



Management by Values: A Case Study

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Abstract

The intention of this paper is to conclude the management approach by the case study of Chinese enterprise. There are a lot of management approaches in practice, one of the most influential and famous one is management by objective which is invented by the father of modern management discipline Peter F Drucker, he observed the case of American most successful enterprise such as GM and then concluded and created the relevant meaningful management tools, in effect, such valuable management theory is stemmed from the practice of management, and the premise is that there must have great enterprise first then the effective management way could be concluded, therefore, many management theories are created in America because that the US have many great organizations other countries did not have at that time. However, after more than thirty years' efforts and accumulation of the development of reform and opening-up in China, it is our pride that such accumulation has lead to a lot of successful enterprises in China, one of such great companies is Alibaba, which is created at the right time and the right place. Alibaba is chosen because that

the reason of its success is different with other enterprises in China and even in the world, it is a company which never place high value on benefit, however, it is more successful than any other companies which are benefit-oriented, by the case study we find out that the secret of its success is nothing but an innovational practice of management, that is, Management by Values (MBV). As it is shown in this paper: Alibaba, the mission of which is to create easy way to trade anywhere. Such visionary mission gives Alibaba a dream of unlimited growth space, but only the mission itself is not enough, effective management by values helps Alibaba to realize this potential. Its practice implies the content of values and how to manage it in an organization; besides, it tells us the bases of managing by values, which are about the character of the leader and the purpose of the organization, Jack ma and Alibaba are good cases in point, Jack ma himself is poor in education, but he is really a practical dreamer and is also a leader who is good at developing others, as an organization, the purpose of Alibaba is the benefit of outside instead of its profit, both are really precious in today's business; and what is more, its experience also witnesses the process of management by values: start an enterprise with an agreeable basic principles of values; shaping the values when the enterprise begin to take shape; evaluating the values of all the employees when the enterprise become big; at last, the developing of values itself should be an important part of this management, which part of the values should be persisted, which part might be changed, Alibaba provide us a good case in point.

Key words: Management; Values; Business

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INTRODUCTION

The senior editors of Academy of Management Journal suggested that the introductions are the most important part in an article, most influential authors spent a lot of time and effort in this part, even more than ten times rewriting (Grant & Pollock, 2011), we appreciate and believe it and it is true that the introductions of this paper is also the most important part in this article.

As it is shown in the abstract, there exist so many management ways in the world, as it is illustrated in the figure 1, more than a hundred years ago, Frederick Winslow Taylor (1856-1915) published the most famous work “The Principles of Scientific Management” in 1911, which is also the symbol of the creation of scientific management, such theory is derived from the practice of Bethlehem Steel Corp, Taylor told us the importance of efficiency and performance, which is the core problem for any organization, and he told managers all over the world that the best way to realize such efficiency and performance is management by scientific method, which concluded four main principles. Nearly at the same time, another great practitioner Henri Fayol (1841-1925) published his important work General and Industrial Administration, which told us how to acquire the organizational performance by management by administration organization, such organization should have several professional functions and fourteen organizational principles. Hence, we know another important effective

management way which could improve performance in different perspective. And then, when Peter F Drucker (1909-2005), the father of modern management, published his first management work Concept of the Corporation in 1946, he told us what is real management at that time by observing the successful practice of General Motor, that is management by decentralization, and when he published his Management for Result in 1964, we know management by strategy as well by the practice of GM. In 1980s, when many American enterprises were defeated by Japanese, Prahalad and Hamel released the Core Competency of Corporation in Harvard Business Review in 1990 by the contrast of the practice between NEC and GTE, we know that management by core competency is the key of Japanese success, and in the new 21th century, the practice of great Apple and Jobs illustrate us how to management by innovation and leadership. Nearly all those management theory are made from USA and Japan, but we wonder what is made from China, what can we contribute to the management theory after we have more than thirty years development of marketing economy? Case study is a good way for management research (CHEN & LIU, 2010), as it is shown by the case of Bethlehem, GM, and Apple, such case studies tell us clearly what we can learn from the practice of those companies.. To answer the question of “management by what” that Chinese can contribute to the management, we choose the case of Alibaba, and the answer is Management by Values (MBV).

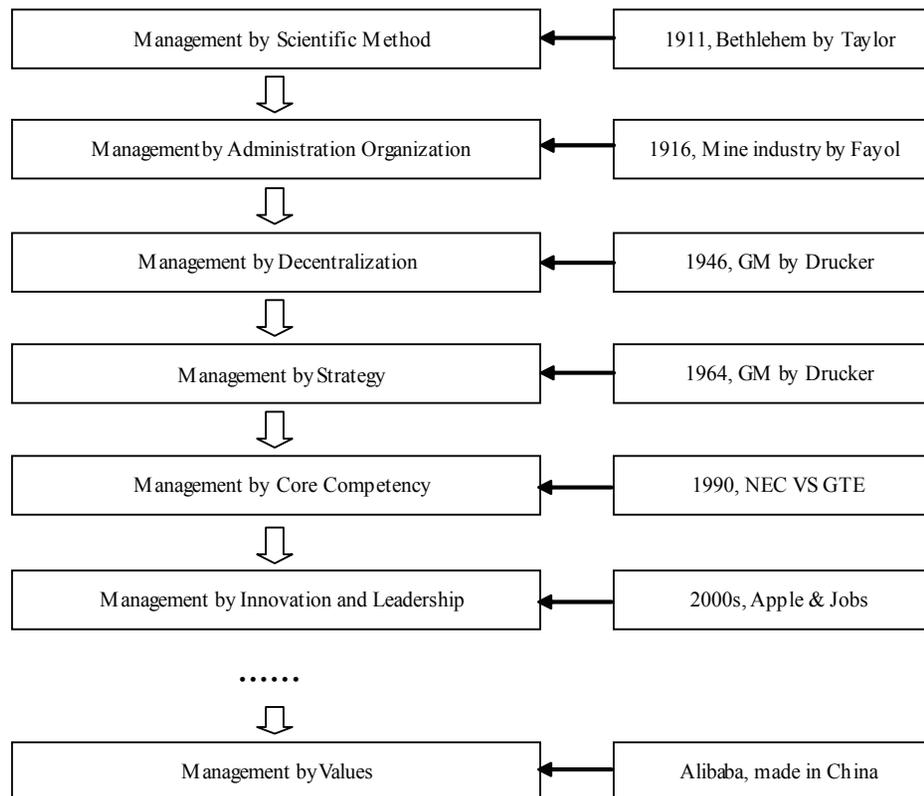


Figure 1
Our Topic in Management History

The creation of any organization should be depended on a specific background. Alibaba is not an exception, it is true that all the person and organizations are exist and develop in an economic environment, to cite an academic construct, there are three types of economic activity: formal economy, informal economy, and criminal economy (Portes et al, 1990). Informal economy refers to the economic activity in which the final licit product is provided by the informal process unregulated by the government. To some extent, the informal economy can provide the legal product more efficiently than formal economy. It is the informal process that makes the transaction easier for majority of small suppliers because of the decrease in registration procedure and tax cost. The activity will not be criminal only if the final product is licit. In effect, instead of the legality of final product, the unique characteristic of the informal economy is decided by the informal process of production or distribution, which means on the premise of valid product the transactional process and cost, to some extent, may be easier and lower due to the abolishment of some statutory procedures such as registration in the state and the save of fees such as tax. In a word, the point of the informal economy is to provide goods more efficiently, which can benefit the suppliers very well. Nevertheless, that is easier said than done, especially for Chinese small suppliers, some suppliers such as farmers and individuals may be too miniature to afford the complex procedures and taxes, even if the small suppliers can afford it, they still be bothered by two essential problem: where are their customers, why their customers can trust them that the goods they provided are licit, because they are so small or because of their illegal identification. What is more, all the big companies are grown from the small stage.

Hence, to perform the valid and efficient “informal economy” activity will be the real need of those suppliers, and the “informal economy” may become an important type of customer value if those suppliers are seemed as customers, in practice, the survival and thrive of those suppliers are the making of the Chinese excellent Alibaba Group. The “informal economy” as a kind of customer value constructs the logic of Alibaba’s business: to make it easy to do business anywhere (ZHENG, 2007), they provide a platform which can support the small suppliers to do business without the registry of the state. However, the great business logic itself will not be enough to make the company excel, effective management facilitate the realization of successful business. The experience of Alibaba Group witnessed the effective practice of management by values.

Values are essential for every organization who dreams of being successful and valuable, values usually contains, as the illustration of Alibaba, mission, vision, core values and some behavior rules as well. The content of values itself just be one part of management by values, another part is to drive all the employees of an

organization to really believe and perform it. There are also two basic requirements of management by values: first, the leadership style of the leader is charismatic, a case in point is Jack Ma, the founder and chairman of Alibaba Group, who is not an expert in internet or technique and is just graduated from a mediocre college in China, but has never came to terms with any difficulties and has always been trying his best to utilize his influence to persuade all the employees to contribute to the organizational goals, he cares for the growth of the whole organization far more than the growth of himself, as a leader, his personnel wealth cannot compete with the counterparts of his competitors, but the number of employees as millenaries who are created by Alibaba as an organization is undoubtedly more than all the competitors (SUN, 2008; ZHU, 2009), in a word, he is a man who has not only visionary dream but also has his feet planted on solid ground, that is really a scarce blend on the times that the majority of people, especially young people are filled with fictions only; second, the existence of a valuable organization is for the purpose and benefit of outside instead of itself, it is value not money that constructs the goal of the organization, money is at most the result or concomitant of a valuable organization, or else, the organization who centers on the profit of itself is not qualify to build sound values, not to mention its management, Alibaba commenced with the mission of helping people from all over the world to do business easier, so that consumers could access better product with lower price, which also means more and more suppliers could survive and would not be worried about losing job, that is the value of its existence, on the threshold of its foundation, all the founders driven by this values dedicated themselves to their job even at the expense of their wages, this second point is also extremely precious in the times that majority of organizations are more focused on money for the excuse of survival in such fierce marketing environment.

The practice of Alibaba illustrated the general process of management by values which is also concomitant with the grow of an organization: the first stage is to initially shape the prototype of the organizational values, which may includes the general direction of the future of the organization and some basic principles of behavior in the organization, organization in this stage always in its start-up period, and the scale of the organization is small, but make sure that all those people can reach agreement on those values; the second stage is to specify the initial values and build a relatively complete system of values, that is vital for an organization with its gradually development, the scale of the organization is middle in this stage, but still do not have so many employees; the third stage is to realize person-organization values fit when the organization has grown to a big company, the number of the population is so numerous that it is very hard to ensure that all the employees can believe in the

values of the organization, the increasing growth of scale lead to the diversity of individual values and the dilution of organizational values, when many Chinese large companies paid more and more attention on assessing key performance index of employees, Alibaba abandoned this traditional assessing method and innovatively highlighted the assessment of employees' values (LIU, 2009; ZHANG & SU, 2009), this measure made all the employees be observant of the organizational values, and only when all the employees performed the values very well can be the

making of a great organization. In addition, the values itself has been developing during this process to better adjust to the growth of the organization and the dynamic environment, for example, core values of Alibaba changed from "Du Gu Jiu Jian" to "Liu Mai Shen Jian", vision of the life of Alibaba changed from eighty two years to one hundred years, of course, the mission of Alibaba has never been change, therefore, the development of values is also the part of management by values.

1. REVIEW

1.1 Values

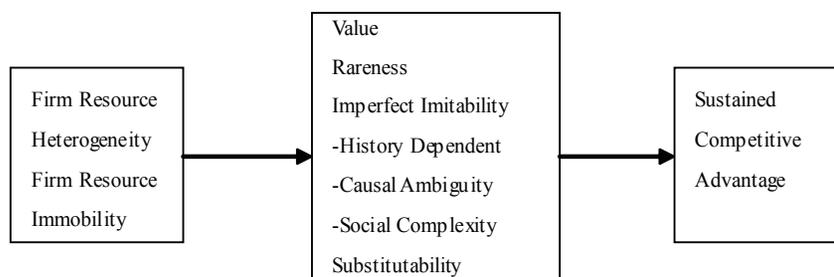


Figure 2
Cultural as a "Competitive Resource" in Barney's Model

Before we explore the case about management by values we should make clear what is values and what is the function and contribution of values. Let us begin with culture which is a concept more widely than values. Culture was found to impact a variety of organizational processes, practitioners will be interested to know that culture can be a source of sustained competitive advantage under certain conditions (Kim et al, 2004), In order for a firm's culture to provide sustained competitive advantages, Barney (1986) suggested three conditions: First, the culture must be valuable, it must enable a firm to do things and behave in ways that lead to high sales, low costs, high margins, or in other ways add financial value to the firm, Because superior financial performance is an economic concept, culture, to generate such performance, must have positive economic consequences; second, the culture must be rare, it must have attributes and characteristics that are not common to the cultures of a large number of other firms; finally, such a culture must be imperfectly imitable, firms without these cultures cannot engage in activities that will change their cultures to include the required characteristics, and if they try to imitate these cultures, they will be at some disadvantage (reputational, experience, etc.) compared to the firm they are trying to imitate. The essential of the corporate culture is behavioral habit rather than the concept; the culture will not work until those concepts put into action (CHEN, 2011). According to the shorter Oxford English Dictionary, Values may be defined as the principles

or moral standards of a person or social group and the generally accepted or personally held judgment of what is valuable and important in life, Zairi and Jarrar (2011) define the corporate values to be those qualities which a company holds to be most important in doing business, which is made of customer, people, product and business process, and they believes that the values is very important and should be seemed as part of corporate strategy. Besides, Figure 3 and 4 shows classic understanding of values.

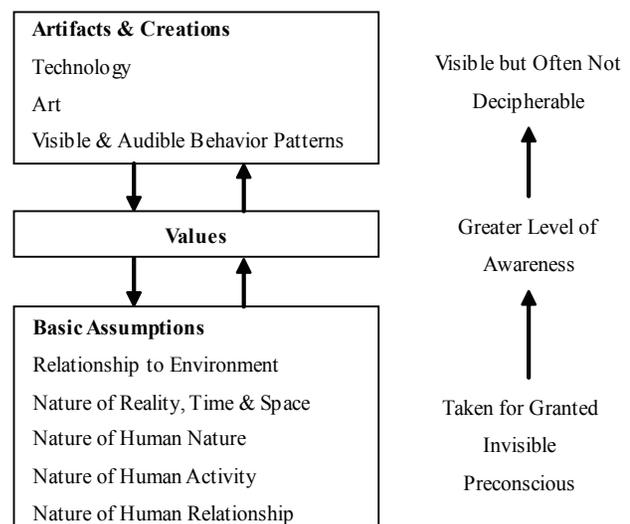


Figure 3
Schein's Understanding of Values

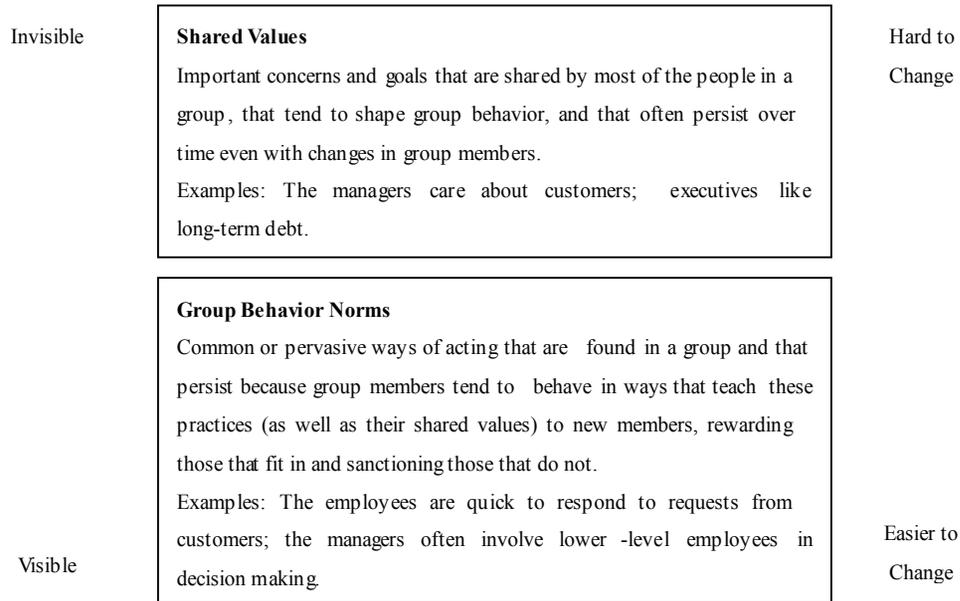


Figure 4
Kotter's Understanding of Values

Organizational values are defined as the acceptable standards which govern the behavior of individuals within the organization. As the core and heart of the culture, values itself should meet all the stated qualifications so as to be qualified as a kind of core competency. Undoubtedly, values itself is extremely important, that is why nearly all the Chinese companies have been building their values from imitating great companies in developed countries, but in fact, majority of companies have misunderstood the secret of those great companies and overestimated the function of values itself, some companies even believes that values could be transformed to productivity automatically, it seems that majority of Chinese companies have great values but only a few of those companies are successful, take Sanlu Group for example, it has once been the largest company in the industry of baby formula, but was bankrupted soon due to the deep harmful formula with melamine to Chinese babies, ironically, the values of Sanlu Group is to honestly spare no effort for the pursuit of people's healthy, it is obvious that the past high performance of Sanlu is more due to the inadequate competition and huge increase in Chinese market after the policy of reform and opening up since 1978 than the real competency of Sanlu itself (CHEN, 2008). We conclude that whether the values can produce the performance is not only determined by the values itself but by its management as well, after all, even the great values will not produce any performance if it is only hang up on the wall, as a matter of fact, it is the management of values instead of values itself that makes the competitors difficulty to imitate and construct the real competitive edge of the organization, the logic of which is similar as a saying: everyone knows how to success, but

only a few man could really do it. Therefore, management by values is composed of two parts, the building of sound organizational values and the management of values in the organization, the joint power of which will work together to better influence the business performance.

1.2 Informal Economy

After we know what are the values and the function of values, to further our case study, we should talk about the background scholar concept of our case. It is well known that the exchange makes the market, and market does need its rules, the most basic requirement might be the product exchanged should be at least legal which would not be harmful to people. But the process is not uniform, of course, the market will be ideally legal if all the transactions can be regulated and monitored by the government, however, the reality is not amount to ideality. A very simple reason is that the government as a monitor should record the dealers and need operational fees in order to perform the task, that must lead to the procedure and cost which in effect are not relevant to the product and the transaction itself, undoubtedly, that is vital especially for big companies and large transactions or special industry so as to ensure the legality of the final product, which are usually known as formal economy, but it does not mean that all the activity should be done by this way. Take an extreme but sound example, Ms Xu and Mr. Liu are good friends, Xu has a book which Liu needs to buy urgently, since Liu has not found it in all the stores so he want to purchase it from Xu, as a friend, Xu is glad to supply that book, but the problem might be that they all cannot afford the procedure and cost for such a simple transaction if they have to register in the government and pay for the tax, if so, the result is that people's needs in

this case will never be realized any more. As a matter of fact, Xu and Liu are epitomes of society and represent majority of people in our society, for instance: average farmers dwelled on the distribution of their vegetables, a fact is that majority of farmers in China could not sold their cabbage even if the price is 5 penny RMB per pound in the winter of 2011; ordinary people who want to buy the same goods cheaper than stores; ordinary people who want to deal with some commodities efficiently have no choice but to abandon them; poor people unemployed who want to do small business to earn their live. Even the most energetic government could not meet all those kinds of needs and solve those problems by themselves.

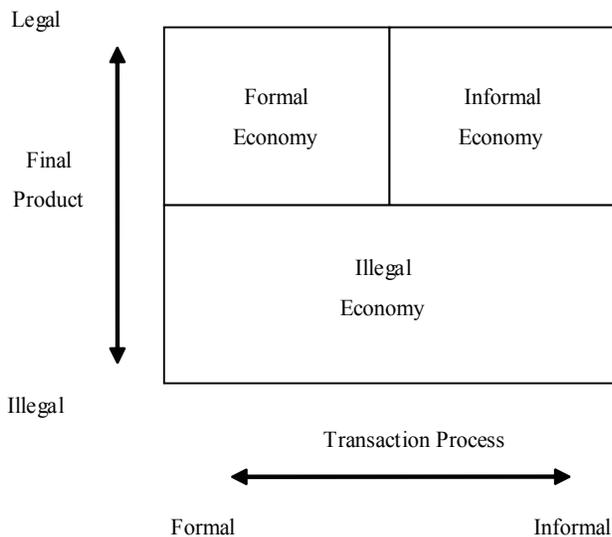


Figure 5
Economy Activity

Informal economy is traditionally defined as activity unregulated by law but governed by custom or personal ties (Godfrey, 2011). Just like the existence of informal organization whose task is to meet the employees’ needs which could not be realized by the formal organization, the informal economy also takes the responsibility for those social needs composed of personal needs which could not be met well by formal economy, data shows that the informal economy in China today accounts for 168 million of the 283 million urban employed (Huang, 2009), hence, informal economy has become an important social function and organ. Besides, a substantial portion of the world’s economic activity takes place informally, with many developing nations having more than one half of their output derived from the informal sector and the advanced economies witnessing an increase in informal economic activity (Godfrey, 2011). Based on the understanding that personal and informal economic networks are areas where people can explore their own needs and seek to meet them in their own way (Gaughan & Ferman, 1987), we conclude that the informal economy

is a kind of social needs and is also a kind of tool to meet these needs. Research on the informal economy should not be focused on its rationality or legality, and should be on how to use it efficiently to release its value. To take advantage of one title that have been utilized (Webb et al, 2009), as far as informal economy is concerned, you say illegal, I say legitimate, only if it can meet the needs of people and benefit our society. After all, formality or legality themselves are not the purpose of the economy.

1.3 Business

As Drucker told us that every organization, whether a business or not, has a theory of the business, which is about “what to do” for the organization, for all kinds of organizations, the results exist only on the outside, the result of a business is a satisfied customer, the result of a hospital is a healed patient, the result of a school is a student who has learned something and puts it to work ten years later, inside an enterprise, there are only costs (Drucker, 1994), and the only intention of a business enterprise is to create customer (Drucker, 1954), hence informal economy and business become connected when the informal economy is seemed as a kind of needs and customer value. According to the latest six national censuses 2010 in China, China’s total population is 1,370,536,875, even if the government has performed strictly the policy of family planning, the increase of population in the past decade is still more than a hundred million, perhaps the worse news is that the population of unemployed people in China is up to two hundred million which was released by premier Jiabao Wen in the China Development Forum 2010, what is more, the worst news maybe that the average month income of Chinese in 2010 is 2,230 RMB, which is about 350 USD, according to the data of national bureau of statistics, compared with the second position of GDP in the world, Chinese government in effect is under great social pressure. However, out of the lining side, the huge population might mean numerous customers in the long run; the large number of the unemployed has great potential for acting economic activity in future, ideally, if the potential of all those population resources have been realized greatly, the result is that they will have high income correspondingly. The gap between the ideality and reality shapes the opportunity of business, as Drucker (1958) said that the business enterprise is a creature of society and economy; we conclude that it is the insatiable social needs and informal economy creates the rationality of “informal economy business”.

2. CASE STUDY

The case study includes four stages and one process of our objective case. The first stage is the story of its foundation by values, it is well known that foundation is the first stage for every organization, but the difference in this case

is that it told us that the foundation should be based on the great values; The second stage is the story of its start up, many people believe that it is natural in this stage and the organization could be operated automatically by itself since the organization is so small, and there is no need to pay much attention on the management of such a small organization, but in effect, the organizational efficiency might be lost if the manager neglect management, in this stage, the story of our case urges all the managers to check if they have common principles or values at this stage or not, that is management by general values; The third stage is not a stage for every organization, some organization may be died when it is very small due to lack of management, hence this stage is for organization in growth, our case told us such organization in growth must construct the values system clearly at this stage, that is, management by the construction of systematical values; The last stage is also not for every organization, it is for big or large organization, it is said that small is beautiful, big is not beautiful or hard to be keep beautiful, that is true because of some large companies always show us the bad tendency that is from the cradle to the grave,

however, our case shows us a great tendency that is from big to beautiful by management by values in selection, evaluation and motivation. In addition, values itself should be kept and developed at the same time during its growth process, that is, to be values-growth fit.

It can be introduced by citing the information in its official website. Alibaba Group makes it easy for anyone to buy or sell online anywhere in the world. It is a family of Internet-based businesses that includes online marketplaces that facilitate business-to-business international and domestic China trade, retail and payment platforms, shopping search engine and data-centric cloud computing services. The Group was founded in 1999 by Jack Ma, a pioneer who has aspired to help make the Internet accessible, trustworthy and beneficial for everyone. The privately held Alibaba Group reaches Internet users in more than 240 countries and regions. Alibaba Group, including its affiliated entities, employs more than 25,000 people in some 70 cities in Greater China, India, Japan, Korea, the United Kingdom and the United States. In addition, the history and managers of Alibaba are illustrated in Table 1 and Figure 6.

Table 1
History & Milestones of Alibaba

Year	Event
1999	Alibaba Group is officially established by its 18 founders, led by Jack Ma, working out of a Hangzhou apartment.
1999~2000	Alibaba Group raises US\$25 million from Softbank, Goldman Sachs, Fidelity, and other institutions.
2002	Alibaba.com becomes profitable.
2003	Consumers-commerce website Taobao is founded, again in Jack Ma's apartment.
2004	Online payment system Alipay is launched.
2005	Alibaba Group forms a strategic partnership with Yahoo! Inc. and takes over the operation of China Yahoo!.
2006	Alibaba Group makes a strategic investment in Koubei.com.
2007	Internet-based business software company Alisoft is launched. (January)
	Alibaba.com Limited lists on the Hong Kong Stock Exchange. (November)
2008	Alibaba Group launches Alimama, an online advertising exchange company. (November)
	Taobao Mall (currently known as Tmall.com), a dedicated B2C platform, is introduced to complement Taobao's C2C marketplace. (April)
	Koubei.com is merged with China Yahoo! to form Yahoo! Koubei. (June)
2009	Alimama is integrated with Taobao. (September)
	Alibaba Group R&D Institute is established. (September)
	Alisoft is merged with Alibaba Group R&D Institute. (July)
	Alisoft's Business Management Software division is injected into Alibaba.com. (August)
2010	Koubei.com is injected into Taobao as part of the "Big Taobao" strategy, which positions Taobao as a one-stop e-commerce service provider to promote wider use of e-commerce among consumers. (August)
	Alibaba Cloud Computing is established in conjunction with Alibaba Group's 10th anniversary celebration. (September)
	Alibaba Group creates a cross-business team comprising senior managers from Taobao, Alipay, Alibaba Cloud Computing and China Yahoo! to execute a full-scale roll-out of the "Big Taobao" strategy. (March)
2011	Alibaba Group announces that it will begin in 2010 to earmark 0.3 percent of annual revenues to fund efforts designed to spur environmental awareness and conservation in China and around the world. (May)
	Taobao Mall launches a new independent web domain, Tmall.com. (November)
2011	Alibaba Group announces its plan to build a network of warehouses across China and, together with its partners, drive major investment in logistics development in the country. (January)
	Alibaba Group reorganizes Taobao into three separate companies, Taobao Marketplace, Tmall.com and eTao, to capture the Chinese consumer e-commerce opportunities. (June)
2012	Tmall.com changes its Chinese name to strengthen its positioning as a source of high-quality, brand-name products. (January)

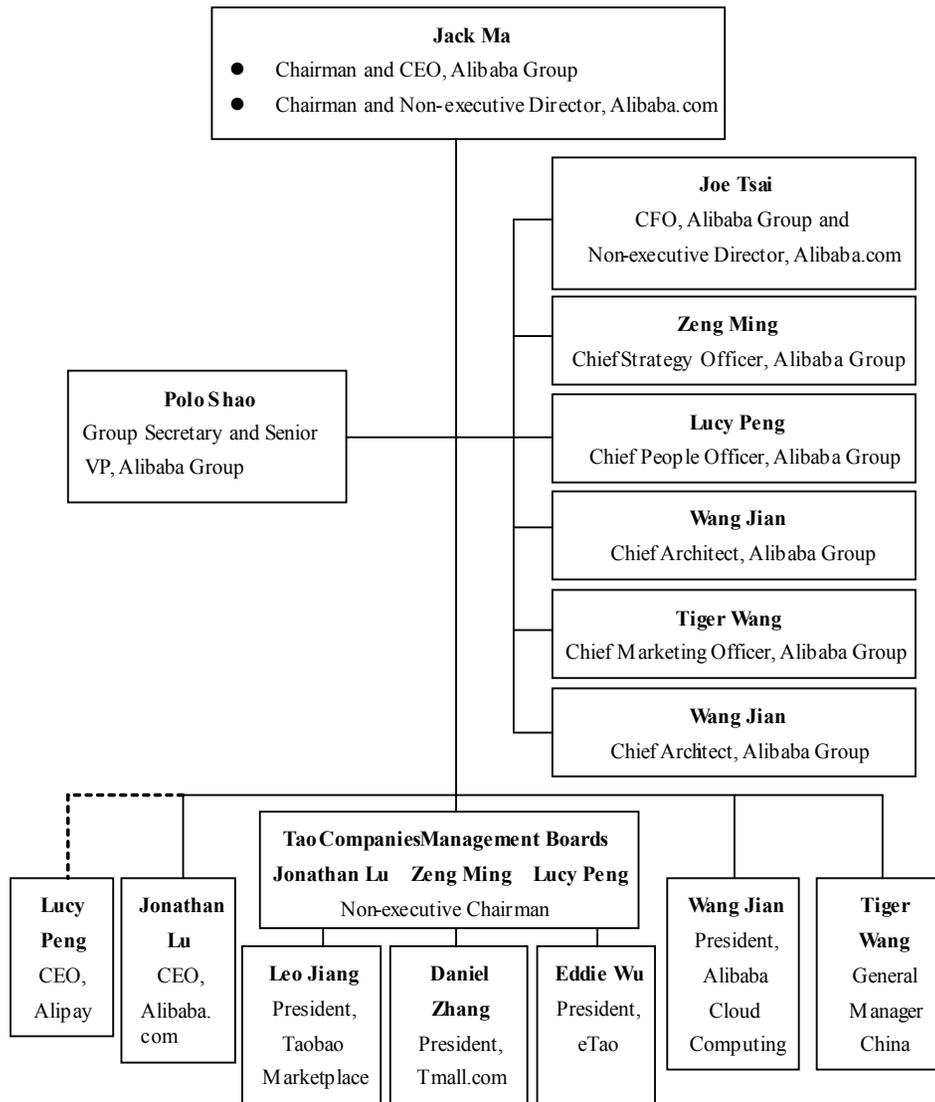


Figure 6
Managers of Alibaba

2.1 Stage One: Foundation by Values

Foundation by values means that the creation of an organization is based on values rather than its own sake. Since ordinary company always is centered with profit on the threshold, Alibaba shows us different story. Michael Yu, the founder of the most outstanding education business New Oriental Group in China, has an viewpoint that the appearance and educational background could not determine whether a man could be successful or not, he is also a popular inspirational tutor of Chinese young people, this viewpoint always be released at the beginning of his lecture in a number of Chinese average universities, the argument he used to support his viewpoint is Jack Ma, who is the founder of the first and most successful E-commerce business in China. Jack Ma is really a case in point, he has a very thin and small figure, in effect, he is really not a handsome man at all, he looks so strange

that he is known as an extraterrestrial, he never went to a good or even average elementary school, middle school and high school, he has failed in Chinese college entrance examination three times, even if he passed at last, his performance is still too low to support him to go to a good university, so his university background, Hangzhou Normal University, is extremely average as well, and his bachelor of literature is even completely irrelevant to business and computer technique. But such appearance and education could not prevent him from excellence at all. As a supplement of Michael Yu’s viewpoint, we believe that the birth background could not determine a person’s success as well, for Jack Ma was just born in an average family in 1964.

Although the argument that family origin, appearance, and education background as key successful factors is unable to stand its ground, perhaps no one could deny

or neglect the vital role of character or personality in the process of a person's success. We detect two important and interesting points by the review of Jack Ma's experience in the childhood, which might reflex to some extent and have great influence on his character capable of managing a big company. First, he loved fighting when he was a child, he once had to be sewn by thirteen needles for the injury, and he also had been punished by the middle school and had to transformed school due to fighting, nevertheless, what matters most is the reason of his fighting. Jack Ma confessed that no one time did he fight for his own sake during the numerous fights, he fought for his friends all the time, hence he was known as the man who highlighted the sense of honor and justice most, that is a very important signal, which at least means he is not a selfish man, and a selfish man usually pursues more inside than outside benefit, this character gives him a potential to build a real valuable business, besides, the intention of fighting for the benefit of others may also have impact on the great personality which is very important in an organization: developing others, only a man with the character and willing of developing others can lead a small business to be large and great, or else, the business will not grow up any more. Second, he loved the novel of martial arts very much, he looked up to Qingyang Feng, an important role of Yong Jin's famous novel "Xiao Ao Jiang Hu", Feng is a low keyed martial arts master and has unique skills "Du Gu Jiu Jian", he is also a great teacher for the developing of another super martial arts master Huchong Ling, Jack Ma confessed that he dreamed of becoming Qingyang Feng in the field of business combat, therefore, he is also an ambitious man with great dream, the most interesting thing is that the values he used to realize his dream in the early stage of Alibaba is known as "Du Gu Jiu Jian", which is the tool Feng has used to become the No.1 position in the field of martial arts.

Besides, the experience of difficulties also shapes him the spirit of never giving up, own to the good command of English Jack Ma got the opportunity to go aboard to USA in 1995, it was also the first time he accessed the internet, although internet is only too familiar to Chinese at that time, he recognized the huge potential of internet in China, hence he decided to build a website named as China Pages to help Chinese enterprises to be appeared in the internet, a reporter of China Central Television has recorded this hard time, in order to realize his dream, he struggled to sell his website, although the return of all his effort was only failure at last, he never gave up, or else, Alibaba would not be made in future. As a matter of fact, everyone or every business are facing all kinds of difficulties every day, the most important thing is the pursuit of dream and the courage to conquering difficulties in practice. This character of Jack Ma is also clearly embodied in the following statement about the born of Alibaba. In conclusion, a leader who has the willing of developing others, who has great dream but at the same

time has the courage to facing and solving difficulties consistently, the blend of which constructs the real charm of a leader, this character is also the basis of leading a company by values.

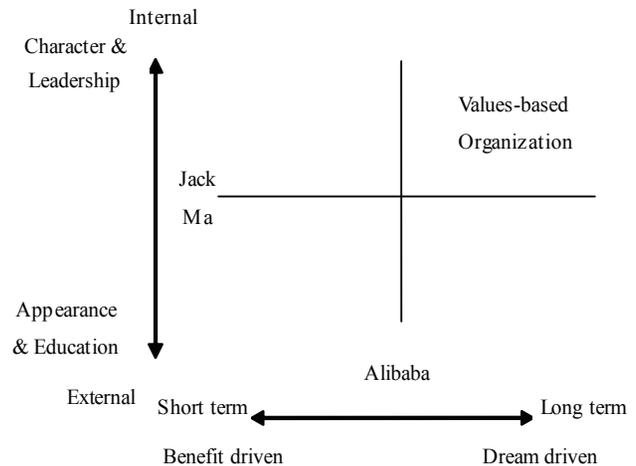


Figure 7
Foundation by Values

Jack Ma is a pioneer in the Chinese Internet industry and in 1995 founded China Pages, one of the first Internet-based directories in China. From 1998 to 1999, Mr. Ma headed an information technology company established by the China International Electronic Commerce Center, a department of the Ministry of Foreign Trade and Economic Cooperation, in the eye of the income, Jack Ma has become a successful man at that time working for the government, for his income was more than ten thousand RMB per months when the average income in China at that time was just about several hundred, Jack Ma and his team members' jobs with such high wages were undoubtedly admired by average people, however, Jack Ma focused on the real value of their job, and he did not believe it was valuable for them to continue to spend their precious knowledge, technique, and experience accumulated by the past four years on such a government project, which was unfit with his judgment on the great applicable vision of internet in China, so he decided to abandon such a good job and embark upon a new business with his dream. But only he is not enough to such a start-up, he needed a team, and what is more, the team member should also share the same values with him. It was really a hard decision, especially for those team members composed of his seventeen good friends, in 1998, Jack Ma led them from their home town to the unfamiliar city Beijing to work for such a government project, they all spared no effort to their jobs even at the expensive of all their rest day, however, they had to face the new choice when they have just become into the right track and were qualified for such a high income, at that time even if they did not work for the government, they were also able to be employed by other internet companies in Beijing with a very high salary based on their KSAs, but they

had to abandon all those and had to have a salary of only five hundred RMB per month if they chose such a new business, and they had to leave Beijing and move back to Jack Ma's house in Hangzhou to work, in a word, one side is the attractive benefit, another side is the great dream, and you could eat it and have it at the same time, the result was that they unanimously choose the latter after a considerations of five minutes, they were all touched to tears at that time, it was the great dream, the shared values might be more precise, rather than the money and benefit that drove them to make such a decision. Before they left Beijing, they went to the Great Wall; it was the first time for them to visit the Great Wall although they had been worked in Beijing for nearly two years, on the Great Wall they pledged to build a great business in the world which was really run by Chinese, and the mission of the business is to make it easy to do business anywhere, which is the perpetual values of Alibaba and is also fit the concept of effective informal economy very well. The customers of Alibaba were usually small and middle suppliers, and the main strategies of Alibaba included B2B, B2C, C2C, and other transaction platforms relevant to the realization of the informal economy business.

2.2 Stage Two: Start-Up

In the stage of start-up, management by values means that manager should determine general values or principles at the beginning of the organization so as to gain the efficiency and performance. It is very important because many companies in this state tend to pay more attention to marketing or R&D than the values or principles, they believe that there is no need to spend so much effort to it, but in effect in such stage values is the most important thing, that is what Alibaba told us. As shown in the born of Alibaba, a group of men who had the same values on the future of the business assembled together and built an organization named Alibaba. As far as the specific operation of the organization is concerned, Alibaba decided the "three-point law" which included basic principles of values on their jobs in practice (ZHENG, 2007), the intention of such values was to make sure that all the employees committed to the uniform approach of solving the problems and to improve the efficiency of the organization, in other words, to solve the traditional problems of organizational inefficiency. Those values were principles about how to right deal with contradiction, meeting, and customers: the first values was the principle of solving contradiction, Jack Ma and his partners decided the principle that the two men in contradiction should solve the contradiction face to face, this simple principle was very important especially in China in that it implied two points, on the one hand, it told all the employees that the contradiction must be solved rather than ignored or postponed, Jack Ma was convinced that the "office politics" was in effect stemmed from the accumulation of unsolved contradictions, the ignore of contradictions

might whitewash the organization, and no organization could afford the mass outbreak of its accumulation, that is why contradiction is always seemed harmful, but this first principle could make the contradiction be constructive, on the other hand, the contradiction must be sincerely solved face to face, ordinary people, especially for Chinese are so implicit that they would not like to face the contraction and solve it face to face, that is why the contradiction is seemed hard to solve, therefore, this first principle helped people to change the bad traditional habit of solving the contradiction and realized the value of contradiction; the second values was the principle of meeting, they decided that all the meetings must have a specific and clear topic, must only let the relevant people to take part in, and must have the result of this topic, the intention of this point was to improve the value of the meeting, it was well known that meeting was a frequent activity in nearly all the organization, in effect, it was a tool to solve problem rather than a form of activity, what is more, it was an important occupation of time resource, which was precious for any organization and individual, hence, the meeting must have a clear topic, or else that would be a waste of the whole meeting, the participants must be a few relevant people rather than all the managers or employees, some Chinese enterprise loved great meeting with many people, but it would be a waste for the irrelevant people, besides, even if the meeting qualified for the clear topic and relevant participants, the meeting might be useless if it would not lead to a result, which is also a bad habit of many organizations; the third values is the principle of treating customers, they agreed on the principle that all the employees should be "uncomplicated, honest, and friendly" to their customers, this principle would be evolved into the values of "customer first" later. Those values at the threshold of Alibaba are of great value in that they based on the future values and growth of Alibaba.

2.3 Stage Three: Growth

Peter F Drucker (1954) told us in the Practice of Management that the biggest problem for any organization is the growth. Management by values in the growth stage means that it is necessary to construct values systematically when it becomes a large organization. Alibaba had been developed very well since September 10th, 1999; nevertheless, it encountered the obstacle of growth when it came to the end of year 2000, it was partly due to the coming of depression in outside internet industrial setting, which was known as the winter of internet at that time, Alibaba could not afford the so high human cost under the financial stress, what is more, compared with the eighteen workers at first, Alibaba had become bigger and had hundreds of workers by then, some newcomers could not recognize the values of Alibaba very well, hence, Alibaba began to adjust human resources so as to acquire the suitable workers, Alibaba reduced staffs who could not fit the organizational values,

besides, the most important measure was the selection of Chief Operational Officer, the mission of whom was to design the systematic values of the organization, Savio, a professional executive who had been worked in General Electronic for more than fifty years, was selected as a optimal manager since such great organization as GE are always the learning model of Alibaba.

With the help of Savio, Alibaba constructed the systematical values which were known as “Du Gu Jiu Jian”, “lonely nine sword” in English, that is: working together, both teaching and learning, quality, simplicity, passion, openness, innovation, focus, service and respect. At the same time, Alibaba launched the “Rectification Movement” which was learnt from Chairman Mao’s “Yanan Rectification Movement” in 1942, the intention of this movement is the unity of thinking, as Jack Ma said (SUN, 2008): Just like “Yanan Rectification Movement”, first and foremost is the unity of thinking, what are the common objectives of Alibaba? To be a business which can live more than eighty years, to be the top ten website in the world, to be the platform that all the businessmen required, We told our employees that anyone thought we are crazy should leave Alibaba, we aim to be a business aged eighty in the long run, Rectification Movement would instill our values to everyone in our organization. Besides, Alibaba also launched a marketing training project named “a hundred year strategy”, the most important content of which was organizational values rather than sales tactic itself, all the managers had become trainers, Savio was responsible for teaching values, Lucy Peng was responsible for the introduction of the history of Alibaba, and Pengyu Sun and Xuhui Li’s tasks were marketing technique, while Jack Ma would always told all the employees before the courses that the only mission of a salesman was to help the customers to be successful, which was the most important values in Alibaba, the logic of Alibaba was very clear: constructing values before the construction of sales team. In a word, both “Rectification Movement” and “a hundred year strategy” were the effective educational tools to strength the new values that had been designed systematically.

The statement of official website of Alibaba also implies the importance of such education or train for shared values on customers. Alibaba have established a strong company culture based on a shared mission, vision and value system as the cornerstone of Alibaba Group and its subsidiaries. Alibaba’s business success and rapid growth is built on the spirit of entrepreneurship, innovation, and an unwavering focus on meeting the needs of our customers. When new employees join Alibaba Group, they attend an extensive orientation and team-building program at the company’s headquarters in Hangzhou, China. This program includes a strong focus on the company’s mission, vision and values; reinforced in our regular training programs, team-building exercises and company events. Strong shared values have enabled us to

maintain a common company culture and community, no matter how large we grow.

2.4 Stage Four: From Big to Beautiful

Part One: Selection by Values.

Selection is an ordinary human resource job, average company focus on the Knowledge, Skill and Abilities when human resource managers choose new employees, such selection way is not wrong, however it is not a very good selection as well, for it is a waste of human cost if the new employees do not accept the values of the organization, in this condition, he or she may not contribute to the organization very well even if he or she has great KSAs. Alibaba shows us a particular way to select new employee, that is selection by values not only the ability. Smell official is designed innovatively by Alibaba to test the values of job-seekers and select the new employees whose values are fit with Alibaba’s values (LIN & GUO, 2009). As shown in the two dimensions of assessment in Alibaba, although Alibaba needs talents who have the ability to qualify for different kinds of jobs, ability is still only a necessary but not determinative factor during the test of selection. Alibaba launched a large-scale nationwide recruitment in 2009, which was also the tenth anniversary of Alibaba, this recruitment was different in that smell official was involved and was powerful in the process of interview. Smell officials were usually senior employees who had been worked in Alibaba for more than five years and had deeply known and believed in the values of Alibaba, those officials were responsible for smelling the values of the candidates by observing the words and behavior of them carefully and then selecting candidates whose values were most consistent with Alibaba based on their experience in Alibaba, for example, Alibaba is a company who places high values on the dream and mission, so the smell official would observe the facial expression, attitude and behavior of each job-seeker when the interviewers told the job-seeker the dream of Alibaba endlessly, those job-seekers who show lower interest and focus on the salary of the job would undoubtedly be eliminated, besides, Alibaba is also a company who encourages cooperation and places higher values on the organizational goals than personal benefit, hence, smell officials might smell the feeling of job-seekers about themselves, and many job-seekers might be too self-centered to be selected in this process, some job-seekers who declared that they loved Alibaba very much but could not express even one specific aspect he loved would also be eliminated because of his dishonesty, which was contrary to the core values of Alibaba. In a word, smell official enjoy a one-vote veto power within the process of recruitment no matter whether the job-seeker has great ability, and the interview of smell official has been an important part of Alibaba’s management by values.

Part Two: Evaluation by Values

Evaluation by values means to assess the performance of employees on values in the process of evaluation,

this management approach is very different from other companies who always focus only on the task performance. Alibaba had experienced a fast growth after the “Rectification Movement” and “a hundred year strategy” and soon became a large company with thousands of employees by 2003, although training the values had once been an effective measure, it was not enough by that time. Alibaba commenced with a new way to manage values, which was named as the assessment of values and was extremely different with the assessment system of ordinary company whose focus was just on the key performance index. As illustrated in the figure 8, there existed four quadrants in the illustration, which were divided by the two fundamental evaluative dimensions: one was the traditional factor of performance and the other was the innovative factor of values, a person with high performance was assessed very well in an average enterprise, however, that was not enough and just one aspect in Alibaba, if his scores of values was low, he would not also be a competent man and would belong to the first quadrant, such type of employee was known as “wild dog” as a metaphor, on the contrary, someone might acquire a high score of values, but he still would not be qualified if he could not have high performance, he would be known as “small rabbit” and belong to the third quadrant, only employees in the second quadrant were encouraged and seemed as “the people of Alibaba”, of whom the values and performance were both high, hence, people in the first and third quadrant should adjust themselves to qualify “the people of Alibaba”, of course, no company could afford such people in the fourth quadrant with both low performance and values scores. Jack Ma appreciated the philosophy of Chinese “Tai Chi”, which is composed of two sides: Yin and Yang, and the principle of Alibaba’s assessment system was based on such philosophy, as Jack Ma had said that the function of values was just like the role of moral compared to the law (Liu, 2009).

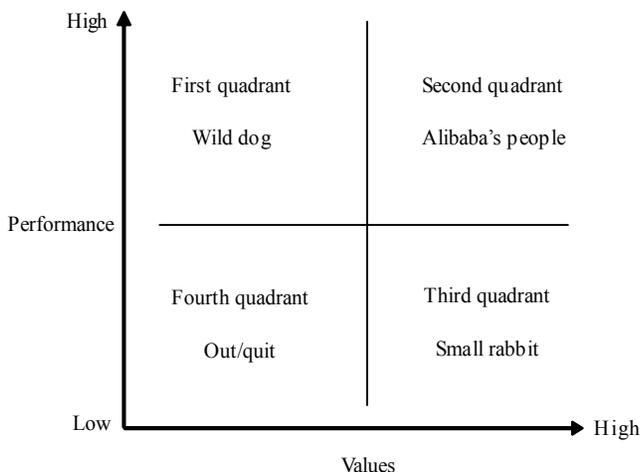


Figure 8
The Model of Alibaba’s Assessment

As to the reason of assessment on values. Lucy Peng, the chief official of Alibaba’s human resources, had explained this reason in three points (ZHANG & SU, 2009). First, majority of employees in Alibaba were Chinese young people, they need additional classes to make up the shortfall of Chinese traditional exam-oriented education, under which they completely had no chance to learn how to get along with others, the result was that majority of young people were good at performance but were hard to adjust themselves to the team and society quickly, that majority of young people in the company could not know how to communicate with others, such problem was seldom in western companies for education might relatively be free and liberal in western societies, young people made by that society could know how to respect, listen to, and cooperate with others, therefore, the intention of assessing values was to teach the young people how to get along with others very well. Second, the number of employees in Alibaba doubled every year, the speed of Alibaba’s development was so fast and the values of new employees were so diverse that the core values of Alibaba would be broken up without the measure of assessing values, even if the employee with opposite values might get high performance, the result would also be short-lived, not lasting. Third, Alibaba was confident with the meaningful of Alibaba’s values itself, the employees themselves would be benefited greatly in the long run if they could think and behave based on the organizational values of Alibaba.

Content and approach of evaluating values in Alibaba. As shown in the table 2, the core values evaluated was known as “Liu Mai Shen Jian” (Six pulse Sword), which had been evolved from “Du Gu Jiu Jian” (Lonely nine Sword) and was composed of six aspects with five items for each aspect. The method of evaluation employed was “clearance system”, that is, for every aspect with five items, there was no point for a man who had qualify for all the other items without the qualification of the first items (ZHANG& SU, 2009), take the aspect of customer first for example, the first item was “respect for others”, which was a basic item, and the last item was “have the sense of service in advance and can take preventive measures in advance”, perhaps someone could perform well for this item because of his talent and techniques in the transaction, however, his score on this aspect was still zero if he was so arrogant and could not respect for others. In effect, the reason why such “clearance system” was adopted was determined by the gradual internal logic of every item, take the fifth sword “passion” for example, the first item was the love of one’s work, it was hard to imagine a man without such love could perform good job consistently, the fourth item was “always hold the spirit of optimism and the will to win, influence and drive the effort of colleagues and team”, which was impossible if someone himself could not show passion and love for his own job. The total score of each aspect is 5, and the basic pass score is 3.

Table 2
The Core Values Index of Alibaba

Six swords		items	
concept	explanation	description	score
Customer First	Customers are our parents and their interests must be our first priority.	Respect for others, maintain the image of Alibaba at any time	1
		Face the complaints and grievances with smile, solve customer's problems actively	2
		Do not shirk even if it is not your duty during the process of communicating with customers	3
		Think like a customer; realize the satisfaction of both customers and company at last based on the adherence to the principles.	4
		Have the sense of service in advance and can take preventive measures in advance	5
Teamwork	We expect our employees to collaborate as a team. We encourage input from our employees in the decision-making process and expect every employee to commit to the team's objectives.	Integrate into the team actively, be willing to accept the help of colleagues, collaborate with the team to complete the tasks.	1
		Make constructive suggestions before decision, take fully part in the discussion of team, and obey the result of decision absolutely from words to behavior regardless of the individual objections.	2
		Share the knowledge and experience of business transactions positively and actively, give the necessary help to colleagues actively, should be good at take advantage of the power of team to solve problems and difficulties.	3
		Be good at working with variety of different colleagues, do not involve the personal preferences to the job, embody entirely the principle of "focus on the issue rather than the person"	4
		Have a sense of ownership, impact on the team positively; improve the morale and atmosphere of the team.	5
Embrace Change	We operate in a fast-evolving industry. We ask our employees to maintain flexibility, continue to innovate and adapt to new business conditions and practice.	Adapt to the daily changes of company, do not complain.	1
		Face and cope with the change rationally, communicate adequately and collaborate sincerely and heartedly.	2
		Be able to adjust oneself when encounter the difficulties and setbacks produced by the changes, and influence and lead colleagues positively.	3
		Hold forward-thinking during the work, establish new methods and ideas.	4
		Create change, and bring about the improvement of performance with great breakthrough.	5
Integrity	Integrity is at the heart of our business as trust is an essential element of a marketplace. We expect our employees to uphold the highest standards of integrity and to deliver on their commitments.	Honesty, integrity, deeds accord with words.	1
		Express one's viewpoint through correct channels and processes, be able to make recommendations when criticize others. Speak bluntly is taboo.	2
		Do not spread the unconfirmed information, do not talk others or things irresponsibly and secretly, for any criticisms, correct the mistakes if you have committed them, and avoid them if you have not.	3
		Have the courage to admit mistakes, dare to take responsibility, and correct promptly.	4
		Prevent effectively the behaviors without integrity that harm the benefit of organization.	5
Passion	Our employees are encouraged to act with passion whether it is serving customers or developing new services and products.	Love your job, agree with the culture of Alibaba	1
		Love Alibaba, care for the collective interest, and do not be calculating and unwilling to make the sacrifice of personal gains and losses.	2
		Face daily work with a positive and optimistic attitude, never give up when encounter difficulties and setbacks, motivate yourself constantly, spare no effort to well performance.	3
		Always hold the spirit of optimism and the will to win, influence and drive the effort of colleagues and team	4
		Set higher goals constantly, today's best performance is tomorrow's minimum requirements.	5
Commitment	Our employees have a dedicated focus and commitment to understanding and delivering on the needs of Chinese and global small businesses.	Do not postpone today's task to tomorrow, just do work-related things during the work.	1
		Obey the necessary workflow; do not have repeated mistakes due to the dereliction of duty.	2
		Continuous learning and self-improvement, the way do things should reflect fully the principle of result-orientation.	3
		Be able to arrange your job properly according to the importance of the tasks, do the right thing.	4
		Follow but should not be limited by the workflow, simplify the complexity, be able to acquire higher work result with smaller investment.	5

Part Three: Motivation by Value Share.

Just as Drucker and Collins told us that profit is not our objective but is the natural result of great contribution to outside customers. Such values are also the motivational concept in Alibaba. People work not for the sake of themselves, but do not neglect to share the value they contributed to the organization, that is the concept of motivation by values or value share. Feng Lei, who was born in 1940 and died in 1962, is a Chinese household name for serving people wholeheartedly, as a normal soldier, he had helped numerous people in his short life, Chairman Mao wrote an inscription “Learn From Comrade Feng Lei” in 1963 to encourage such behavior in China. Feng Lei’s spirit, the core of which is the unselfish dedication to the organization, is extremely encouraged in Alibaba, however, Jack Ma is convinced that it is the organizational environment which can determine the existence of such dedication (ZHU, 2008), in other words, it is the organization’s duty rather than the employees’ duty, only when an organization could not let “Feng Lei” suffer loss could the organization produce real spirit of Feng Lei. Alibaba listed in Hong Kong in November sixth, 2007, the number of millionaire employees created by Alibaba was unprecedented in China, according to the prospectus, there were 4,900 employee stockholders, each employee hold 90.5 thousand shares, and the prospectus median price was HK \$ 11, therefore, all the employees became millionaire through initial public offerings, and the entrepreneurs who had just got a salary of five hundred RMB per month in 1999 received unbelievable results at

that time. Such common prosperity was due to the policy of sharing the harvests with industrial employees or “Feng Lei” who had been dedicated themselves for the success of the company. Although the number of millionaires in Alibaba are far more than Alibaba’s competitors, Jack Ma, the leader of Alibaba, ranked “in the Hurun IT Rich List” far more behind his counterparts of other IT companies in China, which is because that Jack Ma’s share holdings is lowest among those leaders, for example, Tianqiao Chen, chairman of Snda internet, hold 75 percent, Robin Li, chairman of Baidu, hold 25 percent, by contrast, Jack Ma only hold 5 percent. If those employees who could practice the organizational values wholeheartedly could be named as “Feng Lei”, the most effective way of ensuring such effort would be share the results of the organization with them and do not let them off any more.

2.5 Process: Values-Growth Fit

There is a Chinese Saying that “take the essence and discard the dregs” which always be used in the assessment of traditional culture in China. Although values should be deeply believed, it is not immutable and frozen. Values-Growth Fit (V-G Fit) means that values itself should be developed in the process of the growth of the organization, during which some part of it might be changed while the other part might be kept. As shown in the figure 9, the core principle of values-growth fit looks to some extent like Kotter’s adaptive cultures. And Alibaba shows us a more specific case in the following.

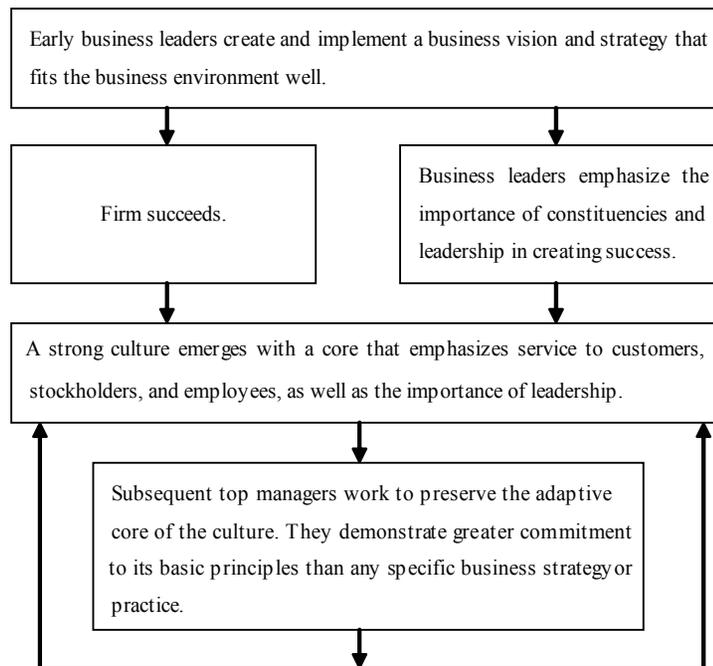


Figure 9 Adaptive Cultures

From “Three-point Law” to “Six Pulse Sword”. As a fact of fact, the values of Alibaba are not immutable and frozen. When Alibaba was born in 1999, Alibaba determined the “Three-point Law” as the basic principles of all the employees. When Alibaba was two years old in 2001, Alibaba managed to determine the “Lonely Nine Sword” as the values of Alibaba. When Alibaba was five years old in 2004, Alibaba formally defined the “Six Pulse Sword” as the core values of Alibaba, which also became the content of the assessment for all the employees. Such six core values guide Alibaba’s operations and are fundamental to its corporate culture and an integral component of Alibaba Group’s DNA. Therefore, the values of Alibaba were increasingly clear and specific during this development.

Expected life from 80 to 102 years. Alibaba had once invited professors to make an experiment in Alibaba, all the managers were divided into three groups, the first group was asked to figure out fifteen synonyms of “Watch” in fifteen minutes, this group just made fifteen after fifteen minutes, the second group was asked to figure out as many synonyms as possible within fifteen minutes, the result of this group was seven, the third group was informed that they had to figure out thirty-five or else they would be lost and that thirty-five was just the pass mark, such high requirements drove the third group to complete thirty-nine words within the same time, therefore, Alibaba realized the value of specific goals with great challenge. As far as the vision of life is concerned, Alibaba determined to be an organization with 80 years at the beginning in 1999, Alibaba asked new and higher requirement on the occasion of its fifth anniversary in September 2004 when it had become a successful company in China, Alibaba would target to at least 102 years, which was Alibaba’s new values: a real great organization should be able to span three centuries, since Alibaba was born in 1999, 102 became a basic standard for Alibaba who dreamed to be a great organization.

Therefore, the new edition of vision in its website now is to become the first platform of choice for sharing data, to be an enterprise that has the happiest employees, and to last at least 102 years. Because of the nature of its businesses, Alibaba Group subsidiaries are repositories of massive amounts of market information and statistical data. As part of Alibaba’s commitment to SMEs, they are working to be the first company to make this market data available free to all of our users, enabling them to adjust their strategies to suit fast-changing market conditions and to expand the reach of their businesses. In addition, they strive to be the company with the highest employee satisfaction and to build a company that flourishes for at least 102 years, spanning three centuries.

New business culture, also named as new business paradigm. Alibaba declared that Alibaba would spare no effort to build new business culture in the next ten

years when Alibaba had been established for ten years in September tenth 2009, At the tenth anniversary celebration, Jack Ma expressed the values of new business culture: We have a dream after ten years, just like Martin Luther King, that businessman is no longer a symbol of greed, that businessman would be the main power of social development, that businessman made by the internet would be honest, opening, responsible and global, the specific index of such values will be that Alibaba will create e-commerce platforms for ten millions of small businesses, will create a hundred million jobs for people all over the world, will take the advantage of the platforms with ten millions of businesses to help all the small businesses to compete with all the large companies through technique, internet and e-business, will let an average old lady under the service of Alibaba do not have to waste her energy and time at the long line of the bank door for just paying ten dollars of electricity fee, will let ordinary people enjoy the same right of ICBC’s Chairman.

In effect, New business paradigm is Alibaba’s most important task in future, as its official website says, the mission is to drive the creation of a new business paradigm that embodies openness, transparency, sharing and responsibility. In the traditional commercial world, businesses are isolated entities that interact with their suppliers and customers in ways that maximize their own profits. It’s a zero-sum game. But we believe the Internet is changing this game. The Internet has democratized access to information and allows small businesses to collaborate globally in real time, putting them on a more equal footing with large companies that have dominated and controlled markets for decades. We believe the Internet can help resolve longstanding challenges that SMEs face in procurement, sales, management and financing – and that by working together online, SMEs can achieve the same economies of scale as big companies.

This is a new commercial reality where the interests of participants in the value chain—— from producers to suppliers to distributors to consumers——are more closely intertwined than ever. The Internet enables win-win solutions that enlarge the opportunity for all businesses to allow everyone to share in the rewards. In this new business paradigm, short-term profiteers, protected monopolies, nontransparent middlemen, unscrupulous producers and rip-off artists will eventually be driven from the market. Those who thrive will be people who take a long-term view, share and collaborate within the ecosystem, and take responsibility for the well-being of customers, employees and the environment. By harnessing the power of technology and our platforms, Alibaba Group is working with small businesses, entrepreneurs and consumers to promote this new business paradigm. Our approach is based on openness to new ideas, transparency of operation, willingness to share knowledge and information, and a sense of responsibility

to key stakeholders.

Keep core values. Although the values of Alibaba have been developed during the past years, some values are maintained all the time. They are the mission of Alibaba: to make it easy to do business anywhere, and the perpetual principles of Alibaba: Customer first, employees second, shareholders third. They work every day to uphold such tenets.

CONCLUSION

A good business can create good life for people. Today's Alibaba group has more than 25,000 employees, "Alibaba.com", the B2B platform of Alibaba, has created 69 million registered users, "Taobao.com", the C2C platform of Alibaba, has created more than 370 million registered users, and the total amount of the transaction in "Taobao.com" was 400 billion RMB in 2010, that is a great increase compare with 30 billion in 2007, what is more, "Taobao.com" had helped directly 2,463,000 people to get job by November 30th, 2011, including 20,340 people with disabilities, "Tmall.com" had just been separated from "Taobao.com" as a professional B2C platform in June, 2011, whose highest record of transactional amount was nearly a billion RMB a day, "Alipay.com", the third payment platform with safety and convenience created originally by Alibaba in 2004, has more than 600 million registered users, as to the marketing performance, according to the data of IResearch, a Chinese professional investigation company, C2C was the most popular platform in internet for Chinese consumers, and the marketing share of "Taobao.com" was 90.5% in the Chinese C2C market in the first quarter of 2011, while the new "Tmall.com" was 46.9% in the Chinese B2C market, as a conclusion, internet transaction has been our way of life which includes our needs and jobs, and Alibaba, who has created numerous customers and job opportunities for society, has been undoubtedly a very responsible and successful business in our society.

A good management of good values can create a good business. Alibaba is a real values driven organization whose mission is to make it easy for business anywhere, which also represents the meaningful social value of informal economy on business: to bring better result from simpler process. Great values would become real competitive edge and great leading power when it could be effectively management. We conclude the foundation and general principles of management by values from the leading practice of Alibaba. The leader of an organization should care more about the growth of others than him, at the same time, the organization itself should focus on the value and contribution of its existence rather than the profit of itself, and those two points construct the base of management by values. The five general principles of management by values include: determine the behavioral

principles once the organization was born; construct the systematical organizational values when the organization was on the right track; test the values of all the employees when the organization became large; develop the values as the growth the organization; share the harvests with the employees who have always been practiced the organizational values.

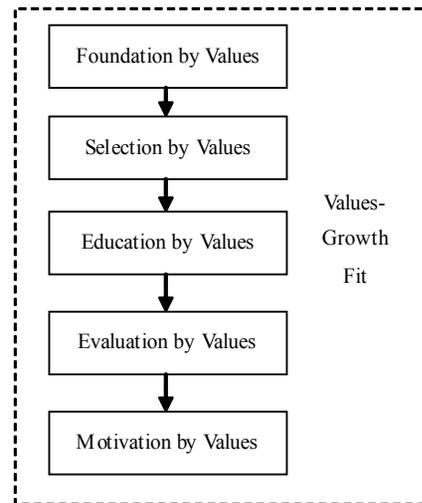


Figure 10
Management by Values

Nearly all the organizations today have great values, but few of them is competitive values because such great values are just on the wall, and the real core competency for the organization is an effective management of values, only when the values can be managed effectively can the values become real valuable resource for an organization, therefore, it is the management rather than values itself that lead to great performance. In a word, as it is shown in this case study, management by values (MBV) is a systematically management way which includes management by great values firstly, management by general principles of values secondly, management by the construction of values thirdly, and management by values in the process of selection, education, assessment and motivation fourthly. Besides, do not neglect to be values-growth fit at any time.

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