. Employees are confused about what they are doing. During this time, the operation of the organization will be chaotic and disorder. When people feel the situation turns to be worse day by day, their morale and productivity is also influenced, and they will be more negative about the organization's future. In few situations, unmanaged may get satisfied results in the end but it will cost longer time than managed change. Even so, the results still cannot reach the minimum acceptance of the organization.

2.4 Strength, Weakness, Opportunity and Threat (SWOT) Analysis

SWOT Analysis is a frequently used tool to help an organization make strategic decisions. The analysis is divided into 4 parts, which are Strength Analysis, Weakness Analysis, Opportunity Analysis and Threat Analysis.

In general, Strength and Weakness Analysis is considered as internal analysis, and Opportunity and Threat Analysis is external analysis. Combining both internal and external analysis, it is clear for companies to evaluate the competitive position in the market.

2.4.1 Internal Analysis

Internal Analysis is to analyse the strength and weakness existing inside the organization. The objectives need to be analysed include the location of the organization, the business pattern and so on. Internal objectives can be changed by the organization over and over time again.

Analysing the strength of the organization is to figure out which parts of the organization have the most competitive power compared to the competitors. When the strength is defined, the organization are supposed to ensure how to get the maximum returns through it. For example, it may include following questions:

- a) Which aspects do your organization perform well?
- b) Do your organization have strong facilities and infrastructures?

Weakness Analysis is to find which parts in the organization are lack of competition compared to the competitors. When defining what weakness is, organization should eliminate or reduce the bad effects caused from it. It may give answers to the following questions:

- a) Is the location of your organization good enough?

- b) Which parts of your business need to be improved?

2.4.2 External Analysis

External Analysis is to analyse objectives outside the organization such as the suppliers, customers, competitors and so on. External objectives are existing in the external market, which will not be changed or affected by the organization's change.

Opportunity Analysis defines the external objectives that may have positive effects to the organization or factors that the organization can get benefit from. It may include the following questions:

- a) Are there any opportunities existing in the market already that your organization can get benefit from?
- b) Will the market change recently and bring new opportunities?

Threat Analysis defines the external factors that the organization cannot control or may cause negative effects to the organization. It includes the following problems:

- a) Who are your competitors?
- b) Are there any factors beyond your expectation that may cause your business at risk?

2.4.3 The Combination of Internal and External Analysis

After defining internal and external results, the next step is to develop strategies based on SWOT results.

	Opportunities (external, positive)	Threats (external, negative)
Strengths (internal, positive)	Strength-Opportunity strategies Which of the company's strengths can be used to maximize the opportunities you identified?	Strength-Threats strategies How can you use the company's strengths to minimize the threats you identified?
Weaknesses (internal, negative)	Weakness-Opportunity strategies What action(s) can you take to minimize the company's weaknesses using the opportunities you identified?	Weakness-Threats strategies How can you minimize the company's weaknesses to avoid the threats you identified?

Table 1. Strategies developed from SWOT analysis (Berry n.d.)

In Table 1, it shows the way to develop strategies based on the SWOT analysis. Strategies are developed by analysing how internal and external factors overlaps with each other. Based on the result of SWOT analysis, there can be 4 strategies, which are Strength-Opportunity Strategies, Strength-Threats Strategies, Weakness-Opportunity Strategies and Weakness-Threat Strategies. (Berry n.d.)

Strength-Opportunity Strategies (Berry n.d.) means that when the strengths of the organization have been identified, the organization should use the strengths to maximum the opportunities.

Strength-Threat Strategies (Berry n.d.) denotes that how the organization use its strength to reduce or eliminate the threats from external environment.

Weakness-Opportunity Strategies (Berry n.d.) means that how the organization use the opportunities defined to minimize the internal weakness.

Weakness-Opportunity Strategies (Berry n.d.) means how the organization should do to minimize the internal weakness to reduce the external threats.

In general, using SWOT analysis will help the organization have a clear view about its current situation. The factors identified in SWOT analysis can be considered as one important information for the organization's future's plans making. (Berry n.d.)

2.5 Transformational Leadership

Transformational Leadership is a concept mentioned by Mr. James McGregor Burns in his book *Leadership* in 1978. He defined this style of leadership is 'a process where leaders and their followers raise one another to higher levels of morality and motivation (the Mind Tools Content Team n.d.).

This kind of leader has the following characteristics (Kolehmainen 2017):

1. Understand and adapt to the needs and motives of their followers
2. They are change agents or role models
3. They can create and articulate a clear vision
4. They have charismata
5. They are trusted

In the organization, transformational leaders are good at finding new ideas. Consequently, they always have a clear clue about the next goal. In terms of Alibaba, its core founder Mr. Jack Ma is a typical transformational leader.

2.6 Maslow's Hierarchy of Needs

Mr. A.H. Maslow came up with this theory in his article *A Theory of Human Motivation* in 1943. In his theory, he divided all kinds of needs of human into 5 different levels, which were Physiological Needs, Safety Needs, Loving or Belonging Needs, Esteem Needs and Self-actualization from low to high (See figure 2.7.1). (Maslow 1943, 4 – 18.)

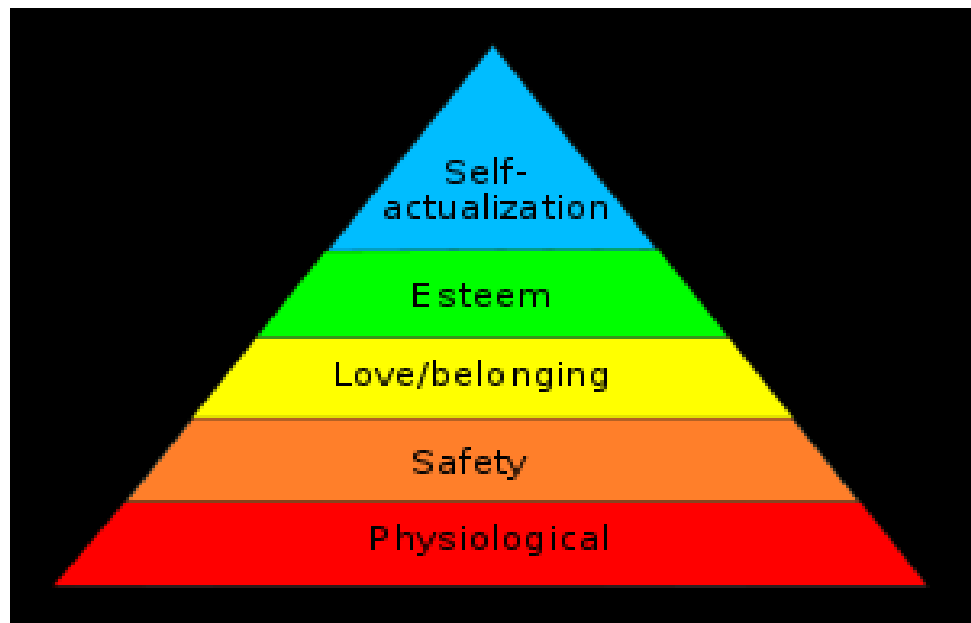


Figure 3. Maslow's Hierarchy of Needs (Maslow 1943)

2.6.1 Physiological Needs

Physiological Needs are the most fundamental needs of human being, which includes foods, water, air, sex, sleep and so on. All physiological needs are objects (except sex) that humans live by. If any of them cannot be satisfied, the operation of human's body cannot work normally. In other word, people's live will be threaten if anyone of them is not satisfied. Only when physiological needs are fulfilled, it is possible for people to desire the next level of needs. (Maslow 1943.)

2.6.2 Safety Needs

Safety Needs are the second level of Maslow's hierarchy of needs (Maslow, 1973). When people enter this level, more physiological needs will not them any longer. People who have been satisfied with physiological needs will desire for more. Maslow believed that an organism can be considered as a mechanism that desire for security and safety while the basic needs have been satisfied. Safety Needs includes personal as well as family security, health insurance, property security and resource ownership. (Maslow 1943, 6 – 8.)

One example may help to understand what the Safety Needs is. If there is hungry tiger living in a forest, it firstly wants to have foods and water, which are the most basic needs for it to keep its body operate normally in case not to starve to death. When it has enough food and water, it will find

a way to keep its food not be eaten by other animals. Meanwhile, it will also try to not be killed by hunters or other tigers. (Maslow 1943, 6 – 8.)

2.6.3 Love or Belong Needs

Love or Belong Needs includes friendship, love and kinship. When people have already been satisfied with physiological needs as well as safety needs. They will desire for emotional needs more than physical needs. (Maslow 1943, 9.)

Different people have different levels of the desire of emotional needs, which are related to people's unique experience, background, education and religious faith. People desire to be loved and taken care by other people when all physical needs are satisfied. (Maslow 1943, 9 – 10.)

2.6.4 The Esteem Needs

All People wish to have respectable social status especially when they have both physical and emotional needs satisfied. The Esteem Needs can be divided into two parts, internal and external esteem needs.

Internal Esteem Needs denotes people wish to be self-confident, independent, competent and be have self-esteem in any situation. External Esteem Needs means people desire to be respected and reliable by other people. (Maslow 1943, 10.)

Maslow believed that fulfilling people's esteem needs can make people have confidence in themselves and experience the value of living. (Maslow 1943, 10.)

2.6.5 The Needs for Self-Actualization

The Needs for Self-actualization is the highest level of Maslow's hierarchy of needs, which denotes accomplishing personal goals, accepting oneself while accepting others as well and having high conscientiousness. It also illustrates that one must do a competent job, by which they can feel greatest happiness. (Maslow 1943, 10.)

Maslow also said in his theory that the way to achieving self-actualization is different between each other. The requirement for satisfying the needs for self-actualization is to explore one's potential power to become the one he/she wants to be. (Maslow 1943, 11.)

2.6.6 Summary of Maslow's Hierarchy of Needs

According to Maslow's hierarchy of needs, people will only desire new level of needs when the lower level of needs are fully satisfied. If several needs have not been satisfied in the same time, people will desire to have the most basic needs satisfied. For example, when a person is lack of food, sense of security, love and respect in the same time, he/she wants to have food at most and higher level of needs cannot motivate this person. In this situation, this person's consciousness is fully occupied by hungry so his/her all energy will be used to finding foods. (Maslow 1943, 12 – 14.)

It will be the same situation in an organization as well. Employees' need must be satisfied level by level. If employees' basic needs have not been satisfied yet, they will not be motivated even providing higher level of needs.

2.7 Summary of theoretical framework

The theories and tools mentioned here would be used in Chapter 4, Analysis of The Actions That the HR in Alibaba did for the analysis the author did to understand the HRM in Alibaba more deeply.

However, when comparing what is said in the theory with how the HRM of Alibaba did, the author found that similarity as well as difference coexist simultaneously. The real business environment will be more complicated than the situation illustrated in theories. Theories cannot cover all business situation. What have learned from theoretical parts are supposed to be applied flexibly in reality.

3 THE CONTRIBUTION OF HRM IN ALIBABA

This chapter is divided into six different parts, which are The Early Age of Alibaba, Internet Bubble Period, SARS Crisis, The Birth of Taobao.com, Internal Crisis in 2011 and Barriers of Inventing Own Cloud Computing System. Each part illustrated the problem or threat Alibaba was facing at that specific time. As it showed the documentary Dream Maker, Alibaba could have already vanished if any of them had not been solved correctly.

In each part, the author first described what the problem was, when and why did happen as well as how the problem would affect Alibaba. After that the author showed how the HRM in Alibaba did when the company was facing problems and what kind of result or change happened after the HRM in Alibaba's action.

Although it cannot be said that Alibaba could survive from over and over problems all due to the contributions of the HRM in the company, the

efforts that Alibaba's HRM made were indispensable when fatal problems appeared. In some situation, decisions that the HRM in Alibaba made were very adventurous. Any mistake could be the final straw that made the company broken rather than saving the company. But when look back at those choices the HRM made at that time today, they may be considered as the most correct choice.

In next chapter, the author would analyze the HRM in Alibaba's actions and choices described in this chapter based on the theory mentioned in Chapter 2.

3.1 The Early Age of Alibaba

When Alibaba was founded in 1999, there were only 18 people in the whole team and most of them were very confused as well as uncertain about how the company should run and what exactly the core idea was. Besides, at that time, Alibaba was just a small-scale company. Its human resource was limited so one person had to be responsible to several jobs.

Even there were only 18 people in the whole team, they need to be managed as well. However, since the quantity of the human resource was limited, there were not any management team in Alibaba at that time. All management jobs were taken care by Mr. Jack Ma at the beginning.

The time when the company had just been founded was one of the hardest times for employee in it. As it described in the video *Dream Maker*, when Mr. Jack Ma gave the talk in the first employees conference, all people there felt nothing but confused. Nobody knew what exactly they should do. Besides, what Alibaba aimed at was an online platform that serves small and middle enterprises, helping them to make easier trade. However, that idea was too advanced to be widely accepted in late 1990s. The external barriers Alibaba was going to meet were more and harder than it expected.

When the company was just founded, there were plenty of jobs but there was not a systematic management structure at that time. Therefore, Mr. Jack Ma had to be responsible to the management jobs.

The biggest challenge of Alibaba at that time was to receive its first external investment as soon as possible. As it illustrates in the video *Dream Maker*, the capital that Alibaba used to establish the company was gather from all team members' personal savings. However, that money could only support Alibaba's operation by the end of the summer in 1999. The company would be bankrupt if there were no new capital coming. Consequently, Alibaba had to receive an external investment to support the company's normal operation and avoid broken.

However, Alibaba's business idea was too reformatory in the late 1990s, which resulted in that most venture capital companies considered it as a ridiculous story and did not want to start cooperation with Alibaba. During that period, Mr. Jack Ma's job was to find a venture capital organization that was willing to invest Alibaba's advanced idea. Nevertheless, his idea and request were rejected over and over. As Mr. Jack Ma said in an interview, he was rejected 37 times in total during that time

Continuous failure resulted in huge challenges for Mr. Jack Ma and Alibaba. They did not only face the situation that the company was going to run out of money, but also how to make sure this problem would not impact Alibaba's other employees. Once people knew Alibaba had been rejected by 37 times, they would lose passion and productivity. By that time, Alibaba would have no choice but go bankrupt.

As a transformational leader, Mr. Jack Ma has far-sighted strategic thinking and clear vision about the company's future. Besides, he knows how to motivate his colleges and he has a kind of charisma that people are willing to work with him and trust him.

To make sure every team member could concentrate on work rather than impacted by the external troubles, Mr. Jack Ma did not tell the team the truth. On contrary, he told them a lie, which lasted for a long time and was revealed in recent years.

Every time Mr. Jack Ma was rejected, he told the team it was him who rejected a venture capital organization. As a leader, he knew that if this bad news spread in the company, all team members would lose their enthusiasm and become passive about the company's future. No matter how magnificent the company's idea was, if people knew that the ideas could be accepted by the market, they would become passive and lose passion.

Proved by facts, telling a white lie to the team was a right choice. During one of the most difficult time in Alibaba's history, the team was not influenced by the external problems. All team members did not lose passion but concentrated on their own jobs.

What really changed Alibaba in its early age owed to one person, Mr. Joseph Tsai, who used to work for Swedish investment company, Investor AB. At the beginning, he came to Alibaba with an investment project. The project did not get succeed but Alibaba's idea attracted him.

Joseph Tsai was graduated from Yale University with one bachelor's degree of economy and one doctor's degree of law. Before he entered the Alibaba, he already had had great experience in venture capital investment and management. He decided to join Alibaba because his working experience made him see the value of Alibaba's business model. As it

discussed earlier, Alibaba's idea was too advanced to be believed and accepted in China in late 1990s even it was a good business model (it has been proved). Consequently, it was quite easy to understand why Mr. Jack Ma and his idea had been rejected 37 times.

There were two reasons why Mr. Joseph Tsai decided to join Alibaba. One was his former venture capital investment working experience gave him accurate sense of market, which made him predict that Alibaba's business model would be successful in few years. Another reason was he would like to accomplish his self-actualization. 'When you create something from zero to even a few millions, you get sense of great accomplishment.' Joseph Tsai said in an interview. (Alibaba 2017.)

Alibaba's first investment was from Goldman Sachs, which was based on Mr. Joseph Tsai's recommendation. Besides, what he brought to Alibaba were not only that. Before he joined, Alibaba did not have any background, successful projects or technique advantages. In terms of its early team scale, there were only 18 persons in the whole team and most of them were friends of Mr. Jack Ma. If Mr. Joseph Tsai had never joined it, Alibaba would develop based on relationship, common dream and loyalty of the team members rather than developing as a real company. Because the initial members of Alibaba are all friends or colleges of Mr. Jack Ma. If there was not a legal contract to control this relationship. It would be hard for Mr. Jack Ma as well as his team members to switch the relationship from friendship to leader and subordinates (Alibaba 2017.)

Before Joseph Tsai joined the Alibaba, all employees in the company were neither friends or classmates of Jack Ma, and there were no formal contracts nor the company principles to control the employees' behaviour or guarantee their benefit. Managerial structure did not exist. Jack Ma was the leader while other 17 people did not have actual title.

When Mr. Joseph Tsai came, the most important job he did was to tie 18 person's benefits together by the formal contract. This was a significant step of Alibaba's development, because of which, Alibaba's organizational culture switched from initial passion and dream to truly enterprise culture. Without the contract, Alibaba would have always been a private organization rather than a real company.

As Mr. Jack Ma said in a speech, when Joseph Tsai decided to join Alibaba, what came to Mr. Jack Ma's mind was he was crazy. Before Tsai joined Alibaba, he earned seven hundred thousand dollars per year in the U.S. But he would quit that job and got 500 Yuan per month (1 dollar = 8.2796 Chinese Yuan in 1999) in Alibaba. 'It was all about trust.' Said by Mr. Jack Ma. When Joseph Tsai first told Mr. Jack Ma that he would like to join Alibaba, Mr. Jack Ma was shocked because he could not give Joseph the same salary that he earned before. However, Joseph Tsai still decided to join Alibaba. As he said in an interview, he told Mr. Jack Ma that he knew

finance and law, which were exactly what Alibaba lacked. Moreover, he was attracted by Mr. Jack Ma's personality, so he was willing to work with him to start from zero. (Alibaba 2017.)

After Mr. Joseph Tsai join Alibaba and helped it operate as a company, more and more people join the team. In the same time, more organization saw the great prospect of Alibaba and decide to invest it. During this time, Alibaba enlarged its company scale and was divided into several functional departments. (Alibaba 2017.)

Consequently, in terms of HRM in Alibaba, the author considered this time as the period of formation, which represent that Alibaba started to operate as a formal company. The initial 18 team members were distributed in different departments and were responsible for specific parts of the company.

3.2 Dotcom Bubble Period

Dotcom Bubble, which is also called the Internet Bubble, refers to the crisis period from 1995 to 2000 when plenty of new Internet company with '.com or .net' as domain name were found and come to the market, which causing the stock price rising rapidly at the beginning then declining sharply in a short time. (Alibaba 2017.)

As it illustrates in Table 3.1, Nasdaq Index grew up continuously from 1995 to 2000 with fluctuation. In 10th March 2000, it reached the highest point, accounting for 5048.62 in ten years between 1995 and 2005. After that, Nasdaq Index started to decline. In just one year, in 23rd April 2001, it fell by 16 percent. In 9th October 2002, Nasdaq Index reached 1111.14 while the market was considered as a bear-market. (Nasdaq 2018.)



Figure 4. The Nasdaq Composite Index (Nasdaq 2018)

In the late 1990s, Internet just started to develop. Many investors saw its potential value and believed Internet could be the most profitable tool. Before Dotcom Bubble period, the only way for internet companies to get profit was to put advertisement online. What we consider as normal functions of Internet today such online shopping or Internet Community were totally new ideas for people in late 1990s. Consequently, when people knew the potential power of Internet, there were plenty of new business profitable pattern showing up, some of which were good while some were ridiculous. (Shiller 2005, 35 – 41.)

People at that time could not see Internet as we do today. Millions of young people were attracted by Internet and were willing to devote themselves into it. New concept, new business models and predictable profit on paper made both investors and Internet company entrepreneurs self-confident. However, being over self-confident would make people lose their mind and try to use intuition to make decisions. (Shiller 2005, 163 – 165.)

Investors put huge amount of money into those companies with '.com' but did not do enough risk analysis because people at time believed that everyone could be the winner, and no one would lose. (Shiller 2005, 41 – 43.)

The unpredictable falling speed of share price pulled people back to reality. Most Internet companies' capital chain ruptured while investors lost their money. The whole market was in chaos while more and more Internet companies announced bankrupt and others like Alibaba were trying to survive but they were also in bad situation. (Alibaba 2017.)

Internet Bubble bursting resulted in the crisis that made Alibaba in a very serious situation. In January 2001, there were only 7 million dollars left on Alibaba's account, which could make Alibaba last for six months the most. Moreover, those companies that gave first round investment told Alibaba they would not continue investing even Alibaba's capital chain ruptured. (Alibaba 2017.)

Alibaba's initial strategy was oversea expansion. When it received first round investment, Alibaba set its overseas office in US. immediately. However, when Dotcom Bubble burst, the entire world was affected especially the US. Many American domestic Internet companies struggled to survive from the crisis. Therefore, Alibaba's oversea expansion could be much hard. When domestic companies were in danger, it was impossible for a foreign company to operate better. In this serious situation, Alibaba was in bad need of finding a new profitable way to ensure the capital chain of the company operating normally. (Alibaba 2017.)

The author divided the reform of Alibaba's strategy into two parts: Internal budget change and target market reorientation:

3.2.1 Internal Budget Change

As mentioned above, in January 2001, the rest capital in Alibaba's account was only 7 million dollars, which could only make the company last 6 months. In this situation, the safest way was to reduce any less important expense and mainly focuses on the most profitable business of the company. But after Mr. Jack Ma and the whole HR team made a discussion, Alibaba chose a different way which was not understood and accepted by other employees. The HRM in Alibaba decided to invest 1 million dollars in employee and manager's training and developing. This training and development system were called 'One-hundred Year Ali.' (Alibaba 2017.)

Most employees hold the view that letting them answer some phone calls from clients might be more helpful for the company, which might made contribution to support Alibaba to survive one more minute. Spending a lot of time and money in training and development could not make the company be more profitable, on contrary, it was of great possibility that Alibaba would break down faster. (Jiang 2017.)

However, today when look back at what the HRM in Alibaba chose to do at that time, employees who have experienced Internet Bubble period appreciate that choice the HRM did.

The reason why the HRM in Alibaba chose to spend much money and time in training and development was they believed that Alibaba could survive from the crisis when all people got same value. Rather than teaching employees how to perform better during work, 'One-hundred Year Ali' mainly focused on making people united, understanding and accepting the core value of Alibaba. Mr. Jack Ma and his management team also believed that this 'One-hundred Year Ali' project was not only found to helping Alibaba survive from present crisis but also to prepare for future. (Alibaba 2017.)

In One-hundred Year Ali training system, it illustrates six main values of Alibaba, which are Customer First, Team Work, Embrace Change, Integrity, Passion, Commitment. (Alibaba Group 2018.)

- a) Customer First defined that every behavior or action of Alibaba must take customer in the first place of consideration. Employees in Alibaba are forbidden to give any misunderstanding information to their customers and should devote themselves to protecting customer's benefit. (Alibaba Group 2018.)
- b) Team Work was the value that employees of Alibaba should believe that ordinary people can achieve extraordinary things when all of them get united and fight for the same goals. Besides, it also defined that team members should bear the responsibility together. (Alibaba Group 2018.)
- c) The third value of Alibaba is Embrace Change, which means employees are supposed to become innovative and flexible. In the fast-developing world, they should always be ready to adapt to the new business models and environment to maintain the competitive capability as well as the sustainable development of Alibaba. (Alibaba Group 2018.)
- d) The next value is Integrity. Alibaba has strict rules to stipulate employee's performance in the working time. High standard of honesty of employees is required. Any behaviors related to cheating is forbidden and will be punished. (Alibaba Group 2018.)
- e) What's more, Alibaba expects employees to always keep passion in their working life and never to give up doing what they and the company believes is right. (Alibaba Group 2018.)
- f) The last value is Commitment. Alibaba encourages its employees to work happily and live seriously. Moreover, Alibaba will also award employees who have perform outstandingly or made great contribution to the company as nothing should be taken for granted. (Alibaba Group 2018.)

Those six parts above consists of Alibaba's core organization value towards its employees. One-hundred Year Ali training system was initially found when the company was suffering from the negative effects of Internet Bubble. The original reason why it was created was to help Alibaba to overcome the challenge in early 2000s. However, Alibaba did not expect that this training system has helped the company cultivate more and more outstanding employees as well. Those employees who had experienced the training made spectacular contribution to the company in the future when Alibaba was facing a new challenge. (Alibaba 2017.)

Beside establishing the new training system, another important action the HRM did was hiring the new Chief Operating Officer, Mr. Savio Kwan. Before joining Alibaba, Kwan had worked in General Electric China for 15 years. His rich experience in the market was exactly what Alibaba need. (Alibaba 2017.)

Kwan's first mission in Alibaba was to help Alibaba to build own value. As the whole world was suffering from the effect of Dotcom Bubble bursting, Kwan put forward a slogan called *Last Man Standing*, which meant Alibaba was supposed to keep operating and try to survive from the crisis until it was the last Internet company announcing broken. (Peng 2017.)

Because the company's financial situation was not good at that time, some employees and managers in Alibaba were confused about the company's future. Nobody knew how long the company could last. Kwan coming up with this slogan was to motivate employees and to help them not to lose confidence about the Alibaba. Besides, as a well-experienced business operator. Kwan's join helped Alibaba relocate its business value. (Peng 2017.)

When Alibaba was experiencing the chaos, pressure and threat made many employees gradually forget what the company's initial value and become impatient. Kwan taught those young employees that more haste less speed. Alibaba's initial mission was to make it easy to do business everywhere, which could be a real time-consuming project. Therefore, Alibaba must be patient and be ready to face varieties of challenges and threats. Internet Bubble was just one of them. (Alibaba 2017.)

If Alibaba forgot what its initial goal was and tried to only be profitable to keep the company surviving, it would have no difference between other companies and it would finally become a history. (Kwan 2017.)

3.2.2 Target Market Reorientation

Although the HRM in Alibaba had eliminated the potential internal threats by making all employees united together to fight for their value, Alibaba

was still in a serious situation that there would not be any additional investment from its vendors. Alibaba was in bad need of finding its own profitable pattern to get breakeven. Otherwise the company could not last anymore. (Alibaba 2017.)

At that time, there were two different options for Alibaba. One of them was to find solution by establishing cooperation relationship with a big company. It could help Alibaba to get enough capital to keep operating but the cost would be extremely high. Additionally, the partner company was hard to find while the Internet Bubble had already affected global business environment, other companies suffering from the crisis as well. Whether there would be another round of crisis was unpredictable. Nobody could guarantee that Alibaba could be safe even if it made cooperation with other company. (Jin 2017.)

Another option was to do what Alibaba originally planned to do, creating and operating an online platform service for small and middle size enterprises. However, in late 1990s and early 2000s, Internet service meant free service in China. Doing charging Internet service was an adventurous step. (Jin 2017.)

Mr. Jack Ma and the management team finally decided to use the second options. People in Alibaba need to keep its original goal and fight for it. If Alibaba forgot its initial mission and just wanted to get profit, it would have no difference between Alibaba and other companies. (Kwan 2017.)

At that time, although it was a hard decision, Mr. Jack still called the order to close all business, every employee was called back from different departments to mainly focus on the establishment of the new online platform. (Alibaba 2017.)

In February 2001, Alibaba published its first paid service, Gold Supplier. This project was also queried by some employees of Alibaba at that time in the beginning. In early 2000s, there was no company having a paid online service platform in China. Internet service was equal to free service for most Chinese people. Therefore, when Mr. Jack Ma decided that Alibaba should do paid membership system, many employees considered it was the step that would lead Alibaba to be destroyed. When Internet Bubble burst, every Internet company was suffering from the crisis and tried best not to lose their clients. The whole market was in chaos. How can Alibaba's paid membership system beat other free service companies and survive from the fierce competition. (Jiang 2017.)

In the early 2000s, most small and middle size enterprises were in the industrial zones in suburbs, which were far from the downtown of the cities and transportation and communication was not convenient as we had today. At that time, gathering valuable information from their clients for those small and middle size enterprises was a very difficult and time-

consuming job. Many entrepreneurs were willing to pay lots of money to get valuable information. For Alibaba, it was an opportunity to start its paid membership system. (Alibaba 2017.)

People living at that time did not have intelligent phone or social media as we do today. The most efficient and effective promotion skill at that time was door-to-door sale. Therefore, to provide good service to Alibaba's membership clients, the company built direct selling team in nationwide. Those salesmen of Alibaba were called the Iron Army, which made the greatest contribution for Alibaba to promote its service and communicate with its clients. (Alibaba 2017.)

When more and more people register to be the membership of Alibaba's Gold Supplier service, the HR team of Alibaba hold plenty of offline meeting with the clients as well as some people who were interested in Alibaba's service. The main reason of those meeting was to help people understanding Alibaba's service more deeply. The HR of Alibaba did not consider those meeting as some social contact but just wanted to provide better service to those clients. (Peng 2017.)

For many Chinese small and middle size enterprises, it was Gold Supplier that provided them a good platform to find the outlet of profit. Meanwhile, it was Gold Supplier that made Alibaba gradually move to the right track. In 2002, after suffering from variety of challenges and threats caused by the Internet Bubble, Alibaba achieved its first profit. (Alibaba 2017.)

3.3 SARS Crisis

SARS refers to Sever Acute Respiratory Syndrome, which was a fatal infectious disease, started earliest in Guangdong Province, China in November 2002. (Zhao 2002.)

When the SARS crisis gradually spread widely, more and more companies started to be isolated to protect employees from being infected and prevent SARS from spreading more frequently. Therefore, in this situation, Mr. Jack Ma and the HRM in Alibaba believed that more and more people would pay more attention on using Internet and E-commerce to ensure their companies to operate normally. However, Alibaba could not expect that the first attack of SARS hit Alibaba itself. (Alibaba 2017.)

In 2003, an employee of Alibaba was suspected to be infect SARS after he is coming back from The China Import and Export Fair in Guangzhou. After taking the medical examination, this employee was proved to have been be infected. When understanding the situation, Mr. Jack Ma and the HR team of Alibaba let over 500 employees prepare to be isolated immediately. (Alibaba 2017.)

At that time, Alibaba was facing a problem that the company's normal work could not be handled when all employees were isolated. In 2003, Alibaba had over 1 million registered membership in Gold Supplier service (Alibaba 2017). If the company could not operate normally and provide service, Alibaba would soon lose reputation from its clients and gradually turn to bankrupt.

However, just at the second day of isolated period, when clients called Alibaba Customer Service, customer service voices came out from the phone as usual. But what clients did not know was customer service employees of Alibaba had already worked in their home rather than in the office. (Alibaba 2017.)

When facing the SARS crisis, the well-organized preparation of isolation was not managed by the managers and it was prepared and demonstrated before. Moreover, when employees in Alibaba knew that they needed to be isolated, all of them started to package their stuffs and complete all necessary preparation with any commands from management team. When all employees got ready, even Mr. Jack Ma was shocked about the sense of discipline that all employees showed. (Peng 2017.)

In 2003, the average age of all employees in Alibaba was 25 to 26 years. However, when facing SARS crisis, the mature behaviors those young employees showed were far beyond their ages. Beside their cool-clam personality, One-hundred Year Ali (Refers to 3.2.1 for more information) training system also played an important role in helping them build such well-organized performance. (Jiang 2017.)

Before SARS crisis showing up, most employees in Alibaba had already experienced Internet Bubble period and had already been trained by One-hundred Year Ali system. As mentioned before, that training did not only tell employees how to perform better in their daily work but also provided them a platform to have better comprehension about the company's value as well as help employees to achieve self-actualization. (Alibaba Group 2018.)

When Alibaba finally survived from the SARS, 10th May was set as a special festival, the Ali Day, which was to remember and honor the solidarity as well as the cohesion spirit of all employees. It was the spirit Alibaba had that made the company survive from the crisis again. Mr. Jack Ma once said in the first Ali Day that he hoped that employees working in Alibaba could not only get salaries, but also the unforgettable memory and experience. (Ma 2017.)

3.4 The Birth of Taobao.com

In 2006, the biggest Customer to Customer (C2C) online trade platform, eBay entered Chinese Market. In few month later in the same year, Alibaba also published its first online trade platform, Taobao.com. (Alibaba 2017.)

This action of Alibaba could be considered as a signal of starting competition with eBay China. However, when eBay entered Chinese market, it occupied 95 percent of the total marketing share. In the same time, Taobao.com and other Chinese domestic online trade platform shared the other 5 percent. At that time, many analysts even some employees in Alibaba considered Alibaba threw straws against the winds. Under no circumstances could Alibaba win in the competition with eBay China. (Alibaba 2017.)

In the beginning, most people opening their online shop in Taobao.com was because the forum of Taobao.com was interesting. In the online forum of eBay, all information was either advertisement or rules. For example, the start data of the bid of central advertisement place or how much it would charge if shop hosts wanted to highlight their advertisement. The forum of eBay was more like another place for shop hosts to make competition. (Wang 2017.)

However, there was totally different situation in the online forum of Taobao. When Taobao was just founded, there were not many shop hosts or customers, so there were not many trades either. Instead of posting some advertisements or promotions, the working staff of the forum preferred to say something interesting to encourage or comfort both online shop hosts as well as the customers. For example, if a shop's trade did not go well, the staff Xiao Er would tell the shop hosts that, dear please do not worry, business always need patient. Those interesting sentences made people felt that Taobao was somehow different from other companies. (Wang 2017.)

Xiao Er was the name for service staff in restaurants in ancient China. In Alibaba, each of them had a nickname. Those nicknames were all from the name of heroes in ancient Chinese Kong Fu novels. All Chinese people had a special feeling about the ancient Kong Fu society/underworld, which also called Jiang Hu. (Lu 2010.)

In China, most people dream or used to dream to become such a hero in Jiang Hu, those nicknames could somehow make those employees' Jiang Hu heroic dream come true. Besides, those nicknames also made Chinese customers feel familiar with the employees in Taobao. (Alibaba 2017.)

Besides, those ancient nickname gradually became an important business culture with the development of Alibaba and Taobao. When there were new employees entering Alibaba, all of them would come up with their

own nicknames. The Jiang Hu culture is deep-rooted in Chinese people's mind because it was one of the most representative culture in China. Most Chinese people have read those ancient Kung Fu novels (Lu 2010). Consequently, when this culture was used in a company, it was easier for customers to resonate with the company's value and be attracted. (Alibaba 2017.)

The warm and sweet atmosphere in the online forum of Taobao made online shop hosts and customers build a relaxing relationship. Because of Taobao, one Chinese word became very popular at that time. Even in todays, there are still many people use this word even in real world.

The word is Qin in Chinese, which means dear in English (Online Chinese Dictionary, 2018). In Chinese, Qin means a close relationship. For example, Qin Ren means family members. Before the employees of Taobao had made this word popular online, it was a word that used to describe a close relationship, and nobody would use it in a foreigners or people with a nodding acquaintance with.

However, when the employees of Taobao started to use Qin to call others online, people found that this word was more attractive and funnier than other title. People could feel the kindness from this word and it helped to get people closer. (Alibaba 2017.)

The word Qin had spread and became popular in China in an extraordinary speed. What's more, it was not only used online. Some Chinese people also used this word in their daily life. Even in today's life, employees in Taobao and online shop hosts as well as customers still use Qin to call others.

When hearing the word Qin, it is easy to find how innovative Taobao was. Beside this word, there are plenty of words and phrase being given new concept and meaning. The employees of Taobao were smart. When Taobao was competing with eBay, what they did was not just imitate eBay's business models but also create their own unique ideas to attract more customers. (Jin 2017.)

At that time, 95 percent of Chinese online trade market were covered by eBay China. However, it was only based on 1 percent of the whole Chinese population. In 2006, eBay quitted from Chinese market. In the same time, Taobao occupied 70 percent of the Chinese online trade market based on 10.8 percent of the whole population. In 2017, there were 52 percent of the population using Internet. One of the most important reason why Taobao could beat eBay was the fast development of Chinese Internet. (Alibaba 2017.)

3.5 Internal Crisis

2011 was the 12th year of Alibaba. At the beginning of this year, a cheating scandal was explored in Gold Supplier service. After understanding the situation, Mr. Jack Ma held an emergency meeting with the managers and established an investigation team to investigate the problem deeply. (Jiang 2017.)

After the investigation, Alibaba confirmed that there were some salesmen had signed the contracts with some clients who had serious problems in their qualification to improve their personal sale performance and help their team to win the competition with other teams. (Alibaba 2017.)

During the investigation, Alibaba had found that clients' complaints about the cheating had become frequent since 2009. Besides, it was nearly the International Customers Right Day in 15th March when the scandal was explored. In this situation, there were two ways for Alibaba to solve the problems. One was to make a public statement about the cheating problem. Another option was to find who should be blamed for and solve it internally. (Alibaba 2017.)

In most situation, many companies had such internal cheating problems may prefer to the second option, to solve problems internally. No matter how the external people guess, if the company do not admit, it cannot be proved, and it will cause the minimum damage to the reputation of the company. However, the HRM in Alibaba choose a very brave way to solve this problem, deciding to tell the public what had happened and how the company would do to solve the problem. (Jiang 2017.)

After deciding the option to solve the problem, more than 100 managers and salesmen who were involved in the cheating scandal were fired. Besides, the CEO of the Alibaba's B2B service David Wei and COO Elvis Lee resigned from Alibaba because thousands of suppliers of Alibaba were involved in the cheating scandal. (Alibaba 2017.)

It was the biggest resignation of top managers in Alibaba's history. There was plenty of pressure outside when Alibaba decided to solve problems in public as nobody believed what Alibaba really dealt with this problem with honesty (Jiang, 2017). They could not believe that the CEO and COO of the company resigned from Alibaba because they wanted to defend the value of the Alibaba. (Ma 2017.)

This step was what Alibaba had to experience. In 2010s, after 10 years developing, Alibaba had already grown up as a bellwether of all Chinese Internet company. The size of the company was no longer then 18-people team in 1990s. Therefore, when Alibaba became a big company and had fame and reputation, people gradually assumed that the company would

not make any mistakes and the company might gradually give in due to the external pressure. (Alibaba 2017.)

When the company had good fame and reputation, it was hard to admit the faults it had made. However, the reason why the HRM in Alibaba decided to admit their mistakes in public was simple. When a company starts to hide its mistakes, it somehow represents the company has already lost its confidence and courage. The HRM in Alibaba hoped that Alibaba would never lose the confidence and courage to face the problems and mistakes caused by itself. (Jiang 2017.)

Besides the cheating scandal of Gold Supplier, there were another crisis hitting Alibaba in 2006. In October 2006, to make a high-quality online shopping mall, which was called TMall.com, and to improve customer's shopping experience, Taobao increased the entering threshold of small and middle enterprises. (Alibaba 2017.)

This action had caused a great disturbance in Chinese online platform. Many small sellers felt the pressure about the new rules of Taobao. In some social media, there were plenty of protest comments towards Taobao. (Alibaba 2017.)

Alibaba's initial idea was to build two different online shopping platform. TMall.com was created for big companies that already had reputation and guaranteed quality of their products. Taobao.com however, was a platform for small and middle enterprises as well as some small individual sellers. (Alibaba 2017.)

Alibaba improved threshold by increasing the entering fee and annual service fee. In October 2006, Alibaba improved the entering fee of TMall.com from 10,000 Yuan to 100,000 Yuan, and the service fee increased from 6,000 Yuan to 60,000 Yuan. Besides, there was on more rule that the annual sales of the shop must reach 150,000 Yuan at least, otherwise, it would be removed from TMall.com next year. (Alibaba 2017.)

The new rules annoyed most small and middle enterprises hosts. At beginning, they only made bad comments in the forum and some social media. But with time going by, the rioting became worse than Alibaba's expectation. Many sellers got together to purchase plenty of commodity in big shop in TMall.com then asking for returns, which disturbed the normal transaction of Taobao and TMall.com. Moreover, those sellers even gathered together in front of the HQ of Alibaba in Huang Zhou to protest. This event was called the October Siege. (Alibaba 2017.)

After the October Siege events, Alibaba held a press conference about the crisis caused by the increasing of fees. In the conference, Mr. Jack Ma showed the attitude that Alibaba would keep the company's principle and would never shrink for any threaten or protest. Safeguarding the credit of

E-commerce would be the mission of Alibaba from the beginning to the end. Alibaba was founded to make business becoming easier. However, it did not mean that Alibaba would allow unqualified people to do business in its platform. As Mr. Jack said in the conference, to fight against fake products, to protect intellectual property and to fight against credit fraud was the obligatory responsibility of all employees in Alibaba. Taken in this sense, Alibaba would never give in for its value and principle. (Ma 2017.)

On the other hands, Alibaba also took a deep self-reflection about its works and the methods the company used before. The reason why internal crisis happened was somehow imputed to the negligence of the monitor of the managers. To avoid this cheating fraud happening again in the future, Alibaba was supposed to enhance the extent of the monitor. (Alibaba 2017.)

3.6 Summary of the contribution of HRM in Alibaba

When looking back at Alibaba's development, it was full of barriers and challenges from both internal and external environment. If any of them had not been solved in appropriate way, the company might not exist anymore.

Although some actions and choices Alibaba decided to do were queried at that time, the good results had proved that what Alibaba did was right. In those choice and actions, the HRM in Alibaba played an important role and made great contribution. In next chapter, the author started to analyse the reason why the HRM in Alibaba decided to do like that. Moreover, the author would use the theories as well as the tools mentioned in Chapter 2 to analyse the situation Alibaba was facing at that time, which could be useful to understand the HRM in Alibaba's decision more deeply.

4 ANALYSIS OF THE ACTIONS THAT THE HRM IN ALIBABA IMPLEMENTED

In this chapter, the author started the analysis about the HRM in Alibaba based on the choices it had made and the actions it had decided to do when the company was facing problems and threats. The whole chapter was divided into 5 parts, which were as same as the division in Chapter 3.

In each part, the author would deeply analyse the action of the HRM in Alibaba depended on the theories and tools mentioned in Chapter 2. Additionally, in some parts, the HRM in Alibaba did not directly affected the decision made by the company. However, the previous contribution made by the HRM affected the people in those events, which meant without the former contribution, it would be totally different situation.

Consequently, the author would not only analyse what the HRM in Alibaba did, but also analyse the effects it had brought to the employees in Alibaba.

4.1 The Early Age of Alibaba

Because there were only 18 persons in the company, Alibaba did not have a very clear management structure during its early age. Most management job at that time was held by Mr. Jack Ma in person and some of them shared the rest jobs. (Alibaba 2017.)

As it was described above, Mr. Jack Ma is a typical transformational leader who has the characteristics such as having clear vision about the company's future, knowing how to do motivation and being trusted by employees. (Kolehmainen 2017.)

In the early age of Alibaba, those characteristics of Mr. Jack Ma made great contribution to keep employees not to lose faith and confidence when the company's operation was facing continuous problems.

The core business idea of Alibaba was quite advanced when it was found 20 years ago. When Jack Ma first proposed the idea, his team was confused about what he had said, and they did not have confidence at all. However, they were still willing to work with Jack Ma even they had no clue about what it was. From the beginning of Alibaba, Mr. Jack Ma showed his remarkable charism, which made his team always had confidence and cohesion. Another example is about how Alibaba solved its financial crisis during the Internet Bubble period. At that time, there were no companies willing to invest Alibaba anymore because they had financial problems as well, which meant that Alibaba had to find its own profit model. There were only one department of Alibaba still having revenue at that time.

However, Jack Ma decided to stop this department and transferred the capitals to human resource to train employees and rebuild the company's direction. People in the organization was confused and shocked because they were going to close the only department that had revenue. But Jack Ma still insisted his ideas and convinced most employees of believing that they did the right choice.

During the whole process of Alibaba, there have been plenty of barriers and problems. However, no matter how serious those problems were, Mr. Jack Ma used his remarkable charisma to make the company always united to face and solve them together. He knew how to motivate his employees to ensure they would never give up their confidence and belief. (Alibaba 2017.)

As Mr. Jack Ma said in a speech, all achievements Alibaba has made were about trust, which was not only from its customers and vendors, but also from all employees in Alibaba. (Ma 2017.)

4.2 Dotcom Bubble Period

As it mentioned in Chapter 3, Alibaba was suffering serious problems from both external and internal aspect during Dotcom Bubble period. Therefore, the author firstly created a SWOT analysis about Alibaba's situation at that time then comparing the result with the actions the HRM in Alibaba did.

Internal Analysis	External Analysis
Strength	Opportunity
Weakness	Threat

4.2.1 Strength

- There was a good leader in Alibaba who always remembered what the company's initial mission no matter how big changes was happening in the external environment. Besides, he was completely trusted by his employees. Although there had been two opposite opinions about how the company should try to overcome the crisis, once Mr. Jack Ma made the final decision, all employees would follow and would not complain anything.
- Employees of Alibaba had enthusiasm and passion about the company. Alibaba's core business idea, Make Business Easy Everywhere (Jiang 2017), was an extremely advancing idea in late 1990s and early 2000s. The initial 18 persons in Alibaba were all high educated talents and young generations with ambition (Alibaba 2017). Besides, employees who joined later were also people who were willing to accept new and advancing idea. Although all Internet companies were suffering from Dotcom Bubble crisis in early 2000s, the enthusiasm and passion of employees ensured that the company would not lose courage and faith to facing the problems.

4.2.2 Weakness

- When the Dotcom Bubble burst, Alibaba had just been founded for less than one year. Even after Mr. Joseph Tsai joining Alibaba and helping the organization to operate more appropriately as well as

making all employees have legally labour contracts, the whole company's functional and managerial structure had not been completely formed yet. There were still some people need to take responsibility to more than one department because it still lacked talents. (Alibaba 2017.)

- The average age of the employees in Alibaba during the Dotcom Bubble period was approximately 30 years old (Alibaba 2017). Most of them did not have any experience about how to help a new founded company to overcome such a big challenge. Besides, when more and more Internet companies broken down, many employees in Alibaba started to feel confused about what exactly the company should need to do to survive from the crisis.

4.2.3 Opportunity

- In early 2000s, Internet was a new concept for most Chinese people. Although some people also saw the potential value of the Internet and started to work on it, the domestic competition between Internet companies was still not fierce compared to the competition in America. Therefore, although the Internet market was affected by the Dotcom Bubble, developing the potential value of Internet in China was still positive because what Alibaba tried to accomplish at that time was a unique idea in China. (Alibaba 2017.)

4.2.4 Threat

- During the Dotcom Bubble period, the whole Internet market was in a bad situation. Many companies announced bankrupt because there were not external investments anymore. Alibaba was also in the same situation where its vendors could not give the company another round of investment because they were also in the brink of being bankrupt. Lack of new investment made Alibaba's situation worse. As a new company, everything of Alibaba was just in initial phase and its profitable pattern was just in prototype. Without investment, it would be much harder for Alibaba to survive and develop.
- As it mentioned before, although Alibaba's business idea was extremely advancing in early 2000s, it could only be accepted by a very small number of people in China. Most people still considered Alibaba's business idea as a ridiculous dream. The distrust from external environment would cause plenty of barrier and challenge to Alibaba as the company could not attract customers if they did not believe what Alibaba was trying to do.

4.2.5 SO, WO, ST and WT Strategies

- Strength-Opportunity Strategies (SO Strategies):

As mentioned above, the internal strength of Alibaba was that its employees were full of passion and energy while the external opportunity was that the domestic competition was not fierce, and the potential value of Internet can still be developed.

Unique business idea gave Alibaba huge space to develop its business and appeal to more talents to join before other Domestic Internet Companies realized how powerful and profitable this business idea would be when developing successful.

Therefore, to maximize the opportunity of the company, employees in Alibaba were supposed to use their passion and energy to spread Alibaba's business idea to let more talents in China knew its potential as well as to convince those who still held sceptical view about Alibaba.

- Weakness-Opportunity Strategies (WO Strategies):

The internal weakness of Alibaba was that the average age of its employees was too young and lacked experience when the company was suffering from the Dotcom Bubble. Additionally, the managerial structure of Alibaba was not completely formed.

However, because the domestic competition was not fierce in China, it gave young employees in Alibaba time and space to learn and get experience.

- Strength-Threats Strategies (ST Strategies):

As it defined in the analysis above, the external threats Alibaba was facing in early 2000s were lacking new round investment as well as the distrust from external society.

To minimize the impacts that those threats brought to the company, one urgent mission of Alibaba was to find its own profitable business pattern. In this situation, there would always be several different opinions showing up in the company, which might cause more serious conflict between employees. However, once Mr. Jack Ma made a final decision, all employees would only follow his instruction and would not talk about other opinions anymore.

Consequently, it eliminated the potential risk that Alibaba might be polarized on this issue. Since all employees strived for some direction,

Alibaba would be more efficient and effective when the company was trying to figure out a solution.

- Weakness-Threats Strategies (WT Strategies):

Because most employees in Alibaba were young people and lacked essential knowledge and experience, they might make inappropriate or wrong choice when trying to overcome the threats from external environment.

Therefore, it was great importance for Alibaba to organize a systematic training for employees, which could help them to gain experience from elder employees and try to make right decision in their working life.

4.2.6 Summary of the SWOT analysis

Based on the SWOT analysis, the strategies Alibaba was supposed to perform can conclude as following 4 parts:

1. SO Strategy: To spread business idea more widely
2. WO Strategy: To seize time by learning and gaining experience
3. ST Strategy: To seize time by figuring out own profitable pattern
4. WT Strategy: To organize a systematic training for employees

Comparing the strategies that the author concluded from SWOT analysis to what Alibaba did, the author found some similarities showed following:

Firstly, the HRM in Alibaba combined the SO strategy and the WT Strategy, developed 'One-hundred Year Ali' training System (Alibaba 2017), which was a significant strategy for Alibaba in its history. 'One-hundred Year Ali' did not only helped Alibaba to overcome the present problems during the Dotcom Bubble period, but also cultivated and trained batches of well-skilled employees for the company in the future.

When the training system was just founded, it was suspected by many employees because they were worrying about whether their salary and welfare would be affected if the company still put lots of money in this training even it was in a situation where the capital was already very scarce.

The HRM in Alibaba also thought of this problem. When 'One-hundred Yea Ali' launched, the whole budget was 9 times more than before (Peng, 2017). The compensations and benefits of employees were not influenced at all.

As it mentioned in Chapter 2, Maslow's hierarchy (Maslow 1943) of needs showed that people can only be motivated when their lower level needs were completely satisfied. In terms of 'One-hundred Year Ali', the core idea of inventing this training system was to train young employees' skills, which would transform them into well-skilled as well as experienced specialists in different working aspects. Besides, it also aimed at helping employees to form and develop their potential as well as their characters. In general, the main goal of 'One-hundred Year Ali' could be considered as satisfying employees' esteem and self-actualization needs (Maslow 1943). However, the HRM in Alibaba had already realized that if they wanted to reach to the highest level of needs of employees, the lower level should be totally satisfied. It was ridiculous to convince employees to train their skills and develop their characters if they could not get materialistic satisfaction such as their compensation and benefit. (Maslow 1943.)

From the author's perspective, one important internal reason why many Chinese domestic Internet companies failed during the Dotcom Bubble period was that those companies kept asking employees to devote themselves to helping companies overcome present troubles but did not ensure employees' normal welfare. Compared to those companies, the HRM in Alibaba did make a correct decision, which ensured employees' physical needs meanwhile offered them essential training.

Another strategy Alibaba implemented was to publish the first charged online service in China, the Gold Supplier (Alibaba 2017), which could be considered as the SW strategy. In terms of the Gold Supplier, Mr. Jack Ma played an irreplaceable role.

As it was described in Chapter 3, Alibaba was facing two opposite options when the company tried to figure out its own profitable pattern. Meanwhile, employees were also divided into two groups based which way they supported. One group held the view that Alibaba was in bad need of finding a big external vendor to support its capital to ensure the company could run normally. Meanwhile, the other group believed that Alibaba must keep its initial goal, which was to help small and middle enterprises in China make business easier (Jin 2017). When there were two opposite idea existing in a company, it was easy to bring conflict between employees.

When the argument become worse, Mr. Jack Ma prevailed over all dissenting views and decide Alibaba must keep its initial goal. During the time when all online services were free in China, Alibaba decided to publish its first paid item, the Gold Supplier.

Today, Alibaba's success has proved that Mr. Jack Ma made the correct choice. However, when Alibaba was suffering from the Dotcom Bubble crisis at that time, every decision would result in irreversible

consequence. Nobody at that time could predict what effect this decision would bring to the company. As a leader, the pressure Mr. Jack Ma assumed was extremely heavy. His decision would either save Alibaba or destroy Alibaba.

However, as a transformational leader, Mr. Jack Ma had a very clear vision about how Alibaba was supposed to do even the company was facing a fatal crisis in early 2000s. Besides, one important reason why all employees could consensus on the decision Mr. Jack Ma made was he was trusted and believed by all employees in Alibaba. He had a charisma that could always bring courage to his employees and motivate them (Jin 2017). Without Mr. Jack Ma, employees in Alibaba might not reach an agreement in a very short time and Alibaba would have failed much sooner.

Consequently, the contribution Mr. Jack Ma had made to the success of the SW strategy of Alibaba could be ignored. Although the Gold Supplier was not invented by him only, if there was not his charisma that brought the employees united to work for the same goal, the Gold Supplier might not be invented at all.

4.3 SARS Crisis

During the time when Alibaba experienced the SARS Crisis, rather than saying the contribution the HRM in Alibaba made to the company, it was more appropriate to say that the previous action the HRM had made had already made employees well-skilled to face this crisis.

Due to the threat of SARS, Alibaba had to implement quarantine as other companies did. After the long period of quarantine, Alibaba might already have gone bankrupt as its business could not run normally.

However, instead of showing disorderliness and indiscipline, employees in Alibaba showed well-organized behaviors when the quarantine started. More importantly, there were no one at that time gave any orders or commands about what employees need to do. Every behavior and movement were voluntary.

Compared to the undisciplined reactions employees showed in Dotcom Bubble crisis, the reason why employees behaved like described above during SARS crisis could be divided into two parts:

1. After surviving from the crisis of Dotcom Bubble, most employees in Alibaba had experience of how to react to incoming crisis to get minimum loose. Compared to the situation the company was in during the Dotcom Bubble period, Alibaba had already had its own profitable pattern that could ensure its capital would not be so scarce as before.

2. Due to 'One-Hundred Year Ali' training (Alibaba 2017), the whole Alibaba group had gradually become as an integrity. Employees would not only concern about themselves when threats showing up, but also try to find what they could do to help others as well as the company. 'One-Hundred Year Ali' (Alibaba 2017) did not only train employees' skills, more importantly, it helped to bring cohesion to the whole Alibaba group to make all people united as a family.

When the SARS Crisis broke out in China in 2003, the average age of Alibaba's employees was still very young (Alibaba 2017). Nevertheless, the maturation and calmness they showed were far beyond what they were expected to show at their ages.

After experiencing series of troubles since Alibaba was founded in 1999, the whole Alibaba group has been gradually formed as an integrity. Before the Dotcom Bubble period, employees in Alibaba were in a state of disunity. There were not a clear completing managerial structure in the company. Too many employees' jobs were overlapped with others, which made the whole company's operation not only inefficient but also time and cost consuming. (Alibaba 2017.)

However, when 'One-Hundred Year Ali' training system (Alibaba 2017) was created, the managerial structure of Alibaba was gradually formed. By experiencing the training and development, employees were not as confused as before to what they were expected to do in the company. Everyone knew what his/her main job was. Situations where many employees' jobs were overlapped did not existing any more as everyone had a clear understanding about his/her role.

Consequently, the well-organized behaviors of employees during SARS Crisis were not showed incidentally. Behind those behaviors, it was the contribution of the HRM in Alibaba that spent time and cost in cultivation. The SARS Crisis could be considered as a test for Alibaba's training system. Fortunately, the discipline and orderliness employees showed made Alibaba pass the test successfully.

4.4 The Birth of Taobao.com

In terms of the establishment of Taobao.com, it was a period when Alibaba formed its own business culture.

For HRM in an organization, developing an attractive and meaningful business culture is of great significance. Good business culture will create relaxing and harmonious atmosphere in the organization. Employees influenced by great business culture will be more motivated and willing to devote themselves to the company. (Mamoria & Gankar 2008.)

In Alibaba, the business culture is called Jiang Hu, which refers to the Kong Fu society in ancient China. Its initial source was the customer service staff of Taobao.com. They called themselves Xiao Er and every staff had a name of a hero from Chinese ancient Kong Fu novel. When customers chatted with those Xiao Er, it created an atmosphere, in which customers felt interesting and relaxing as they were not talking to a stranger but a good friend. (Alibaba 2017.)

For most Chinese people, Jiang Hu culture is deep-rooted in their mind (Lu, 2010). This culture helped Alibaba to attract customer's attention and interact with them more easily. For the customer service of Alibaba, it was easier to make ice break conversation with customers. Compared to the commercial forum and customer service of eBay and other competitors, customers felt more relaxing and harmonious in Taobao. (Alibaba 2017.)

Although there was no way to find out who was the first one saying Xiao Er in Alibaba, this word could be considered as the initial prototype of Alibaba's business culture. Moreover, this culture did not only attract customers, but also influenced employees in Alibaba.

For most Chinese people, Jiang Hu represents brotherhood as well as loyalty (Lu, 2010). Every name of heroes in Chinese ancient Kong Fu novel has a legendary story, which is about either brotherhood or loyalty. When the employees in Alibaba picked those names as their own nickname, their characters as well as their value would be affected by the stories behind the names.

Because there was no way to figure out the original source of how this culture firstly showing up, it was hard to know who firstly gave this idea. However, no matter who come up with this idea, the Jiang Hu culture has already become an irreplaceable part of Alibaba's enterprises culture.

When the HRM in Alibaba realize the Jiang Hu culture had already spread in Alibaba, the most important thing it did was to give this culture a bigger stage. In the beginning, this culture was only popular between customer service employees and customers in the online forum of Taobao. When managers knew it later, they started to pick up names for themselves as well. Mr. Jack Ma also had a nickname called Feng Qingyang (Alibaba 2017), which refers to an old hero with great Kong Fu who has taught and influenced lots of young people in the novel. This hero's characters are very similar with Mr. Jack Ma's. For other managers, they also picked up heroes who had similarity with them. (Alibaba 2017.)

The Jiang Hu culture of Alibaba was highly acclaimed from its customers. During the period when Taobao was just founded, its main competitor eBay China took almost 95 percent marketing share in China. However, its forum and customers service were totally commercialized. Customers

could only find advertisement and competitive tenders in its forum. But in Taobao's forum, it was full of warm and harmony. Different hosts of store encourage each other when business was not good. Besides, customer service employees always said some interesting words and sentences to both customers and hosts of store to make them feel relaxed and forget unpleasant things (Alibaba 2017). The Jiang Hu culture not only formed good atmosphere between employees in Alibaba, but also enhanced the relationship between Alibaba and external users.

4.5 Internal Crisis

During the Internal Crisis period in 2011, what the HRM in Alibaba did was not understood by most people at that time. When the company had an internal scandal, the normal way to solve this problem was to do it internally. If the company did not admit the scandal, no matter how external media reported, it would always be a rumour.

However, Alibaba chose to reveal everything to the public, which was an extremely adventurous action. If the problem could not be solved appropriately, Alibaba would suffer from internal crisis as well as pressure from public opinions.

When the Internal Crisis broke out, all actions and movements Alibaba made were to protect its value. As Mr. Jack Ma once said in a conference, Alibaba's success was all about trust (Alibaba 2017). Therefore, the HRM in Alibaba did not do any concealment about what had happened. Salesmen who were alleged fraud and cheating were fired directly. Due to the negligence of monitoring, the CEO of Alibaba's B2B service David Wei and COO Elvis Lee took the blame and resigned from the company (Alibaba 2017). Besides, after the scandal breaking out, Alibaba held lots of news conference to illustrate to the public what actions the company has adopted to ensure alleged employees as well as managers had been punished and affected customers had received compensation.

However, although Alibaba decided to handle this problem transparently, there were still plenty of people and media doubting Alibaba's motivation. It was hard for them to believe that a company with reputation and fame could expose the internal scandal to the public. Moreover, the CEO of B2B service and COO resigned from Alibaba as well because they wanted to protect the value of Alibaba (Ma, 2017). Those actions from Alibaba sounded ridiculous for most people from external environment.

During the time when the internal crisis began, the HRM in Alibaba was under heavy pressures. After deciding to reveal all problems to the public, those pressures were unimaginably heavy.

However, As the COO of Alibaba Jiang Jane said, this was a process that Alibaba had to experience (Jiang 2017). With more than 10 years

developing since 1999, Alibaba was not a small company with only 18 persons any more. It had become the representative of Chinese E-Commerce. Meanwhile, Alibaba also got more attention from external environment. Any small mistake or negligence would result in chain reaction in the whole society. Therefore, those pressures come from the whole society rather than the internal management or the business of Alibaba.

When Alibaba had grown as a big size enterprise, it was easy to forget what the original goal when it was first founded. During the period of internal crisis, the core mission of the HRM in Alibaba was to prevent the company from leaving its initial mission behind and become a company only for profitable.

Consequently, although deciding to expose all problems to public might cause plenty of pressure and criticism, it meant that Alibaba was willing to be supervised by the whole society to ensure employees and managers would handle this problem seriously. The most important contribution the HRM in Alibaba made to the company was that it helped Alibaba keep its initial goal not be forgotten.

5 CONCLUSIONS AND RECOMMENDATIONS

When talking about what contributions the HRM in Alibaba made to the company, the most important contribution was the establishment of 'One-Hundred Year Ali' (Alibaba Group 2018). When Alibaba was suffering from Dotcom Bubble crisis in early 2000s, it was first founded to give systematical training to employees who lacked essential professional skills as well as significant experience. By taking this training, the HRM in Alibaba expected employees to be well-skilled and independent enough to handle problems in different situation. Additionally, it was also intended to assist employees to develop their unique characters, motivate their potential power and build correct values. The six core values illustrated in 'One-Hundred Year Ali' (Alibaba group 2018) defined the most basic value concepts system of Alibaba. By understanding and following them, it would make sure that employees' own value would not diverge from what Alibaba expected.

Beside training employees to overcome current problems during Dotcom Bubble period, another contribution of 'One-Hundred Year Ali' (Alibaba Group 2018) was to provide continuous training to help employees to adapt to new environment in the future. After surviving from the Dotcom Bubble crisis, 'One-Hundred Year Ali' (Alibaba Group 2018) was used as the main part of Alibaba's training system and it helped Alibaba cultivate batches of outstanding talents. The maturation and discipline employees

showed in SARS Crisis was the direct proof of the contribution of 'One-Hundred Year Ali' (Alibaba Group 2018). Ability to handle different situation autonomously was the most important treasure that 'One-Hundred Year Ali' offered to employees. It would not only make young employees gradually get rid of the dependence of their leaders' commands, but also prevent their innovation and imagination from stagnation.

Another contribution the HRM in Alibaba made to the company was that it helped Alibaba to create a meaningful business culture as well as its own value concept system and protect no matter what happened. The Jiang Hu culture and word Qin has already been considered as the representatives of Chinese E-Commerce. Besides, as its business culture Jiang Hu stands for brotherhood and loyalty, employees in Alibaba were unconsciously influenced by it somehow, which accelerated the process of building cohesion inside the company. Making employees united to work for a same goal to achieve company's accomplishment as well as their self-actualization was the core idea of Alibaba's value concept system.

Moreover, when the value of the company was threatened, the HRM in Alibaba would devote to protecting it. Although some actions the HRM made were not understood and accepted by most people, the baseline of Alibaba was that its value could not be damaged no matter how serious problems the company was facing. Otherwise, Alibaba would be no difference between other companies.

From the author's perspective, the HRM in Alibaba was an irreplaceable department for the company, without which, Alibaba cannot have today's success. Although some actions made by it were sounded ridiculous, it has proved that those actions were correct and have played a significant role when some problems showed up. However, when looking back at some steps of Alibaba today, some steps and actions could be implemented more appropriately.

For example, when internal crisis broke out in 2011, it might be more appropriate for Alibaba not to expose its problems to public so quickly. During that time, the news of internal problems was already spread inside the company. Alibaba could firstly solve them somehow internally. When the situation became better then telling external environment what had happened and what the company had already done. If Alibaba did like this, the pressure for the HRM might be a little bit light.

However, although there were some actions seemed not perfectly handled if reviewing them by today's knowledge and experience, it was undeniable that, without the HRM, it might take more time and cost for Alibaba to overcome those problems and threats during its developing process. Besides, the author held the view that Alibaba might have already vanished without those contributions of the HRM.

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