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THE INTERNATIONALIZATION OF e-COMMERCE

A case study of the Alibaba Group

MATHEUS FELIPE PEREIRA DE SOUZA
ELÓI MARTINS SENHORAS



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THE INTERNATIONALIZATION OF e-COMMERCE: A CASE STUDY OF THE ALIBABA GROUP

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EDITORIAL

O Núcleo de Pesquisa Semiótica da Amazônia (NUPS), da Universidade Federal de Roraima (UFRR), criou a "Coleção Comunicação & Políticas Públicas" com o objetivo de divulgar livros de caráter didático produzidos por pesquisadores da comunidade científica que tenham contribuições nas amplas áreas da comunicação social e das políticas públicas.

O selo "Coleção Comunicação & Políticas Públicas" é voltado para o fomento da produção de trabalhos intelectuais que tenham qualidade e relevância científica e didática para atender aos interesses de ensino, pesquisa e extensão da comunidade acadêmica e da sociedade como um todo.

As publicações incluídas na coleção têm o intuito de trazerem contribuições para o avanço da reflexão e da *praxis*, seja na comunicação social, seja nas políticas públicas, e para a consolidação de uma comunidade científica comprometida com a pluralidade do pensamento e com uma crescente institucionalização dos debates nestas áreas.

Concebida para oferecer um material sem custos aos universitários e ao público interessado, a coleção é editada nos formatos impresso e de livros eletrônicos a fim de propiciar a democratização do conhecimento sobre as relações internacionais *lato sensu* por meio do livre acesso e divulgação das obras.

Elói Martins Senhoras, Maurício Elias Zouein
(Organizadores da Coleção Comunicação & Políticas Públicas)

To my family and friends with love I dedicate this book made through my passion for entrepreneurship!

Matheus Felipe Pereira de Souza

Dedicated to my beloved wife Candy in retribution to her daily kindness and care in my life. Love you!

Elói Martins Senhoras

PRESENTATION

Electronic commerce, by engendering a number of new businesses and technological tools, has assumed an important role in international business, introducing new business methods and producing new ways of wealth. Taking this discussion for granted this book aims to provide a better understanding of the e-commerce internationalization process, giving a special focus to the growth of the Alibaba Group, a leading industry in terms of e-commerce.

The methodology of this work departs from an overall analysis to a particular point, making an overview of the international business and e-commerce internationalization process, reviewing primary and secondary sources, in order to provide a better understanding of the processes that engendered the growth of electronic commerce and its internationalization process.

The results of this research demonstrate the landmarks that have introduced by Alibaba group in the development context of electronic commerce. In addition, the research showed a strong state influence in the electronic commerce internationalization process, through a series of research incentives, infrastructure and business creation strengthening this business tool around the world.

Through a case study on the Alibaba Group and a instructive focus for undergraduate and graduate students, this book contributes not only for a better understanding of e-commerce but also brings into discussion new strategies related to international business demonstrating how the western world reshapes the dynamics of capitalism and economic international relations. Please, have a nice reading!

SUMMARY

INTRODUCTION 13

CHAPTER 1 | 23
International Business as a scientific field of study

CHAPTER 2 | 45
The internationalization process of e-commerce

CHAPTER 3 | 69
A case study of the Alibaba Group

FINAL REMARKS 129

REFERENCES 137

ABOUT THE AUTHORS 147

INTRODUCTION

INTRODUCTION

The evolution of electronic commerce in the global scenario was only possible in the twentieth century, with the creation of the internet and tools such as the World Wide Web (WWW), along with other information and communication technologies, also align with the globalization process. This evolution has taken place not only within cyberspaces but also in the way products and services are traded internationally.

The term e-commerce (electronic commerce) has traditionally been applied to describe the buying and selling activities in the electronic environment, provided by the Internet and other technologies which enable these features. The emergence of new technologies that engender these mechanisms is a recurring process, being constantly renewed and redesigned, changing the way business is conducted and how states interact with such changes.

The theme has begun to gain prominence in the late 1990s, with the advent of the World Wide Web (WWW) and the permission of the commercial use of the Internet, which allowed a dynamization and democratization of the internet access, also promoting a growth in the content production in online platforms. Along with this dynamism, new ventures have been created within the cyberspace, creating a modern business problematic.

As business relations expand into cyberspace, the interventionist presence of the States begins to take shape. Due to strategic factors that the cybernetic media produces, regulations and legal norms have come to permeate the internet, stipulating rules for the transaction of goods in the internet.

In this way, state initiatives to promote e-commerce, coupled with the need for companies to expand their markets started to appear. The internationalization of electronic commerce becomes a key point in the development of new businesses around the world. This problematic results in a series of new ventures around the globe, stimulating the export and import of goods, allowing international buyers and sellers, a tool to transact their products faster and easier.

These businesses have been gaining strength in the global market, moving larger volumes of goods, negotiating substantial amounts of capital, and providing a boost to the development of new technologies in e-commerce, such as those promoted by mobile phones, tablets, and others.

One of the main players in the e-commerce internationalization process is the Alibaba Group, which since 1999 acts aggressively in the international market, promoting the purchase of products anywhere in the world. The group engenders a range of global trading tools, joining governments and other companies in the industry.

Hence, the scientific justification for the realization of this book is the extraordinary relevance the theme has for the study of International Business, as well as to contribute with the little bibliography on the subject in Brazil and the world. This study is linked to a line of research developed in the disciplines taught by prof. Dr. Elói Martins Senhoras.

The phenomenological justification for this book is the essential role e-commerce has been assumed since the last decade of the twentieth century, with the creation of the internet and a further expansion of information and communication technologies.

The eventual internationalization of e-commerce, coupled with a sharp increase in the use of computers and mobile phones

around the world, has made e-commerce and its internationalization process a more relevant issue in the global scenario.

The subjective justification for this book is in the interest of exploring the history and development of electronic commerce, such as its internationalization process, with a particular focus for a company whose work has been followed since the fourth semester of undergraduate studies, Alibaba Group.

The main problem that this work aimed to answer is based on the relevance of this theme. The present study has as a research problem the following question: what is the extent of competitiveness and internationalization characteristics of the Alibaba Group?

Starting from the current questioning, the study structured two complementary hypotheses, which base a fundamental thesis of work, unfolding in a general and three specific objectives, opening the discussions of each one of the three chapters present in this work.

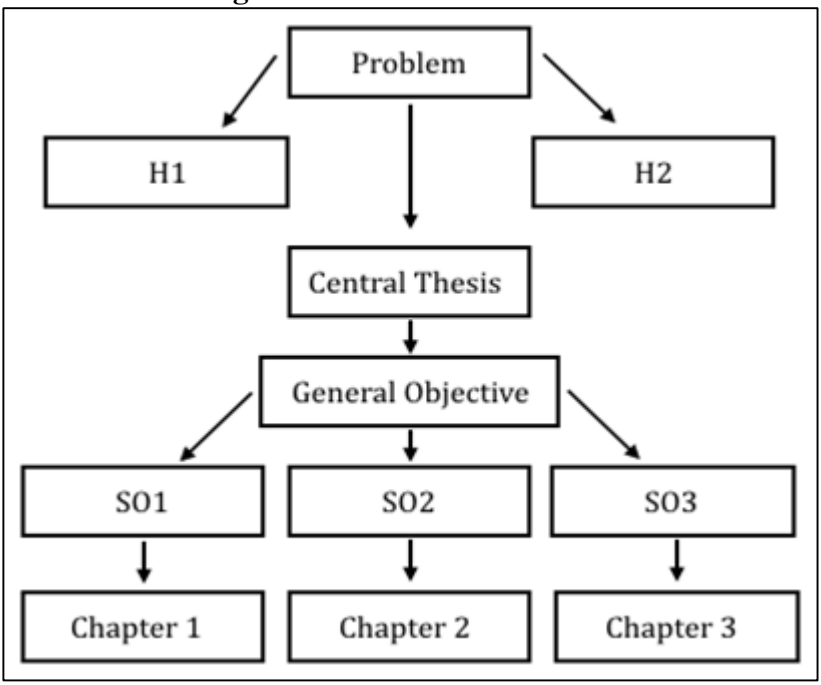
These chapters present an attempt to answer the problems that have been little explored in the Brazilian scientific literature, making a detailed study of international business, electronic commerce and, finally, the Alibaba Group.

Hypothesis 1 (H1), considered an independent variable, bases the institutional evolution of the group, in different regional e-commerce complexes in the world, conditioned to variables of the internal and external environment of the organization.

Hypothesis 2 (H2), considered a dependent variable concerning the first hypothesis, attributes the competitiveness of the Alibaba Group to a synchronous construction, both of a Chinese commercial diplomacy functional to the development of

its external environment, and of a consolidated dynamic corporate diplomacy of Incremental mode over triennial periods of internationalization.

Figure 1 – Research Structure



Source: Authors´ elaboration.

Combining hypotheses 1 and 2, this chapter presents as the central thesis of the debate that, the Alibaba group has a high competitiveness in the internationalization of business, taking advantage of the windows of opportunities of the external and internal environment, through different strategies in periods and specific electronic commerce complexes.

This book seeks to analyze the processes that led to the development and internationalization strategies of electronic commerce, providing a more detailed analysis of the Alibaba Group, and how the company helped spread the tool around the world.

The specific objectives of this work are to describe the historical and conceptual milestones of the process of internationalization of electronic commerce; Show how the development of the tool and its impacts in the business world occurred; And to point out the role of the Alibaba Group in this process, as a phenomenon that may more objectively illustrate the influence of e-commerce in international business.

This research can be characterized by the methodological clipping of an explanatory, descriptive and exploratory nature regarding the purposes and a detailed qualitative study of the means. In this research the deductive method was used, starting from a general analysis for a particular one, taking a look at the visions about international business and then an analysis of the internationalization process of electronic commerce, extending to a case analysis, with a closer look at the Alibaba Group.

Sources of this book consist of the analysis of primary sources (official Alibaba Group documents) and secondary sources (news stories propagated by newspapers). The bibliographic review was based on the use of primary databases such as official documents, statistics, classical and contemporary works and specialized articles.

It is useful to mention that most of the sources used in this work are of foreign origin, originally written in English and Spanish. However, much of the information here was translated into Portuguese as a way to democratize knowledge about the

subject in Brazil, due to the lack of scientific production on the subject in the country.

Having these theoretical discussions subsidized by these methodological precepts mentioned above, this book is structured in a deductive logic of three chapters, starting from theoretical-historical, abstract theoretical frameworks until arriving at an empirical basis of a case study of the business structures that generate the e-commerce.

The first chapter, "The International Business Field," the evolution of the field of International Business studies is analyzed by two different approaches: the first, aiming to understand the international business field with a disciplinary approach, and the second With an interdisciplinary analysis.

This chapter proposes theoretical paradigms on international business as a stimulus to the understanding of the different approaches presented to the development of international business, with the liberal paradigm being the primary focus for a more maximalist approach, allowing a deeper analysis of political and economic factors that International business.

In the second chapter, "Electronic Commerce in International Business", the work focuses on the processes that allowed the creation of e-commerce and the tools originated from it, also analyzing how these tools were inserted in the means of business, markets, and economy.

In this chapter, an analysis was made of the evolution of information and communication technology structures around the world, dividing this evolutionary process into regional complexes: Latin America, North America, Asia and Oceania, Africa and the Middle East and Europe. This division was made to illustrate the legal processes and dynamization from a regional perspective.

The third chapter, "Alibaba Group Case Study", seeks to demonstrate that Alibaba Group has a lean structure that encompasses a series of managerial processes and complex business strategies but whose main and initial focus is trading electronic.

In addition, this chapter demonstrates, with a number of analytical tools, how Alibaba Group is positioned relative to its competitors in the market, and also demonstrates how from static and dynamic analysis tools, how group processes work.

Considerations for conclusion conclude with the synthesis of concepts and debates worked on in this book trying to project future research that may deepen and bring new answers and approaches to the questions that have been opened and will be exposed next.

Based on the discussions, it is clear that the process of internationalization of e-commerce has not yet reached its maturation stage, and is continually expanding in the world, based in particular on new entrants and the dynamization of technology-based products, which always present new E-commerce modalities.

E-commerce has evolved, but there is still some uncertainty about how e-commerce will continue its development with the continual innovations taking place in the markets. Also, little is known about how the impact of e-commerce can shape the implementation and internationalization of modern business.

The vision of e-commerce as a sales tool was already included in the past. Nowadays, e-commerce represents a phenomenon that engenders a series of companies, and from this perspective, it has become a sector like any other existing in the world economies. To the same extent, states already understand e-

commerce as a tool that can help export products and services, boosting domestic economies.

In a more practical approach, it can be said that electronic commerce is just a mechanism present within the great gear that is the internet. This approach allows several services inserted within the Internet, which go beyond electronic commerce, providing digital marketing and a series of additional services that, each year, advance, allowing a possible change or "update" of electronic commerce.

CHAPTER 1

International Business as a scientific field of study

INTERNATIONAL BUSINESS AS A SCIENTIFIC FIELD OF STUDY

The study of international business as a field has grown over the last decades. However, the definition of the object of field research, the methodologies, and tools that can be used in the analyzes and the areas from which the field derives, are still a delicate subject for The academic community.

This chapter proposes a discussion on the formation of the field of international business studies. Attributing theoretical concepts pertinent to the field, in an attempt to illustrate how the process of developing International Business as a field of study.

At the same time, it is necessary to identify two different optical matrices within the field. The first, where it defends a coherent field of studies, where the academic community is interconnected and has a study methodology and research tools already defined, as well as its objects of study.

On the one hand, the second matrix represents a field of studies where there is a methodological anarchy, permeated by the lack of cohesion of the academic community on the definition of research methodologies and the objects to be observed in the field. Likewise, the second matrix implies a series of tools and methods that can be taken from other areas, thus forming an interdisciplinary field of study.

On the other hand, it analyzes the methodological and theoretical advances and challenges in the evolution and construction of the interdisciplinary field of International Business, delimiting the ways that the field can follow to develop and to become concrete as a scientific field.

Finally, with the presentation of this interdisciplinary matrix, the work can follow for a more in-depth phenomenological analysis presenting the influence of information and communication technologies on international business, with a particular emphasis on electronic commerce, showing the evolution process of the dynamization of the same.

We describe a scientific field as a construction made by a scientific community, engaged in subjective and objective relations. These connections produce different views, practices, and ideas used by this scientific community. Also, the competitiveness and scientific cooperation are an important part of the scientific field, producing a game surrounded by recognition disputes within the field.

The construction of a scientific field involves a series of historical convergences of methods, theories, and specific debates that evolve from several cooperations and competitiveness initiatives among researchers within the same area (Senhoras, 2015). The scientific field of International Business has been a topic of research since the early 1950's, having as its principal scope of the international commerce, the relations between companies and other issues. The study of exportation activities, foreign direct investment, technological transference and management of transnational corporations also became core objects of research in the field.

As in other academic disciplines that emerged in the same period, the International Business advanced as a result of the efforts to establish a theoretical basis and research objectives. The consolidation of a new theoretical basis usually requires a predetermined period in the scope of an already established discipline, in the same way, the foundation of the studies in International Business was inherited from a deepening into the

studies in International Administration and Business Management studies (Grosse; Bherman, 1992).

Although the scientific production inside the International Business field has grown significantly during the last decades, there is still a misunderstanding about the definition and the objectives in the core of International Business as a scientific field, parting from the lack of theoretical constructions and other empirical methods, combining with phenomenological evidence.

Different from domestic business, the international business need to explain the patterns of exportations and importations, also providing an explanation of the benefits, reasons, strategies and operations that result from governmental actions, giving life to a series of regulations to the international business environment, changing the shape of corporate actions (Boddewyn, 1988).

The International Business research shows a clear dichotomy among the focus of the activities that cross national frontiers and the events that try to address other barriers in different markets. Even though there is a significant number of business and administration theories able to explain these phenomenons, they do not constitute a specific theoretical basis to the International Business, due to the lack of explanation on the market distortions and interventions, not only analyzing the demonstration of corporative politics inside the free market.

According to Grosse and Behrman (1992), a theory of International Business is in a position to address the barriers imposed by governments, as well as the responses of the private organizations to these threats. In addition, an IB theory also needs to satisfy, in a level of analysis, a series of factors and activities which have to analyze the relations between private organizations and governments, having as its main focus the obstruction and

distortion of markets, the information flow, the people's movements, and the corporative relations among the government and the private sector.

In concordance, Sutton and Staw (1975), stated that there is not yet a consensus on what is necessary to constitute a strong or weak science among the social sciences. However, it is known that only aggregating data, variables, references and hypothesis, are not sufficient to constitute a theory, especially in the social sciences field.

One can understand that there is no agreement among scholars as to the differentiation of a particular model or functional framework of a theory. Equally, there is no consensus on how to determine the rules for that ideas can be considered strong or weak, because, in this regard, there is also no agreement among researchers.

However, Rugman *et al*. (2001), believes that the contributions for International Business theory evolved much in the last 50 years. Researchers in International Business brought a predominant focus on analyzing actual advantages of countries and companies as completely separate issues. However, with a breakthrough in studies of how multinational corporations behave in foreign economies, the link between particular advantages of countries and enterprises became clearer. In Table 1, we can see the theoretical frameworks that have led the field to its evolution.

The field of International Business, for its highly comprehensive nature, went on to win its scholarly importance from the mid-twentieth century, with a further deepening in general business studies. However, it is necessary to understand the dimensions that guided and led to the development of the field (Table 1).

Table 1 – International Business Theoretical Advances

Authors	Contributions
Stephen Hymer (1960)	Introduced the studies about the international operations of international companies, having as the main focus of analysis the Foreign Direct Investment (FDI).
Williamson (1975) e Hennart (1977)	The two authors introduced the analysis of the cost of transactions, as a corresponding item for Hymer studies.
Dunning (1977)	Implemented the OLI paradigm (ownership, location, investment) in the International Business. This method represents a new analytical tool which provided the analysis of the geographic, buying and investment advantages.
Johanson e Vahlne (1977)	Introduced the internationalization model, proposing a gradual increase of the international expansion process of companies, combining with the growth of their knowledge of the markets. This model is widely known as the Uppsala Model.
Hagg e Johanson (1982)	Showed the importance of business networks to the International Business Environment, parting from an analysis of long-term relationships between suppliers and buyers,
Prahalad e Hamel (1990)	The authors presented the theory of organizational capacities, defending the enterprises need to sustain its organizational processes, replicating these processes in the new international markets, allowing alliances and cooperations between companies.
Engwall (2006)	The author proposes that the companies could be considered as active political actors in different institutional contexts, given the high power of influence that some businesses have, acting as a State's agent.

Source: Authors´ elaboration. Based on Fuerst (2010).

Furthermore, the IB field can be interpreted in two ways. The first way, based on the precepts of Popper (1975), where the scientific field would consist of solid research methodologies,

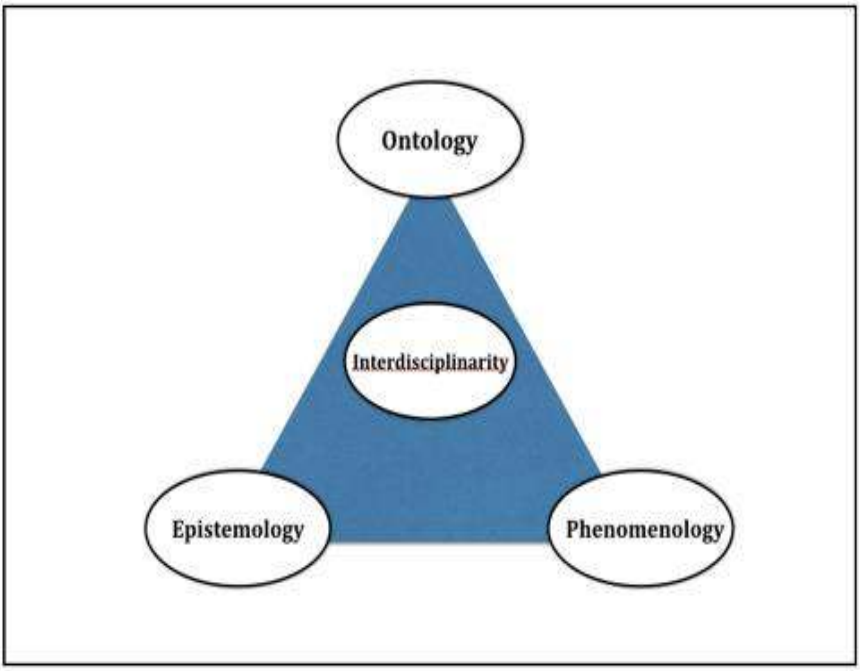
means that almost the entire field would agree on methods, research tools and objects of study to be analyzed.

However, the second part, based on Bourdieu (1975), proposed the construction of a scientific field based on a methodological anarchism, allowing the existence of different schools and theories where researchers compete to consolidate a scientific monopoly. The second part will be utilized later in this chapter, to demonstrate the interdisciplinary character of the field.

We can divide the dimensions that span into three distinct categories, illustrated in figure 2. These dimensions underlie the core studies and analysis in the field of International Business and can be identified by its ontological, epistemological and phenomenological character, which serve as the basis for studies in International Business. For its intensely malleable characteristic, this foundation allows approaching matters with a greater degree of abstraction, as matters of greater concreteness, referring to phenomena (Senhoras, 2015).

This section uses as a reference the three dimensions structure suggested in figure 2 to analyze the field of international business studies, and they are characterized primarily by a comparative empirical analysis of the studies of international business, by identifying their features in the scientific community (phenomenological dimension). From the mapping of the main themes that are part of the construction of new theoretical frameworks of international business (epistemological dimension), to find the identification of essential concepts that engender several discussions on international business (ontological dimension).

Figure 2 - International Business Cognitive Structure



Source: Authors´ elaboration.

First, the ontological dimension studies the phenomenon of international organizations on the idea of states, analyzing the formation of "inter-national" systems. By referencing to concepts such as spatial and periodization, according to its most abstract form and with a generalist analysis of power, this dimension has become a reference in the analysis of International Business Studies.

Second, the second support point in the International

Business core is the epistemological dimension, which has essential ontological principles to the study of International Business, providing a disciplinary view of theories, approaches and abstract speeches to concrete reality.

Third, the ultimate foundation of the International Business core studies is the phenomenological dimension, which is based on the descriptive and normative application of science to the study and analysis of facts and existing international phenomena by focusing its analysis on concrete reality, having as object the study of the real phenomena, which later depart for the theoretical abstraction.

Based on these three pillars which form the core of the study of international business, we can analyze the features presented on the central core of the interdisciplinarity shown by the field of International Business, allowing us to identify it as an area which gathers the foundations of International Management, International Economy, Foreign Trade, etc. In addition to this, the field also absorbs bases from disciplines such as History, Classical Management, and International Relations.

Further, we identify the separate units which constitute the International Business as a scientific field of study. In this effort, we aggregate the fields that represent the most of the areas from where the IB field receives its influence. Notwithstanding, core concepts of the field are not taken into account, since they are also represented in the areas described in Figure 2.

1 - Disciplinarity

The disciplinary approach represents a homogeneous field of study, where the researchers converge with each other, having

defined methodologies and research tools. Popper believes that this is the definition of a research field, where authors agree on the matter and purpose. With this as a precept, the disciplinary framework of international business has a defined scope, having as its primary objects of study of the MNEs and their impact in the States.

The concept of the discipline was established in the early nineteenth century, and due to the social context, the specialization of scientific fields was precarious. The disciplinarity led to the construction, production, and dissemination of knowledge, through pre-established methods and established by the scientific community within this area.

One can characterize the disciplinarity approach as a method to organize a particular area of work, as well as focusing on experiments and research in a particular field. It defines a discipline for their study objectives through delimitation procedures, methods and conceptual frameworks (Lopes, 2000). Disciplinarity is understood as the division of knowledge into disciplines with the aim to meet certain requirements imposed by the productive sectors of society. Thus, a reconfiguration of knowledge came with a divisive character, to demarcate the boundaries between disciplines.

According to Rugman (2001), in international business, the first object of a study were multinational enterprises (MNEs), mainly brought by Hymer, as showed in Table 1. The concentration of these studies primarily derived from the international administration discipline, analyzing larger factors of relevance to this topic.

From the 1970s, the focus of the field went through some changes regarding its primary focus of analysis, having not purely the MNEs and a focus, but also started to analyze Small and

Medium Enterprises (SMEs), in addition to recent events, such as startups, as a result of the rapid growth of the Internet in the late 1990s. Similarly, the field started to understand the impact of corporate actions at the international level, analyzing political, economic and social aspects of these organizations.

However, due to the multitude of factors that can be attributed to international business, the analysis of a single discipline can not be used as the sole explanation factor, and either stick to the analysis of multinationals enterprises and startups as the only object of study of the field. An interdisciplinary and comprehensive theoretical framework is necessary. However, for this, the identification of some disciplines that are part of the interdisciplinary field of international business is needed.

1.1 - International Policy

The study of the International Policy (IP) is important since it implies knowledge and explanation of several events, phenomena, and processes that go beyond the borders of the States. Thus, the International Relations as a discipline became an indispensable tool for analyzing international politics. Also, some devices of the Int. P are used by International Business, such as paradiplomacy and institutionalization theory.

According to Senhoras (2010) paradiplomacy can be characterized as a process of empowerment of sub national actors such as international organizations, multinational companies, and local governments that engage and negotiate agreements, operating in specific areas where, first, there was no intervention by the State government. As for Sarfatti (2007), corporate paradiplomacy

presents the business strategy to increase competitive advantage internationally through the State's apparatus.

Similarly, the institutionalization theory proposed by Forsgren (2008), is based on the assumption that multinational companies, very rooted in the country, come to participate in a variety of institutional agencies, influencing and being influenced by the government, becoming a political actor, acting for the state headquarters are it is located.

These concepts are critical for an analysis of the international business environment, as companies grow larger, they begin to exert some influence on the premises of its operations, primarily motivated by the economic weight that they represent within the country.

1.2 - International Economics

The field of International Economics is already well established in the Economics scientific community, the focus of this area is the study of the implications of international trade, foreign investment, as well as international financing systems available. Studies in International Economics focus on two major areas, international trade, and international finance, two topics of paramount importance to the studies in International Business.

The first focuses on economic modeling, solidly based on econometrics, while the second concentrates on the analysis of international political economy, focusing on the context of economic policies, where they diverge into two broad groups, the political groups of economic liberals who propose more open markets, with less intervention of states; and groups of

protectionist economic policies, advocating for a greater involvement of governments.

The focus of the International Economy gives economic models derived from these two grand visions of IE (liberalism and protectionism), which provide the dynamism of the international trade, offering models that can determine the competitive advantages that states should follow.

1.3 - International Trade

The sub-discipline of International Trade is highly influenced by the two fields derived from international economics, international political economy and economic models. Studies in International Trade aim to understand the interdependent process of the international trade, through an economic point of view, parting from an analysis of factors such as export and import activities, interstate commerce, specialization and productivity of the States.

These factors determine how the international trade works and thus, a more detailed study of the allocation of resources by States is necessary, given the direct relation to productivity and specialization of countries to increase their competitive advantage.

The International trade models for the analysis of the competitive advantages lie in two theoretical trends (liberalism and protectionism), deriving from the structural or natural models, divided into relative (Ricardian model), dynamic (Porter models), gravity (Hacksher-Ohlin) and absolute models (Adam Smith). From a more detailed analysis of these factors, one can see more critically the operation of international trade.

1.4 - International Administration

The field of International Administration has grown since 1950. This growth was accompanied by the International Business course, which inherited highly relevant tools for analysis and practical frameworks for IB. Moreover, the scientific exchange between these two fields became commonplace, stimulating research and systematic production for both fields.

The advancement of international administration took place thanks to the high economic globalization process, driven by the further spread of capitalism. Given this, companies and governments needed a greater understanding of how international management and administration processes would work in the new dynamics imposed (Boddewyn *et al*. 2004).

The central concern of International Administration is to ensure a better understanding of the functioning of the international administration system, but also showing the state actors in this process. Strategies and international expansion plans are important parts of the field of International Administration to analyze the external environment, together with the pathways taken by the governments can provide a very useful analysis tool, not holding exclusive to the field, but also to expand the field of International Business.

Similarly, management studies are strongly linked to the area, with a particular focus on studies in strategic management. Strategic Management has a range of high-value tools to the field of International Business. Tools such as strategic planning, internationalization, international marketing planning, as well as the establishment of the organizational culture of the company, provide the necessary qualities for a more objective analysis of

these processes in businesses, providing a greater value to the IB field.

The global strategy, an important strategic outlet for small, medium and big sized companies, leads to a broad range of business strategies, requiring a high degree of adaptation to the local business environment. The challenge here is to develop a single strategy that can be applied internationally, maintaining at the same time a level flexibility to adapt its strategies to the local business environment as needed (Yip; Hult, 2011).

1.5 - Foreign Trade

Foreign trade, being a regulated economic activity, is governed by a series of international standards agreed by national states, which provide rules on trade agreements, tariffs and transport agreements within the international business environment. Foreign trade has a close link with international trade and international management. The guidelines by which the trade operates, are from these two fields, thus allowing the full operation of this sector. The foreign trade field of study focuses on exterior entrance and country goods output, as well as the schemes implemented for these matters.

In addition to the analysis of imports and exports, and customs procedures stipulated for this, foreign trade also focuses on global logistics. These three tools are critical to business analysis, and so is imperative for the study of International Business. The international logistics deserve a prominent point in foreign trade since before the global context, logistics as a modern management tool is a decisive factor in the assurance of the competitiveness of organizations. This dynamic is increasingly

marked by the speed in the information traffic, establishing uncertainties and insecurities in enterprise environments. In this way, the logistics tend to ensure better competitiveness following the new management models, where the flows of information are faster (Silva, 2011).

Thus, a dynamic in State transactions internationally, takes a more abrupt form, bringing improvement in logistics processes, and the rules governing foreign trade. Thus, facilitating trade between the States. Seen this, we see a more dynamic International Business environment, as companies and States are largely based on foreign trade.

2 - Interdisciplinarity of International Business

The global environment is dynamic. Therefore, an analysis able to comprehend the field only from the viewpoint of a disciplinary analysis is weak, both by the lack of tools to understand the complexity of the issues encountered within it, as for the use of classical methods, which are not contemplate the multitude of factors that need to be analyzed for the operation and development of the international business. It is necessary to adopt tools, methods, and concepts of fields close to the IB, enabling a more appropriate power of analysis to the field.

An interdisciplinary field includes the intersection between different specialized sciences, present in a system with no static boundaries between disciplines found in this system. The interdisciplinary approach requires greater coordination of disciplines, making the same overcome the fragmentation imposed by the scientific communities and at the same time, the distance, promoting the understanding of the whole (Fazenda, 1995).

The intersection of these interdisciplinary arrays helps to shape the field of International Business, while providing greater analytical power, enabling the operation in different segments, with a great freedom for researchers. Similarly, this freedom is what characterizes the interdisciplinary field of International Business, since it lacks established methodologies and analytic tools.

Figure 3 – International Business Interdisciplinary Structure



Source: Authors´ elaboration.

However, the construction of the International Business field still needs a more methodical process in order to take advantage of conceptual elements, and thus analyze relevant factors to the area, without crossing their theoretical boundaries.

At the same time, each specialization of disciplines that converge in the field, provide an integrated discussion that allows the creation of a foundation of concepts, bringing this interdisciplinary character for International Business.

The identification of these disciplines opens disciplinary boundaries, giving more opportunities to the field, allowing the formation of a methodology and identity through greater connection with descriptive, axiological and normative studies. However, consolidate the main features belonging to an area, without confusing with the disciplinary matrix that influence, presents a significant challenge.

3 - Advances and Challenges of the International Business Field

The development of an interdisciplinary theory cannot be done without some problems or challenges to the field. A new understanding of what can or cannot contain within the field is necessary, and at the same time, it defines new concepts that can come to corroborate with the evolution of the scientific field.

Buckley (1990), focuses on two central challenges present within the core that supports the theoretical basis of international business, the relationship between internationalization decisions and market structure, and internationalization and competitive advantage. According to the author, a closer relationship of these theories should be done by carefully analyzing the political factors, without ignoring the powers of the market.

Similarly, the relationship between internationalization and competitive strength should not be seen individually, but from a perspective that integrates the two theories. Given the strategic

factor that internationalization has become, the understanding of this mechanism may be related to the competitive advantage in the sense that it represents benefits of one company to another (Porter, 1998).

The challenges then, rest on improving the relationship between the fields. The interdisciplinary nature of the international business environment facilitates and encourages this relationship. However, a significant number of scholars still find a difficulty in producing research with a genuinely interdisciplinary focus, not focusing only on one subject or two, but developing a highly diverse work, based on several disciplines (Cheng *et al*, 2009; Buckley, 1990).

However, similar to the challenges, we can also find ways to develop the theoretical field of international business, from a concrete interdisciplinary perspective, which adds not only disciplines and traditional concepts, but also non-traditional concepts. Within the IB field, one can find a superior range of traditional theoretical concepts and others which have gained importance in the last of years. The idea of internationalization, by itself, is a recent concept, and a more comprehensive one, just by introducing new concepts such as the concept of resource dependence, from a perspective of organizational theory.

In one hand, the introduction of some other concepts from the 1980s, became frequent with the advance of globalization. The idea of entrepreneurship was introduced to the perspective of international business since companies began to internationalize, and therefore additional opportunities for enterprises have emerged. This concept, just as the concept of internationalization, provides a connection to a wide range of fields and theoretical concepts, bringing different aspects to the field (Buckley, 1990).

On the other hand, we note that these ideas and the range of disciplines that complement the area can lead to fragmentation and dissemination of the IB field. Thus, the academic community needs to reintegrate the field of study object, defining the possibilities for a better definition and development of the object of study.

4 - Partial Conclusions

The chapter presented an overview of the field of International Business. For this, an explanatory logic of the theoretical frameworks of the field was followed, starting from a historical analysis of the theories that generated the field of International Business, showing the advance of the subjects and, later, presenting two approaches. The first approach represents the disciplinary character of the field, while the second presents the interdisciplinary part, where the approaches become.

In the foreground, due to the globalization process and the recurring changes in the international scenario, they brought important changes to international business research. At the first moment, the researchers only advanced around multinational companies with a greater external representativeness, but with an increase in informational and technological traffic, this dynamic changed, thus facilitating the entry of smaller enterprises and organizations, thus improving the field of research.

In the background, the disciplinary character of the field was discussed tracing an analysis of the most relevant disciplines that are part of the area, through a survey of the tools and research methodologies that these disciplines have brought to the International Business. Likewise, a clear fragility in the analysis of

international affairs was perceived from a disciplinary point of view, where traditional scientific boundaries can not overcome the complexity of the objects studied by the field. Thus, the need for an interdisciplinary field of International Business has been explored.

The third plan explores the interdisciplinary approach of the field to expand the disciplinary boundaries that limit a greater understanding of the field, bringing a more in-depth approach to the field of NI, supported by the vast framework of tools and methodologies from the disciplines that surround it, The most versatile for the analysis of everyday phenomena, thus allowing a constant renewal of the field.

Finally, it is concluded that the field of International Business has an interdisciplinary character, and a high range of analysis tools, facilitating the understanding of diverse topics within the area. However, the boundaries of the field and the use of the research tools have not yet been traced due to the short time of "life" of the field.

CHAPTER 2

The internationalization of e-commerce

THE INTERNATIONALIZATION PROCESS OF E-COMMERCE

In the last decades, we saw a crescent number of companies initializing its international ventures, and firms also known as "born-globals". We can attribute this fact to several factors, but the emergence of the electronic commerce, as well as the internet, created a new possibility for business in an international scale.

The emergence of new technologies not only changed the ways business communicate, operate and transact, but also changed how businesses are created. The role of International Business studies is crucial in the effort to predict and measure the impact of this new technologies in business activities. In addition, a precise understanding of how the electronic commerce works, is vital to our research.

The electronic commerce, or e-commerce, is characterized by many scholars as a tool that provides the commercialization of goods and services, making use of informational technologies and telecommunication tools, such as the Internet. We trace the emergence of the e-commerce to the end of the 1990s, with the liberation of the web to unrestricted use.

The e-commerce represents a suggestive mark to the globalization process. With the ease of doing business across the globe brought by the tool, major changes were achieved in the commercial sector on a global scale. The scalability of e-commerce businesses was only possible due to a series of systematically innovations which provided a secure environment for the exchange of information. Also, those advances enabled an increase in the number of users, by providing a secure

establishment of websites, as well as improving the user experience on these sites (Tassabehji, 2003).

James Curry (1999) argues that the activities of e-commerce only involve the buying and selling of products, services, and information over the Internet. Bringing a more simplistic view, however accurate, which differs from the most sophisticated approach presented by other authors.

We should remember that the e-commerce is a broad area, not only limiting itself to the transactions of goods and services through the internet, it also triggered a series of other activities, such as collaboration between businesses, customer services and the conduction of a more organized way of making operations.

Lou Gerstner categorized electronic commerce as "electronic business," a broader area of the e-commerce, focusing on the velocity, globalization process, the improvement of the production, and in the acquisition of customers (Kirkpatrick, 1999). In addition to it, the e-business also heavily relies on the exchange of information between institutions aiming an increase of the competitive advantage.

In the actual context, the term e-business did not become a field a part of the e-commerce. Instead, it became a different category in the field. One can also say that the e-commerce engenders the e-business, in way that, without the resources and tools provided by it, the e-business would be unable to perform its activities.

Albertin (1999) classifies the e-commerce as "a realization of all value chain of the processes in an electronic environment, through the use of information technologies and communication, meeting the business goals." This more complex view can be combined with Senhoras' (2002), where the author states that the industrial activities of the new economy which emerged from the

information and communication technologies (ICTs) are organized by networks which reflect the cooperation between the sector of the value chain.

The e-commerce is also defined as a hybrid innovation, due to representation of two separate types of rupture, introducing as the first rupture the services, and as the subsequent rupture, the products. According to Zwass (*apud* Tassabehji, 2003), "electronic commerce is sharing information about business, maintenance of business relations and conduct transactions through the communication networks."

Given the innovative nature of the e-commerce, a series of significant changes were achieved in the global economy. Is safe to affirm that the radical technological transformations brought by the e-commerce, alongside with a significant diffusion of the Internet, resulted in the increase of investment of traditional and oligopolists companies in the development of new internet-made products (Senhoras, 2002).

There is also a need to understand the historical and technological processes which led to the advent of the e-commerce, as well as its evolution. The technological advances made in the ICTs sphere since the 1960s gave impulsion to unfamiliar ways of interaction among people, as well as in business.

Given its highly multifaceted nature, the e-commerce has gained a very wide grip of several key sectors of the global market. Hence, the range of services and products being offered electronically has grown exponentially since its creation until now. Thus, the mechanisms of supply and demand existing in the area have become highly diversified, creating a series of categories for e-commerce.

Owing to its broad nature, the e-commerce can be structured in several categories. These classes have different methods of interaction between sellers and buyers, what creates a series of new sale processes, new partners, and new markets to explore, as showed in Table 2.

Table 2 – Electronic Commerce Categories

		Transactions initiated and executed by:			
		Business	Consumer	Government	Peer
Transactions Initiated and accepted by:	Business	B2B	B2C	B2G	B2P
	Consumer	C2B	C2C	-	C2P
	Government	G2B	G2C	G2G	-
	Peer	P2B	P2C	-	P2P

Source: Authors´ elaboration. Based on Mendes (2013).

The transactions of each business model have a unique way of implementation in e-commerce. Some business models have evolved significantly since the 1990s with the spread of electronic commerce, however, new business models continue to evolve within the industry.

The models shown in Table 2 demonstrate the diverse range of categories present in e-commerce. However, we will analyze the categories that have the most impact on the e-commerce sector. These sectors produce some of the biggest e-commerce business around the world.

1 - Main stakeholders in the e-commerce

1.1 - Business

The business category within the e-commerce field focuses on the negotiation of companies with several other sectors, engendering a series of mechanisms present in the market. The present logic of this category is continuos, independent from which category accepts the transaction. However, the approximation and contact methods with clients are very peculiar, fact that helped the development of this category.

Is important to note here that the greatest use for this e-commerce category resides in online sales platforms, which provide the distributors and producers a solution for selling their products and services to businesses (B2B), end-users and distributors (B2C, B2P), and finally, to governments (B2G).

We have a critical differentiation point within this category. By being composed mostly of retail companies, the online sales mechanisms are very similar to the ones found in physical businesses, where the order needs to reach a minimum number of products, making this category unique. Thus, the companies which fit in this segment usually move large amounts of capital, making its business more profitable when compared to businesses in other categories.

1.2 - Government

The e-commerce category which focusses on governmental activities is characterized by its offering of governmental products

and services through the internet, introducing a new dynamic in the bureaucratic process of the states.

It is important to note that this business model has one of the less successful forms of e-commerce due to the government low competitiveness, making its products and offers less attractive to the market. Also, it is noteworthy that few governments are currently working with this system on a large scale, opting for more bureaucratic processes.

However, there is a growing trend in the digitization of many governments. Therefore, the lack of electronic security makes this migration slower. Notwithstanding, some European countries such as Estonia, a developing country using a technology called blockchain to enhance the security of their digital data (Cheng *et al*., 2017).

With greater data security, the transition from physical to digital operations becomes easier, reducing the need for more government bureaucracy, bringing greater dynamism to government processes. Likewise, the creation of new government electronic business arises to facilitate the realization of new business (real estate transactions, permits, etc) and ensure speed in these processes.

1.3 - Consumer

The business model for consumers is typified as individuals transacting products, services, and information in an online environment. This e-commerce style dates back to the oldest form of trade already known, the exchange. This e-commerce style produced a series of mechanisms and techniques relatively new to the industry.

Acting as a form of facilitator, online ventures focusing on C2C have some difficulties that are not available in other e-commerce models. Unlike other models, these enterprises need to draw some strategies to acquire not only end-buyers, as well as the vendors who will supply products within their platforms, having to overcome the issue of trust between these two types of users.

However, as soon as these problems are solved, businesses focused on consumers tend to have high financial returns, given that their logistics costs, product resale, and suppliers are nonexistent. Given this, companies can focus on customer acquisition and payment security within the platform, reducing the risk of strikes and increasing the profitability of the platform.

1.4 - Peer

The peer-to-peer e-commerce (P2P) is similar to the C2C model, with small technicalities that slightly differ both systems. In the P2P model, users transact information anonymously with each other, using parallel computing environments, and other compacted technological environments, especially the distributed storage files. The operation of the P2P model can be characterized as a decentralized tool where clients have the same conditions, i.e., the user sends and receives information simultaneously, thus enabling the continuity of the model.

This category, despite being presented by the ARPANET project, began to be used in mass from the 1990s when it was popularized by Napster. Concerns raised about the piracy and copyright infringement are still relevant to the category. It is important to emphasize that the most current representative of this

class, the BitTorrent uses torrent files, and it is widely used for piracy of digital media, from large vendors such as Pirate Bay.

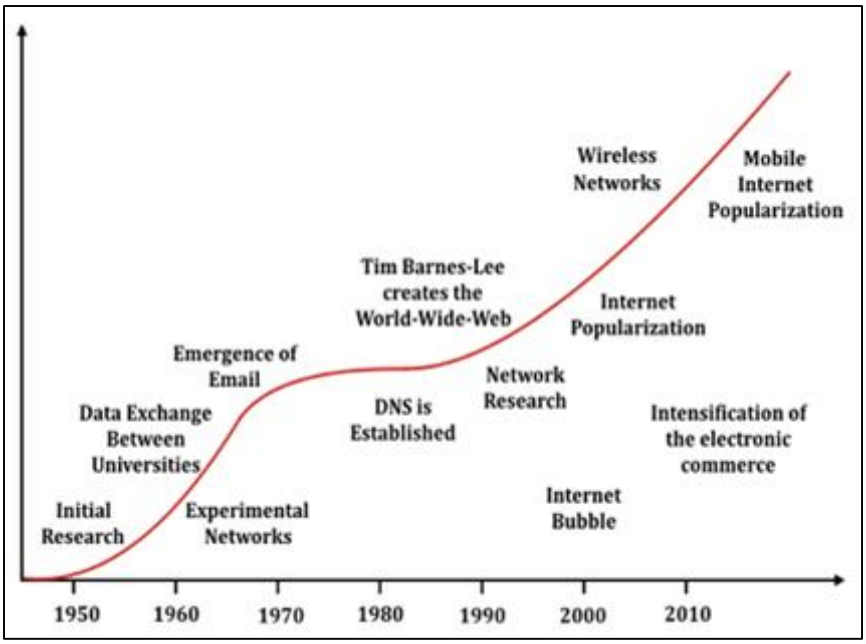
2 - The evolution process of the e-commerce

We can identify periods in the development of e-commerce process through the perspective proposed by Senhoras (2015), where the periodization is described as a descriptive method of highly relevant topics for the geography of international relations, making use of temporal clippings arranged in chronological order.

Also, we should note that the periodization can be subdivided into periods of short and long term, to enrich the analysis of periodization process. The short-term periodization is characterized by analyzing the timing of multiple variables, while the long term periodization concentrates on the analysis of a particular timeline showing structural patterns that tend to repeat themselves (Senhoras, 2015).

On this basis, we have identified three distinct periods in the evolution of the e-commerce process, essential not only for electronic commerce itself but also for the development of the Internet and other ICTs which enable the functioning of the global computer network. The three periods are separated from the 1950s and extend to the present day. The first phase focuses on the development of the first ICT, while the second period, more briefly, focuses on the development of the first Internet services. The third and current period of e-commerce concentrates on the improvement and expansion of electronic commerce, studying how it became a popular tool. In Graph 1, we can have a view of periodization of these processes more clearly.

Graph 1 - Periodization of the Electronic Commerce Evolution



Source: Authors´ elaboration.

From the Graph 1 analysis, one can see the activities, and early research data transfers to the emergence of electronic mail (e-mail), marking the earliest period of e-commerce. The beginning of most advanced research on networks by the start of the World-Wide Web (WWW) marked the second period of the e-commerce. In the third period, we can notice a more dynamic expansion process of the Internet and consequently the e-commerce as a business tool. However, further details of these periods are necessary.

2.1 - First Period: 1950-1980

The initial period of e-commerce has its beginning in the 1950s, shortly after World War II in an attempt to transmit data electronically. These attempts were part of a project which was based on the possibility to create a "Galactic Network" composed by interconnected and connected computers, proposed by Licklider (1960). Soon, Licklider and a group of researchers began to study this theory at American universities.

The project was encompassed by DARPA (Defense Advanced Research Projects Agency), with the primary focus on defense. The exact moment the United States was going through was decisive for the development of what later would become the Internet. Without massive investment in security and defense projects, the ARPANET, one of the earliest experimental networks for communication would not be established as it was in 1967.

From the 1970s, the project began to be spread throughout the world at conventions and conferences on communications. We should note that many of the conventions were organized by researchers at DARPA, as a way to demonstrate the effectiveness of the tool to the public (LEINER *et al*., 2000).

The advantages of these events are associated with increasing the number of researchers in the program, bringing the latest results and efforts to the research. As an example, the electronic mail, commonly called email, was created within the ARPANET, bringing a drastic change in communication methods. Accordingly, sending data protocols (TCP/IP) and automated security tools have also been attached to the network.

2.2 - Second Period: 1980-1995

The succeeding period is the decade and a half between 1980 and 1995. The focus of this stage is the development of network technologies that include e-commerce. We can argue that the basis for the current period of e-commerce has come up with initiatives from this period.

One of the most significant events during this decade was the proliferation of the use of electronic tools by institutions which until then had not entered this market. The proliferation of credit cards, ATMs, and phone banking, marked the 1980s, as well as the establishment of some business on the internet.

The use of the Internet at this time was expected to be very limited, precisely because of the high degree of complexity the network presented to the public without the technical knowledge of ICT. Mindful of this fact, American and European scientists have developed a project in the early 1990s, called "World Wide Web" (WWW).

The project goal was to ensure that the internet a simpler tool to be used from a single configuration information protocols, making the network accessible to all (Sir Tim, 1992). It is noteworthy that with the development of web-design, ease of navigation of the internet has become achievable, as well as the spread of electronic commerce.

2.3 - Third Period: 1995 - Present

The third period starts from the 1990s, with a greater popularization of the Internet, as well as a further spread of e-

commerce around the world. It is important to emphasize that the American government canceled the restrictions on commercial use of the Internet, thereby providing a new series of projects on the web.

Besides the ease of surfing on the internet, the popularity of personal computers in homes was also a remarkable phenomenon. As a result, the number of Internet users had grown exponentially, especially in the United States. Thus, some entrepreneurs had the opportunity to explore business opportunities on the web.

B2B and B2C categories were those that stood out in the early 1990s. The pioneering spirit of these companies helped the general public to adapt to e-commerce. Providing an online bookstore was the initial focus of Amazon.com in its embryonic stage, and it became something common to the American public, and with the introduction of new products on the platform, online shopping began to enter the American shopping culture.

Similarly, online search engines, online payments, improvements in physical infrastructure and the creation of additional security mechanisms made the e-commerce more attractive for commercial organizations and the general public, which triggered a deeper popularization of e-commerce at the of the year 2000. However, the costs of this popularity came with the bursting of the internet bubble in 2000. Due to lofty speculation and investments in technology companies used produce little or no profit, which caused a flight of capital from technology companies, especially e-commerce based ones.

After the bubble, the recovery of the e-commerce had led to the expansion of its activities. The development of electronic commerce in other markets was also notable and promoted the possibility of internationalization for companies, enabling the creation of transnational electronic trade platforms, such as

Alibaba.com. Moreover, technological improvements led to the creation of new markets, and the electronic commerce began to turn into mobile commerce with the rapid popularization of smartphones, changing the gears of contemporary e-commerce technologies.

Similarly, the international expansion of e-commerce has contributed to build an extensive network of companies that connect through it. The revitalization of this global expansion can be divided into regional security complexes, where one can comply with the relevant progress of e-commerce on a local scale, but also analyze the growth of these markets.

3 - International distribution of the electronic commerce

When it comes to the internationalization of the electronic commerce, we must remember that today's internationalization theories do not embrace as an object of research the internationalization of a business method. As a recent phenomenon, e-commerce has had a varied reception within the community of entrepreneurs around the world, especially by the ease of doing business, and by the increasing security this type of business system provides.

E-commerce occurs the same way around the world, people buy and sell products/services online. However, due to the differing characteristics of markets, because of the number of cultural and economic factors, the way e-commerce is viewed and created varies by region. Likewise, the products sold, and the forms of payments also vary. Given this, we identify a need to distinguish and study this regions, taking in consideration cultural, economic, and social factors.

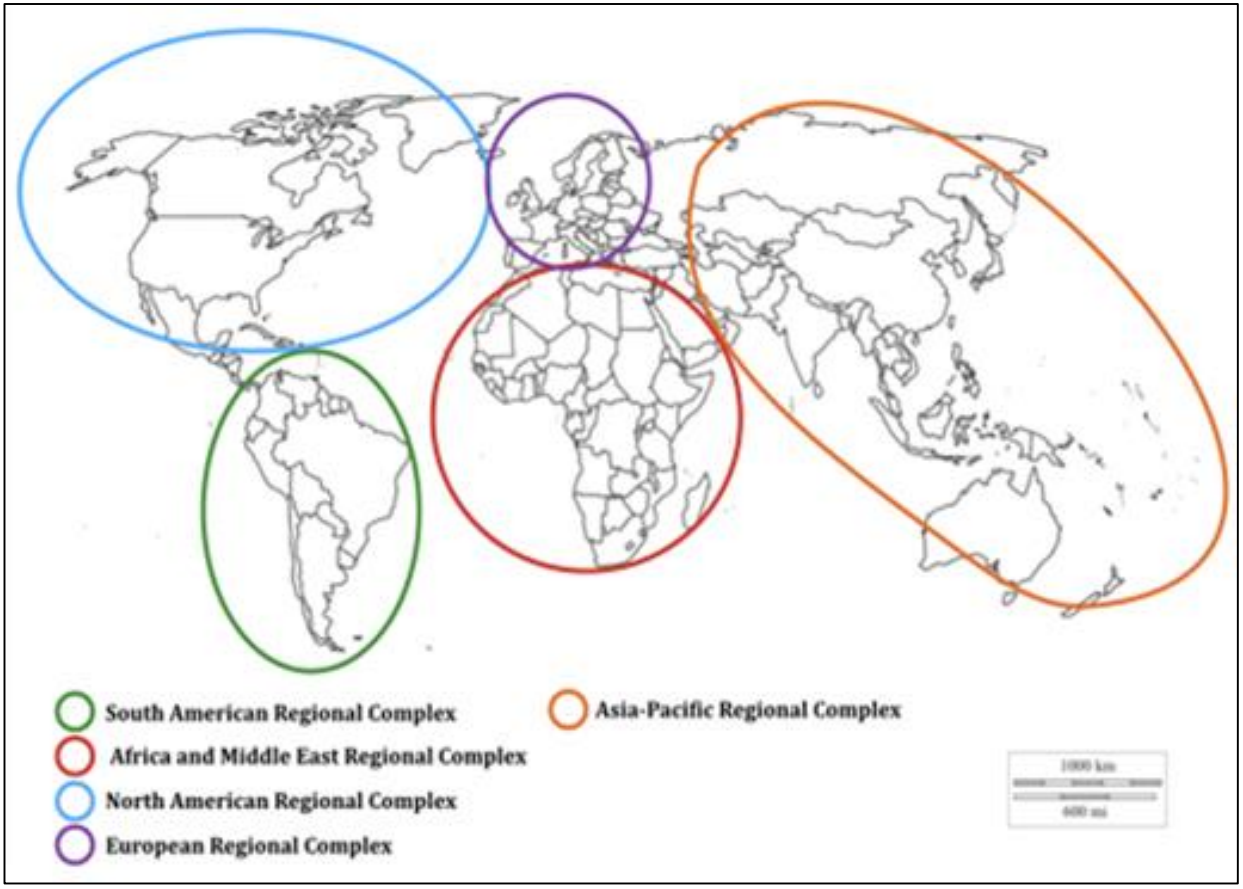
The international spatial distribution of e-commerce serves as a mechanism to delimit the regionally of the processes which have characterized the evolution of the EC. Therefore, one can declare that it aims to analyze regional perspectives, as well as state and private incentives responsible to influence certain regions to develop its EC more actively.

To have a precise cut in the geographic analysis of e-commerce as a global phenomenon, a sense of scale is necessary, to obtain a greater understanding of the realities of integrated by particular global contexts, linked to international spaces (Senhoras, 2015).

> (...) International integration stage known by the term "globalization" produces new spatiality that is cut by a tangle of flows and fixed to escape a readable representation if it is not taken from simplification schemes as are the networks or spaghetti bowls departing from the local level and come to permeate the whole international system, through political, economic, cultural flows that impact the flow of intra-national and international spatiality (Senhoras, 2015, p. 47).

Thus, based on the flows described by Senhoras (2015), it is necessary to split the leading e-commerce markets. This division focuses on regional scales, allocating the analysis of objects organized by continents, to determine the similarities and common policies that led to the development and growth of e-commerce in such regions, as can be observed in Figure 4.

Figure 4 – Electronic Commerce Regional Complexes



*Source:*Authors´ elaboration.

For this analysis, it is necessary to use the concept of a regional complex, proposed by Buzan *et al*. (1998), which subdivides regions based on four distinct areas: standard, centered, high power, and supercomplexes. This analysis takes as a basis the adoption of the specifications proposed by the author's complex, dividing the analysis of regional powers such as North America, Asia-Oceania, Europe, Africa, Middle East and Latin America.

A great dynamism characterizes the electronic trade of regional complexes, and similarities in the structures of production and consumption of e-commerce in the world, also it takes into account the high level of internationalization of these complexes that converge together (Senhoras; Ferreira, 2016).

Moreover, it is worth noting the division into regional complex features a constructivist basis for the analysis, based on the default of certain scalar patterns analysis, based on minimum requirements, however, following some flexible patterns that a systemic analysis does not. Hence, sophisticated analysis (constructivist approach) differs from systems analysis (behaviorist approach).

3.1 - North American Regional Complex

The regional complex of North America can be characterized by the dynamism and growth of electronic commerce within the region, and we can describe it as a natural process. The region was a key component of the production and development of tools which fostered the growth process of e-commerce as a whole. Also, the embryonic process of e-commerce, in line with the establishment and improvement of business models, can also be attributed to North America.

The region has a highly developed physical and technological infrastructure, fact that led to a broad acceptance of e-commerce as a sales tool. In addition, the largest production companies in the e-commerce take place within the region, introducing new innovative processes to the sector, and producing large corporations like Amazon and Ebay.

This chart shows the highly achieved economic performance in North America, as with the 2008 crisis, the continent suffered a slight drop in sales, returning to the normal performance in 2009. Similarly, factors such as the wider use of internet on the continent, the increase in speed and a reduction in the cost of electronic products, facilitated the growth in sales.

Besides, the legal processes which allowed the marketing of goods and services electronically originated in this region, helping in the development and establishment of legal procedures about e-commerce on a global scale. The law process from this legal manner provided a greater acceptance of CE for public entities. Thus, streamlining the tool recognition process.

3.2 - Asia-Oceania Regional Complex

Asia holds the largest number of Internet users worldwide and the highest potential for development and implementation of EC in the coming years. China surpassed the number of visitors compared to the United States and had shown a prominent e-commerce growth rate. According to Wansink (2009), by analyzing only the Chinese market for mobile devices, analysts announced an expectation of about one billion dollars in revenue for 2010.

Even though the overall growth of e-commerce sales decelerate along with the rest of China's economy, B2C sales in the world's digital market continue to grow at an annual rate of 25%. Based on the analysis Bain & Company (2015), online B2C sales in China will grow three times faster than retail in general, and in 2018 half of online sales total will come from smaller towns, which previously had not the same access to the EC market.

According to the consulting firm At Kearney (2015) the EC in China and South Korea will still be developed, but at a lower rate than in other countries, which resulted in a drop in world ranking e-commerce for the two nations. However, as seen in the chart above, the growth of electronic commerce in Asia will continue to increase, making it the region with the largest number of the world sales.

3.3 - European Regional Complex

Europe, like every continent except North America, was a late comer, its advance in e-commerce came belatedly compared to the North American market. In Europe, e-commerce transactions vary from state to state, even within the European Union. However, the European Union (EU) has spared no efforts to regulate commercial activities done electronically within the continent. The EU has decided to lay down rules for electronic activities in the form of two action plans.

The first plan of action was set in 2001 and provided for regulation of electronic transfers, cryptocurrency, copyright and jurisdiction within the European electronic environment, aiming to boost the growth of e-commerce inside the continent. On the other hand, the second action plan focused on the private sector,

establishing standards and codes of conduct for companies, focused on enhancing competition and the development of the industry in the continent (Coppock and Maclay, 2001).

US growth always accompanied the growth of electronic commerce in the region. However, since the economic crisis of 2008-2009, its sales have slowed, not reaching the dynamism of North American sales, becoming only the third largest e-commerce market in the world.

3.4 - Middle East Regional Complex and Africa

In the Middle East, the primary interests towards technology and communication are limited to increasing access to the internet, and the improvement in telecommunications infrastructure, since access costs are still prohibitive, what sets a major obstacle to the development of the regional market.

Also, B2B and B2C growth rate in the Middle East is still small compared with the rest of the world. We can connect this fact to a cultural factor, where the population prefers payment in cash instead of credit cards. One can interpret it as a barrier to the introduction and penetration of e-commerce in the provincial market.

However, the market in the UAE continues to grow exponentially, leading the penetration of e-commerce in the domestic market, followed by Kuwait and other countries. In a closer perspective, Kuwait has the highest number of buyers, where 19% of internet users buy online (Roberson, 2014).

Africa, with only a small percentage of users and suffering from a low level of development in terms and infrastructure, has produced connections to B2B (mainly implemented in South

Africa and Nigeria) and B2C models. One of the potentials of e-commerce in the B2C area, which may represent a market hitherto little explored, is the sale of handicraft products, jewelry, and semi-jewels.

3.5 South American Regional Complex

The major powers linked to the Latin American regional complex are Brazil, Argentina, Chile, and Uruguay, which have shown a steady growth in e-commerce, especially with their B2C e-commerce in constant expansion, especially in the automobile sector and the retail industry.

It is noteworthy that the electronic C2C commerce has also grown significantly in the last decade within the regional complex. The company with the most outstanding performance in this sector in Latin America is the Mercado Livre (Mercado Libre), which already operates in more than ten countries in the region and has an annual turnover of US$ 1 billion.

Retail e-commerce sales increased in Latin America in 2015, a slowdown compared to 2014 growth, making the region one of the fastest growing in the world. In general, there is significant scope for the growth of e-commerce retail sales in Latin America, but the slowdown took place due to a poor performance of the Brazilian economy, a leading e-commerce sector in the region.

4 - Partial conclusions

The themes expressed in this chapter have focused mainly on the analysis of the historical and evolutionary process of

information and communication technology tools and e-commerce. Thus, a historical analysis of the processes that led to the evolution of e-commerce was made, demonstrating the categorical division of the tool, as well as clear and legal state incentives, from a regional perspective.

The sections of this chapter are divided into three main arguments: the main discussion approaches the presentation and categorization of the subject, demonstrating the different strands that exist within the tool, which help different types of organizations. At the same time delimiting the importance of these tools for international business.

The succeeding discussion revolves around the evolution of e-commerce process, presenting a timeline of technological and information processes enabling the advancement of the tool. The way this tool has been introduced to markets is also addressed in this discussion, providing an understanding of how technology was disseminated and placed in organizations, driving additional business processes.

The third discussion shows how the process of specialization of e-commerce was in place, with the different regions where the EC is inserted. The spatial analysis of e-commerce was based on social and economic elements of each region, providing an analysis of sales and the impact that are a tool in the regional context.

Similarly, from a discussion of state incentives, it is noted that regions with greater support from the state, are the most dynamic within the overall context, therefore, it can be concluded that the state is a major factor for e-commerce, because it has elements of telecommunications infrastructure and logistics, essential factors for the full development of electronic commerce.

CAPÍTULO 3

A case study of the Alibaba Group

A CASE STUDY OF THE ALIBABA GROUP

With the rapid growth of e-commerce around the globe, some players began to highlight the vast expansion of its operations, and as well as for its high impact on the global stage. Alibaba Group was among those cases, however, due to some factors, has become the largest e-commerce platform in the world. Thus, the focus of this section will be the Alibaba Group.

The importance of e-commerce has grown exponentially in recent decades, drawing attention not only for the great value that the tool has the economy but also for social and political sectors. In this chapter, a brief analysis of the effects of Chinese state influence within the Alibaba Group, and how it served as the impetus for the group's internationalization.

The analysis of the group's internationalization process, from this perspective, can be divided into two segments: the static analysis and dynamic analysis of the group. These studies will be covering a wide range of analytical tools and relevant theoretical approaches to the subject.

At first, the chapter presents a static analysis of the group, demonstrating elements necessary for the foundation of the company, as well as state influences that drove the internal and external growth of the group. Similarly, the analysis of the historical group internationalization process allows scoring milestones that helped the development of the group internationally.

In the subsequent phase, a static analysis of the group is presented, focusing on descriptive factors. This review is intended to demonstrate the importance of points as the values, the mission,

and image of the group, which proposes an overview of the company and its historical internationalization processes.

Finally, the chapter presents a dynamic analysis, demonstrating the strategies taken by the Alibaba Group to increase its ambitious scope, market size, international reach and in the last instance, maintains its status quo. This analysis was possible owing to the use of several analytical tools.

1 - Development of commercial paradiplomacy of the Alibaba Group

The foundation of the Alibaba Group occurred in 1999, with the company being founded on two different strands. The first part of the business, alibaba.com was established with a focus on the global market, already marking the strategy of internationalization of the company since its inception. The additional aspect taken by the group started with the establishment of 1688.com, focused on retail sales within the Chinese market.

This origin of the Alibaba Group has facilitated its expansion both in the domestic and international markets. It is worth mentioning also that the measure the growth of the group in China accompanied the growth of the internet, helping the group to move into the country. Also, with the revitalization of China's industrial production, added to low commodity prices provided a competitive advantage for the group, which helped the internationalization process.

Currently, the group concentrates its activities on 25 business units located in different countries, to facilitate the care and operation of the services of the group around the world. The work of the Alibaba Group includes about 24,000 direct, national

and international employees, spread across 70 offices in Greater China and internationally, in addition to having a strong logistical support in strategic countries for the group.

The diffusion of the Alibaba Group activities did not stop its development, the group's growth remained stable through its strong business diversification that extends from consumer products in e-commerce, online payments, B2B market, B2C, C2C to cloud computing, reaching users in over 190 countries and regions (Shying; Avery, 2009).

One can attribute much of the success of Alibaba to some factors that preceded its creation. The fact of being a newcomer helped Alibaba to position itself better against the internal and external challenges encountered by companies such as Amazon.com and eBay, the group's predecessors.

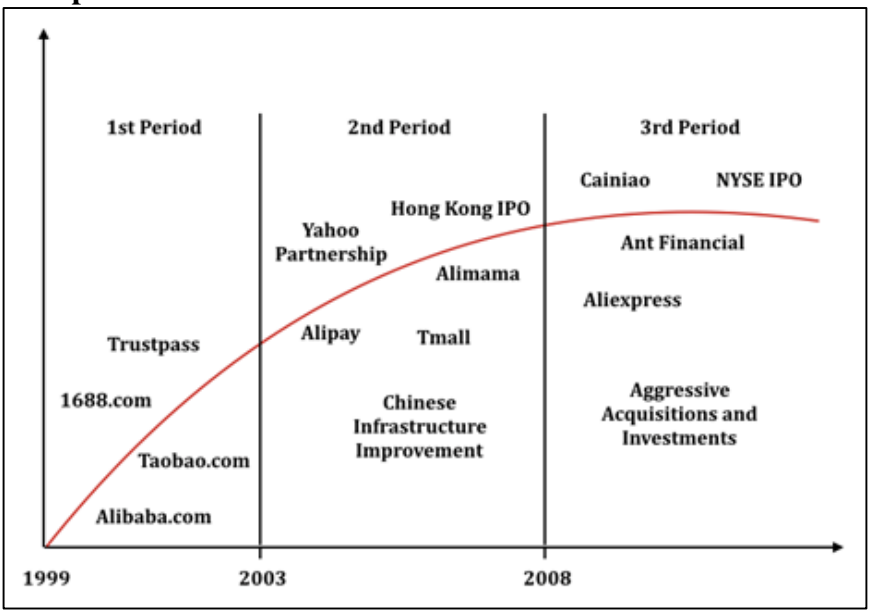
There is also the need to further analyze the process of internationalization of the Alibaba Group and its paradiplomatic actions. The group has expanded using the fundamental processes of internationalization (export flows), secondary internationalization (foreign investments), through global strategic alliances and subsidiary companies to leverage its global presence.

According to Sarfati (2007), business/corporate paradiplomacy shows the shares of businesses to increase the competitive advantages of companies internationally. This proves to be indeed a corporate foreign policy, based on the same economic and political guidelines that traditional diplomacy of states.

We divide the history of the Alibaba Group into three distinct phases. These phases were of the utmost importance to the group's positioning in the domestic, regional and international markets. First, until the middle of the second period, Alibaba Group has developed a paradiplomacy intranational strategy,

focusing its efforts to boost the group's growth in China and, from the middle of the third phase, starting its global growth strategy, following the promotion and internationalization of the Chinese economy.

Graph 2 - Periodization of the Alibaba's Internationalization



Source: Authors´ elaboration.

1.1 - First Internationalization period of the Alibaba Group (1999 to 2003)

In this period, which can be considered as the beginning of the early stage of the company, the Chinese electronics market was the initial development phase and transacted only informational

data on businesses, without the marketing of goods or services over the Internet, as well as other tools.

The creation of the Alibaba Group, targeting the needs of the Chinese market, turned its focus to small and medium-sized Chinese companies, providing a ranking on the platform that has allocated the business information of these companies, dividing them by characteristics and industries. Thus, enabling the birth of B2B e-commerce in China, with the creation of 1688.com and alibaba.com.

With the advancement of the company in the domestic environment and high foreign investment, the group adopted a certification strategy of corporate credits. Given the tremendous distrust between buyers and suppliers, present in the Chinese e-commerce. It appeared to be the biggest obstacle to the development of transactions between users. However, the creation of Trustpass by Alibaba in 2002, changed this scenario.

The Trustpass was first idealized as a credit validation mechanism created by the Alibaba Group. By adopting this mechanism, the group enabled the credit authentication for small and medium-sized Chinese companies, reducing the possibilities of fraud and illegal schemes within the platform, attracting more users into the group. Also, this system introduced a new form of monetization for the company.

1.2 - Second Internationalization period of Alibaba Group (2003 to 2008)

The second period begins with facilitating the entry of new suppliers on the platform of the Alibaba Group, providing translation services to help international businesses to establish the

profile of their business, along with information about their products and selling prices. This strategy resulted in a greater diversification of offers in the group's platform, totaling more than 420,000 buyers registered on the site.

It's worth of notes that the company made improvements in infrastructure and logistics systems, optimizing the quality and speed in the delivery of their products. Additionally is important to recall that these advances have been made possible through global distribution centers and offices of Alibaba Group around the world. Also, strategic acquisitions of companies in the logistics sector have led to a greater dynamism in domestic deliveries, forcing, even more acceptance of the companies belonging to the group.

Similarly, the creation of Taobao (C2C) led to a rapid expansion of e-commerce in China. The platform was created as a way to stop the advance of Ebay within the country. Taobao continued to grow and today is one of the leading e-commerce platforms present in China, having a high rate of compliance, as a direct result of acquisition strategies and internal expansion of the group.

The end of the second period is characterized by a more aggressive internationalization strategy. With the Alibaba Group IPO on the Hong Kong stock exchange, combining with the facilitation of payments through its financial services platform (Ali Pay), the group gained the confidence of global consumers, which were more active when compared to its Chinese costumers. Similarly, acting as a representative of Yahoo China. Alibaba Group has been able to capture more users through the large use Yahoo as a search engine inside the country.

1.3 - Third Internationalization period of Alibaba Group (2008 - today)

The third period of the Alibaba Group internationalization began with the company's globalization strategy, leading to the creation of Tmall, which helped introduce a business model hitherto not as used by the firm, B2C. Tmall was added as an addition to Taobao. However, it brought a new range of international retailers such as Gucci, Dolce & Gabbana and other luxury brands to sell to Chinese consumers (Rogers, 2014).

With the creation of Aliexpress and Ant Financial, the international popularity of the group has risen exponentially. By focusing on the sale of Chinese products on a global scale from a B2C model and enable credit lines in the B2B model, the group won the chance to increase its global membership numbers. By providing buying cheap Chinese goods, the group facilitated international purchases, concentrating mainly on emerging markets, what led to an adamant global dynamic to the group.

Since then, the group has adopted a more aggressive international posture. Alibaba Group continued an aggressive expansion through acquisitions in areas such as telecommunications infrastructure with the purchase of HiChina (the company with the largest Internet infrastructure in the country), and acquisitions such as Vendio and Auctiva (companies providing solutions in trade e for small and medium businesses in the United States). Also, the purchase of several assets in global companies becomes the most competitive of the group against major competitors (Crouch, 2015).

The Initial Public Offering (IPO) of Alibaba Group on the New York Stock Exchange was the largest IPO in the world, valued at $ 25 billion, thanks to the optimum performance and

worldwide promotion of the group. It is also remarkable that the IPO of the Alibaba Group provided the necessary resources for the development its logistics business. The creation of logistics conglomerate Cainiao enabled extremely fast deliveries and little bureaucratic processes, reflecting the joint efforts of the Chinese government and the group.

2 - Chinese commercial diplomacy

The Chinese government, through strategic policies, boosted certain sectors of the country internationally. Promoting the sale of Chinese products abroad and at the same time, providing a greater range of national companies, were the strategies used by the Chinese government divided into three main sectors, logistics, infrastructure and Chinese exports. The "global going" strategy of the Chinese government internationalization lies in the high financial support the country offers to domestic companies doing business abroad, reducing the risks and costs of new enterprises, encouraging trade diplomacy process of the country.

The primary instrument of Chinese commercial diplomacy is the ExIm Bank, the Bank of Exports and Imports, subsidized by the Chinese bond market. By providing credit financing for Chinese companies encouraging their internationalization process, China promoted three main objectives: diplomacy, ideological values and business culture (Haroz, 2011).

First, by financing the exports of Chinese products, which have a particular credit line within the ExIm Bank providing special loan programs for companies based in countries or strategic regions such as Africa. The Chinese government aimed to increase

the development of these companies, therefore, increasing the number of Chinese enterprises in the global market, and consequently more Chinese products being absorbed in exchange for labor and raw materials at minimal costs.

The government incentive may also take the form of export fairs and events, to introduce new Chinese products to possible buyers. These promotions, summed to several of additional financial support schemes, produce a significant amount of resources available to domestic companies.

Second, as support for export incentives, the Chinese government began to invest in its infrastructure. The development of China's infrastructure now has critical importance to China since 1990, with a more amenable government for foreign investment in improving infrastructure in the country. According to Chen *et al*. (2013), over a hundred million Chinese have benefited from the improvement in the energy and telecommunications sectors, bringing improvements in urban areas, expanding its activities to the less developed areas of the country.

The plans for the development of Chinese logistics infrastructure cover not only the Chinese territory but also include neighboring areas with some bilateral agreements on facilitation of transport of goods between Russia and Mongolia, as well as promoting less bureaucratic processes.

More objectively, investment in Chinese infrastructure is not limited to construction, and, since 1994 China has invested in infrastructure for information and communication technologies. These investments in technology infrastructure represent the rapid change suffered in the development process in the country, representing the strategic importance that this factor offers for Chinese businesses (Ansar *et al*., 2016).

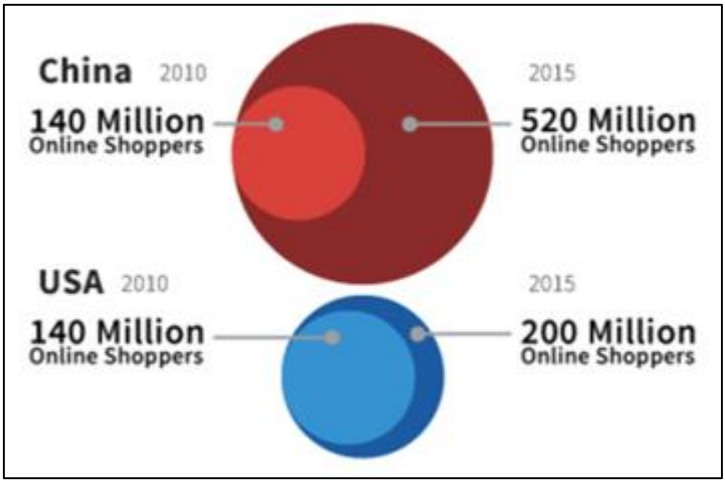
Chinese technological growth as well as being driven by foreign investors was also motivated by some government projects focused on the development of technical infrastructure, science, and technology, the foremost pillars of planning some industrial sectors.

Third, Chinese investment in the technology sector also represents a breakthrough for the Chinese commercial diplomacy. According to Oster and Chen (2016), China invested a multimillion dollar amount in the startup environment since 2015. This investment was achieved by the principal organs of the Chinese government, with the pretension of establishing more effective businesses globally. The support provided by the government covers reduction of provincial taxes, as well as some local subsidies and investment funds that can help in the management operations of these companies.

However, at the same level that government support promotes the development of new online ventures in China, the bureaucratic process for new types of businesses becomes more time-consuming. This bureaucratization process provides a control of the enterprises on the Internet to the Chinese government in the same way that provides the greater power of analysis of online content being produced (Botz, 2012).

Hence, the development of electronic commerce in was driven by various government policies that led to the full functioning of the sector within the country. Also, demographic and social factors have also brought benefits to the Chinese e-commerce industry. Figure 5 shows the progress of the online number of buyers compared to the US.

Figure 5 - Growth of online buyers in China and the US (2010-2015)



Source: Forbes (2015).

The impact of Chinese trade diplomacy in foreign commerce is noticed due to the ease that larger companies have to promote their business internationally. With improved logistics infrastructure, the flow of products becomes simpler, streamlining international delivery of goods from e-commerce companies.

Similarly, the continuous development of infrastructure of ICTs in China provides an improvement in electronic commerce services and products, it provides tools which help streamline and facilitate the process of creating new online business opportunities in China and provides the necessary tools for recurring processes of innovation.

Also, the thrust of the Chinese foreign trade influenced the e-commerce sector in the country positively, helping companies in particular areas (B2B and B2C) to expand their businesses based

on the supply of Chinese goods to foreign buyers. Thus, the output of Chinese products has become more dynamic, and at the same time spurred the growth of technology-based companies within the country.

3 - Static Analysis of the Alibaba Group

The Alibaba Group has absorbed much of its entrepreneur's creativity from its principal founder, Jack Ma. This factor helped the company develop an essential business culture, allowing us to understand its growth and development processes. With a brief analysis of the Mission and Values of the group, it's possible to identify efforts to build a lasting business, aiming the global market. The static analysis takes into account a systemic characterization of the internal environment of the Alibaba Group and other existing influences from external environments.

The contingency approach analyzes the relationships within and between existing subsystems inside companies and between the organization and its environments, trying to define patterns of relationships or variable settings. According to the Contingency Theory, nothing is absolute within organizations or management theories. There is a high relativity within this theory, where there is a functional relationship between environmental conditions (independent variables) and administrative techniques (dependent variables).

Chiavenato (1997) states that the word contingency means something uncertain or eventual, which may come to happen or not. The contingency theory emphasizes that the goals cannot be achieved through a single strategy, or a pre-established way to all

circumstances, but with an approach that addresses different variables.

These studies verified whether effective companies followed the assumptions of Classical Theory as hierarchy of authority, breadth of control, division of labor, among others. The Contingency Theory emphasizes that there is nothing absolute, that is, everything is relative in organizations or in administrative theory.

Everything is composed of variables, whether situational, circumstantial, environmental, technological, economic; Hence, differ in degrees of variation. This theory focuses on organizations from the inside out view, addressing the environment as a key factor in the structure and behavior of organizations, which are open systems.

This management model is very similar to those seen in the activities of the Alibaba Group. The group has different business models, ranging from logistics and transport (Cainiao) to national and international e-commerce platforms. For this, the group had to adopt an efficient management system that resembles the development of the organization's needs, being noted for the diversification of the group's businesses, represented in Figure 6.

The consolidation of the diversification of Alibaba Group occurred during the three phases of the company's life cycle. The company profile (bank clearing systems, e-commerce, film companies, IT structures, etc.) allowed greater autonomy and authority for these sectors within the group.

Functioning similarly to an octopus, the group has a "head," which coordinates the guidelines and directions, and the "arms" with some degrees of articulation, as well shown in Figure 6.

Figure 6 – Alibaba Group's Activities Organization Chart



Source: Authors´ elaboration.

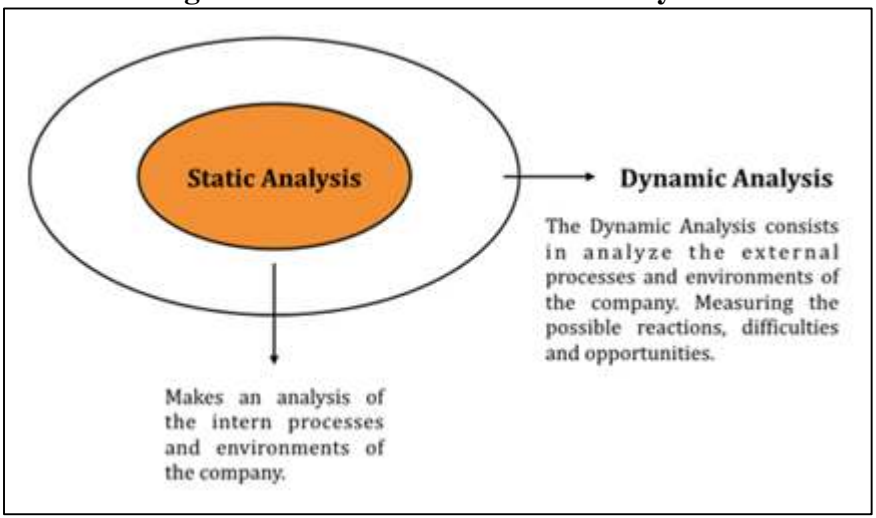
In order to have a precise analysis of the Alibaba Group, it is necessary to identify several structural elements such as the size of the business, mission, values, scope and the image of the group, as well as the use of some analysis tools in an effort to define the possible strategies that may help the group achieve their goals.

According to the current concept of Strategic Planning, the survival and success of the company depend on its harmony with the environment. The company's dependence on its environment

makes a permanent effort of monitoring the external and internal environments vital.

Similarly, an overview of the company can be made from a dynamic analysis covering the environments and processes of the external environment, which directly impact the business' activities. The analysis method can be described based on Figure 7.

Figure 7 – Method of Structure Analysis



Source: Authors´ elaboration.

Understanding these the two methods of analysis leads to a greater understanding of the complex systems that stimulate the operation of Alibaba Group. Hence, the two approaches complement each other to provide a range of tools for a complete and proper analysis of the group.

3.1 - Organizational Dimensions of the Company

Due to the size of the group and its highly internationalized businesses, an analysis of its business processes is a complex task. However, there are striking features engendered by the processes of Alibaba Group, which reproduce a pattern of organizational behavior, leading to a better analysis.

According to Loyola *et al*. (2004) within the organizational size of a company, five essential characteristics can be identified: structure, tasks, people, environment, and technology. These five dimensions enable us to make a characterization and identification of critical organizational processes of the group.

3.1.1 - Structure

The structure of the Alibaba Group allows us to understand the reasons for the group's behavior. It is important to note that the posture and structure of the group have changed since its foundation, varying according to the organization's growth and interconnecting parts the company structure (Loiola *et al*., 2004).

Jo Ee and Yazdanifard (2015) allow us to analyze the structural model of Alibaba Group into five phases and different models suited to the reality and current growth of the company. The first of these models is the autocratic, a model based on direct orders from a manager or director, consistent with the reality of the early embryonic process of Alibaba Group, where the contingent was smaller and lighter duties.

The following three models, conductive, persuasive and democratic are very similar, focusing on the distribution of powers

between the trust of workers and the division of decision-making authority between them. This is reflected in the last and current present management model in the Alibaba Group, the "managing by walking around," says the board's decisions from the analysis and consultation of employees, solving crises in staff and improving their services.

3.1.2 - Environment

The environment surrounding the Alibaba Group can be described as convoluted, diverse and global. Due to its international nature, the group faces some routine threats as a result of the presence of competitors in the various markets in which the group operates. However, thanks to the solid organizational structure formulated by the group, these problems tend to be solved with ease.

The internal culture of the group provides a critical factor in the development and delivery of its services to society, a fact that serves as a strategic advantage in attracting new customers around the world. Likewise, uptake of talent is also quite active. By its global reach, the group offers a training program around the world as a way to attract new international talent, thus improving its staff and diversifying the company's culture.

The environment where the company finds itself can also be analyzed according to its suppliers and the market. Given that the group works mostly with businesses, it is valid salient that contingency procedures are designed to ensure safety and delivery of products, securing the delivery of its services within the several markets where the group operates.

3.1.3 - People

As shown earlier, Alibaba Group has specific programs for funding global talent who possesses different skills, knowledge, attitudes and behaviors. The reason for this high diversification requirements can be viewed according to the complexity of the functions performed by the group.

Due to the large number of sectors that permeates the group, attracting talent has become a strategic process for the company. To maintain its position in the current market, the group needs constant innovation and flexibility. A study by the Ethos Institute (2002), shows that diversity in the workforce can act as a facilitator in the integration process with new markets and customers.

Due to its operations in the global market, the Alibaba group suffers from the impacts of globalization and constant cultural and demographic changes in society. Hiring professionals with skills and different backgrounds provide not only diversity, but also a competitive advantage, and added to its current model of management, the "people" factor is crucial for the organization.

3.1.4 - Tasks

The set of tasks that define the operations that the Alibaba Group is divided into five distinct focuses: strategic, tactical, operational, focus on product and process tasks. The analysis of these functions allows us to understand the mechanisms that engender the processes of the Alibaba Group.

The strategic and tactical character tasks of the group can be described as tasks that define greater integration of the group in foreign markets but also protect the current position in the markets where the group already holds a position. According to Robbins (2002), coordinated and consolidated tasks can result in extremely beneficial results to the company, especially the operational tasks and focus on processes that ensure greater stability in the organizational processes of the enterprise.

The tasks focused on product aimed at improving the quality and development of products and/or services offered by the company, run through a series of coordinated guidelines for the company to take advantage of the full capacity of human capital, combined with the technological capital of the company for the products and services achieve maximum performance. It is worth noting that it relies heavily on the existing technological factor in the company.

3.1.5 - Technological

The dimension of technologies is of paramount importance within the organizational analysis of the Alibaba Group. According to Woodward (1977), the companies that are in accord with the technologies adopted by them are ahead of the companies that cannot manage the technologies that they have adopted. This agreement is a significant differential advantage for the group that has taken several measures of technological development, besides the acquisition of companies that have the know-how in technology, in particular, electronic commerce.

Technological innovation is also a very familiar topic to the Alibaba Group, but this innovation focuses more on regional rather

than global aspects. This factor is highly relevant when taking into consideration the position of the group as a newcomer to other western groups. In this way, the group creates a series of technological tools and procedures within the regional market and uses methods already known in the international context.

The group also has a substantial information and knowledge capacity, derived from its diversity of personnel and its performance in different types of market, a fact that facilitates the incorporation of new technologies and equipment to the organization, making it more flexible from the technological development point of view.

3.2 - Mission, values and company vision

By analyzing the mission, values and visions present in the Alibaba Group, and all the companies that are part of this conglomerate, it is possible to delimit the ideological base that supports the group's operations as well as to analyze plans, deadlines, and goals of the organization.

According to Alibaba Group Overview (2015), the group's mission is "to make it easier to do business anywhere." This statement makes clear the group's goal and business, which aggressively develops and internationalizes its services, as seen previously. As for the group's values, Jack Ma said:

> Our goal is to create the future of trade infrastructure. We anticipate that our customers will know, work and live in Alibaba, and that will be a company that will last at least 102 years (Alibaba, 2015).

This view makes evident the expansionist characteristic that the creator of the group adopted and put into practice in the last period. It is expected that the company will grow more and more, encompassing many other businesses within its platforms, resulting in a greater number of users and an even more globalized business.

This view makes palpable the expansionist characteristic that the creator of the group adopted and put into practice in the last period. It is expected that the company will grow more and more, encompassing many other businesses within its platforms, resulting in a greater number of users and an even more globalized business.

3.2.1 - A Closer look into Jack Ma's entrepreneurial mind

The story of Jack Ma, different from Alibaba's is filled with failures. These failures made him one of the greatest entrepreneurs not only in China but in the world. We can identify some of the personal characteristics of the founder inside the company's mission, values and strategic goals. Specially its will to win. The story of Jack Ma is widely known. However, the impact of his story within the company's future goals is still a mystery.

To understand how the creativity of Jack Ma works, we can try to absorb it with an effort to understand the story behind the name Alibaba:

> "One day I was in San Francisco in a coffee shop, and I was thinking Alibaba is a good name. And then a waitress came, and I said do you know about Alibaba? And she said yes. I said what do you know

> about Alibaba, and she said 'Open Sesame.' And I said yes, this is the name! Then I went onto the street and found 30 people and asked them, 'Do you know Alibaba'? People from India, people from Germany, people from Tokyo and China… They all knew about Alibaba. Alibaba — open sesame. Alibaba — 40 thieves. Alibaba is not a thief. Alibaba is a kind, smart business person, and he helped the village. So…easy to spell, and global know. Alibaba opens sesame for small- to medium-sized companies. We also registered the name AliMama, in case someone wants to marry us!"

The overall vision that Jack Ma has is also a key point for analyzing his entrepreneurial spirit. Instead of adopting a nationalistic approach, the entrepreneur advocates a greater internationalization and dynamism of international trade at the global level, offering its platform as a mean to guarantee this. However, it is noteworthy that in one of his recent interviews at the Davos forum. Jack Ma stressed that the process of globalization needs to be strengthened.

2017 - Davos Conference

During the World Economic Forum in Davos in 2017, the entrepreneur Jack Ma had the opportunity to talk about his thoughts on the world economy, globalization and the insertion of small and medium-sized enterprises (SMEs) in these two areas. From this interview, we saw the future expansion strategies of the Alibaba Group and the possible future of China-US relations, from Ma's meeting with President Donald J. Trump.

Donald Trump's campaign was marked by harsh opposition to Chinese trade practices, so much so that the meeting between him and Jack Ma came as a surprise, not only to journalists but also politicians from both nations. Even with Trump's harsh criticism, the meeting, according to Jack, flowed amicably, largely addressing the possibility of increased sales of midwestern US farmers, creating new jobs and opportunities.

Similarly, when asked about China-US relations, Ma demonstrated a very globalized view of the world, which, unlike Trump, focuses on global business interaction. Ma has the initial strategies of the globalization of American companies as a brilliant strategy for internationalization, leading jobs and opportunities to other countries. This attitude, contrary to the isolationist vision of Donald Trump, referred to an emblematic phrase of the businessman:

> "Past 30 years, America had 13 wars, spending $ 14.2 trillion, the money going there. What if they spent part of their money on building the infrastructure, helping the white collars and blue collars? You're supposed to spend money on your own people."

In the midst of all this, Ma also listed the lack of leadership in the world, discussing the need for leadership to cooperate with others. To that end, Jack Ma lists some of the changes he believes to be necessary to achieve a more efficient cooperation, including a greater insertion of small businesses into the WTO negotiations, and made explicit the desire to create an Electronic World Trade Platform, giving support to young entrepreneurs and small businesses.

Similarly, EWTP would improve the trading system on a global level, and the decision-making process would be based on the interests of entrepreneurs, regardless of size, not political beliefs, such as the WTO of the present day, focusing, in significant part, on big businesses.

Also during the Davos interview, Ma was asked about the main differences between his business model with Amazon, where he stated that the Amazon system focuses mainly on controlling the entire chain and processes, calling it an Empire. Differently, the Alibaba Group system works in a similar way to an ecosystem, a philosophy of empowering to sell.

The group's philosophy creates conditions for small businesses to compete with large firms. Not only that, Alibaba Group seeks to empower service side by side with its businesses, making the chain flow organically, without the need to purchase and manage it. However, just as the platform empowers business, Jack Ma has, in the last seven years, better protected its users. When asked about piracy on the company's platforms, the entrepreneur was keen to advocate for the advancement of the Alibaba Group's anti-piracy system.

Currently, through Big Data, the company can monitor who sells, buys and produces the products made available on the platform, in this way, it becomes easier to track and punish these users. Jack Ma quotes that more than 360 million pirated products have already been deleted, and more than 40 people have been arrested in the last seven years.

It is interesting to note that the quality of the pirated products offered within the platforms, often exceeded the quality of the originals, making clear the level of development of the copies being made available. Given this, it is important to

understand that Alibaba Group is no longer just an e-commerce company, but a Big Data company.

Big Data, in addition to being used for security and marketing reasons within the enterprise, is now also part of the platforms credit system. By analyzing data, it becomes much easier to define the profile of an applicant and to decide whether to lend the loan or not, this streamlines the process for obtaining financing, and at the same time reduces the risk of default. With this tool, in the last five years, Alibaba Group has awarded more than 5 million loans to small and medium-sized companies.

However, Alibaba Group's strategy is moving towards a more social layer. During the interview, Jack Ma described his 30-year strategy, focusing on two essential aspects, happiness, and health (HH strategy). This is the main reason for the group's significant investments in the film industry, which according to Jack Ma, is to bring joy to people.

3.3 - Group Image

To analyze the group's profile in more detail, one can use the tool proposed by Gareth Morgan (1996) to identify styles, practices, and behaviors to define the image of the organization.

In his book, the author cites eight organizational images that can be related to companies and organizations. From these images, the Alibaba Group profile image can be classified as a "brain". The brain image can be attributed to organizations that are seen as an information processing system, which has a learning ability, stimulating flexibility and creativity. According to Morgan:

> Any system with a self-organizing capability must have a degree of redundancy: a kind of overcapacity that can create room for innovation and development to occur. Without redundancy, systems are fixed and completely static (...) Parallel processing and information sharing can be a source of creativity, shared understanding, trust, and commitment (...) shared decision-making contains massive redundancy (Morgan, 1996).

Figure 8 – Alibaba Group's Image



Source: Alibaba Group (2015).

We can identify in figure 8 elements that resemble the processes and capabilities of the Alibaba Group, which has specific organizations and systems for each region where the group is installed. Likewise, the problems are also region specific, so the

group had to adapt to a series of challenges creatively and comprehensively, resembling the brain proposed by Morgan.

Figure 9 – Alibaba Group's Logo Evolution

Logo	Circumstance
Alibaba.com Global trade starts here.™	1999 - Logo created for the international market, to attract international customers.
阿里巴巴 1688.com	1999 - Logo focused on the national public. Text entirely in Chinese, focusing on reaching the Chinese internal audience.
Alibaba Group 阿里巴巴集团	1999 - Unification of the two companies under the umbrella of Alibaba Group. The logo written in English and Mandarin, aims to reach the foreign and domestic markets.
Alibaba Group	2000 - Although the previous logo is still used, the group uses a version entirely in English, focusing on its foreign market. Since its inception, there have been no further modifications to the logo.

Source: Authors´ elaboration. Based on Alibaba Group (2015).

The image of the group can also be revised from the evolution of their logos. The group logo did not undergo significant changes over time, only passing through some changes to increase the public's understanding of its operations and services, as can be seen in figure 9.

The evolution of the logo has not brought significant changes since the group's first proposal. The breakthrough was in the union of the group's first businesses under the umbrella Alibaba Group, which started to control the activities in both sectors, and also after that. The changes, however, were only nominal, not altering the design of the character that represents the Alibaba group.

3.4 - Organization Configuration

Because of its high flexibility, and the clear hierarchy within the Alibaba Group, we can fit it into the entrepreneurial organization configuration provided by Mintzberg (2003). The focus on promoting cooperation among its employees, coupled with the management model of the company, results in innovation in decision making and the traditional hierarchical process.

According to Mintzberg (2003), the entrepreneurial organization is fast, flexible and lean. The organization is relatively unstructured and informal compared to other types of configurations, and the lack of standardized systems allows the business to become more flexible. However, as organizations tend to grow rapidly, this structure may be inadequate because of the overhead that this configuration can cause on decision makers.

It is worth mentioning that Alibaba Group changed its management model numerous times, adopting a hybrid model, where it can manage its activities through direct contact with decision makers and employees. In this way, the overhead in decision making can be controlled, because there is a democratic aspect in the group processes, avoiding problems of this nature.

3.5 - Analysis of the Alibaba Group internationalization strategy

Alibaba Group's internationalization strategy is characterized by an active expansion strategy, firmly based on resource seeking, since it focuses on products with a reduced labor cost, and is also based on a logic of Efficiency-seeking, producing scalar gains due to the beneficial relationship existing in local concerts in the EEZs, from an intense concentration of specialized production and a skilled workforce.

On the one hand, there is a geocentric view of the internationalization strategies of the group, strongly based on the primary process of international expansion, exports. The export-based internationalization process provides flexibility and speed of reaction regarding the use of new business opportunities, as well as maintaining a relationship base with current and future clients.

3.5.1 - The importance of small and medium-sized firms

Due to it is low-complexity internationalization strategy, the Alibaba Group took advantage of the small international exposure of small and medium-sized Chinese companies and used this factor to provide an opportunity for these companies to export their products to overseas markets. However, the offering of domestic products in foreign markets has led to a simpler international growth of the Alibaba Group.

Utilizing one of the hypotheses presented by Sui and Baum (2014), we can understand that the effect of company size on the export market will vary according to the internationalization strategy chosen. Similarly, the authors also emphasize the

importance of product innovations within the export market, being defined according to the chosen international insertion strategy. The article presented by the authors assigns a great significance to the "born-global" companies attributing higher survival capacities in the international market.

Therefore, we can consider Alibaba Group as a key component in the intensification of the emergence of "born-global" new companies. The facilities that the Alibaba Group platforms provide for businesses facilitates their insertion in the international market. Unlike the traditional internationalization models, the facilitation proposed by the group's platforms creates easier mechanisms for exporting companies, reducing a series of risks linked to the internationalization of businesses.

However, the creation of new opportunities is of extreme importance for the survival and international development of these companies. According to Tang (2011) a healthy management of strategic networks would be a key point in the survival of SMEs in the global scenario, taking into account the scarcity of resources as a barrier to internationalization. The author also highlights the benefits of good resource networks associated with faster internationalization.

The Alibaba Group, in a simplified way, can meet the needs demonstrated by Tang's article. Since it is a highly internationalized network of buyers and sellers, the contact and establishment of partnerships with other businesses is taken more quickly and efficiently, thus facilitating the internationalization of businesses.

On the other hand, there is a logic of export centers, strongly encouraged by the external investment of the group. Trading hubs are characterized by investment in a particular productive activity within a specific and individual geographic

area (Amatucci, 2009). To boost the export process of the products, Alibaba Group started to invest in trading centers in the leading countries for its operations. In this sense, the internationalization process of the group becomes more aggressive, seeking to facilitate its business abroad, and, paving the way for a business expansion in certain sectors preferred by the group, and at the same time, promoting the development of SMEs.

4 - Dynamic Analysis of the Alibaba Group

The dynamic analysis, different from the static analysis, focuses on the relationship between the internal and external environment that involves the actions of the Alibaba Group, producing a series of new strategic issues for the group. More in depth, this analysis allows an overview and is complemented by tools that allow a greater understanding of the company's strategies in diverse scenarios. From this point of view, one can have a complete knowledge of the company in several areas, whether external or not.

This analysis a broader view, since, part of it takes as reference the existence of contingent variables that influence the daily operations of the group, and, likewise, take into account the presence of different stakeholders, or actors, that affect directly, or indirectly the company's business.

In general, we can consider that dynamic analysis provides a multidimensional view of a given object, analyzing factors not contemplated by other forms of analysis. The dynamic analysis uses a series of concepts from different disciplines, allowing concrete and diversified foundation analysis.

4.1 - SWOT Analysis

SWOT analysis has been a very useful tool to business studies due to its simple framework based on just 4 variables -– Strengths, Weaknesses, Opportunities and Threats - related to the crossing lines among endogenous and exogenous environment of an enterprise.

The main purpose of the SWOT analysis is to assist in the illustration of the group strategies. The opportunities that are presented to the company are identified by this analysis, and based on their strengths, the company can take advantage of these opportunities. Likewise, weaknesses and threats are further identified by the analysis, to delimit where the company needs to improve, and what are the main risks for the future of the company.

The SWOT analysis develops and unites the main elements that act as internal and external components of analysis. The resulting diagnosis needs to offer a high degree of reliability, integrating the needs presented in strategic management to support the medium and long-term planning of the organization. From this, the vision of the company is maximized, opening up a possibility for improvement in the decision making.

Taking for reference a comparative view on the Strengths and Weaknesses from the endogenous environment of the Alibaba Group as well as the Opportunities and Threats from the exogenous international environment, the SWOT analysis illustrated in the figure 10 qualifies some dynamic characteristics of this enterprise while inserted in its complex and fast changing competitive world.

Figure 10 – Alibaba Group SWOT Analysis

Opportunities	Strenghts
Globalization and Demand for New Services	Vast Range of National and International Services
Favorable Regulations and Government Rules	Highly Loyal User Base
Investments in National and Foreign Companies	Vast Number of Skilled International Professionals
Developing Markets Internet Growth	Business Model Versality
Weakenesses	**Threats**
Lack of Information Transparency	Globalization and New Incumbents
Middleman Function of the Company	Players like Amazon and Ebay entering the market
Pricing of Services Which Were Free	Low adherence to the B2B model
Products of Doubtful Origin	Piracy Issues

Source: Authors´ elaboration.

4.1.1 - Opportunities

Globalization and the high demand for services are growing around the world, and with a greater adoption of electronic commerce by companies around the world, Alibaba Group, as a company already established in this environment, may have an advantage over its competitors.

It is worth noting that the purchasing power of users in Russia, India, Brazil and other East Asian countries has grown dramatically in recent decades, turning them into potential buyers (Shun, 2015). It is also worth mentioning that Russia and Brazil are among the largest consumers of Alibaba Group, receiving investments from it to expand their projects.

Likewise, the group's acquisition strategies have proven to be highly aggressive, since 2014 the group has started to invest and acquire foreign companies to improve its positioning in highly competitive markets, such as the US and Europe. In addition, these acquisitions and partnerships enable an improvement in the group's technology and processes.

As noted earlier, Chinese regulations can be highly advantageous for the group. Considering that the business creation process was facilitated, the adhesion of more bidders in their platforms can be of paramount importance for a firm establishment of the company inside national lands, besides increasing the offer of products/services for the environment external.

4.1.2 - Forces

One can cite the high range of services and products provided by Alibaba Group as one of its main forces against its

competitors. Also, the diversification on an international scale of these products/services provides a valuable resilience component to the Alibaba Group. The extent of its business ranges from logistics and transportation services to media conglomerates.

The company's professionals, as well as the products/services, are very diversified. Due to the high internationalization of its activities, the company faces problems of different natures, and operates in different markets. Thus, the group has a team with a large number of professionals of diverse nationalities, spread around the world. As a way of maintaining this characteristic, the group launched a global talent attraction program, allowing a continual renewal of the company's staff.

The innovation brought by Alibaba Group by enabling the purchase and sale of goods around the world has facilitated the business activity for many entrepreneurs around the world. Thus, creating a loyal community of users who depend on the services offered by the group's platforms. As these factors contributed to the group's faster growth, they also influenced the company's business model. It can be stated that the group has a multifaceted business model, which allows the group to diversify profits, as it protects it from crises in certain markets.

4.1.3 - Threats

Even with a large spread of its business around the world, Alibaba Group still suffers constant threats from its competitors and some negative aspects of its business. The decrease in adherence to the B2B business model is one of these negative points, which can be explained by the greater use and quality of the marketing tools used by the companies, thus facilitating the

reach of customers, eliminating the need for a third component (Alibaba.com).

Similarly, the entry of new competitors into the market can affect the number of product and service offerings on the group's platforms. Even though it is consolidated within China, the international competitive scope is much more unstable, making it easier for new companies to compete with Alibaba Group.

Even dominating e-commerce market inside Chinese borders, the Alibaba Group was now surrounded by an investment of Amazon in Asia. The American company penetrated the Japanese market, translating it into Chinese, facilitating Chinese purchases within its subsidiary platform, realizing the need of Chinese consumers for higher quality products (Huang; Stevenson, 2016).

The quality of the products offered by the two main channels of Alibaba Group (Alibaba and Aliexpress) has always been a concern for international customers. The amount of pirated products within these platforms entails a degradation of the group's image internationally, making room for its competitors, as seen in the previous paragraph.

4.1.4 - Weaknesses

Some of the new features introduced by changes in the Alibaba Group service system have caused a drop in existing members within the platform. Creating opportunities for competitors to develop a service that can compete with those initiated by Alibaba. According to Business Insider's "E-commerce Briefing" (2016), it has shown that Chinese sellers are opting for Amazon and Wish before opting for the Alibaba Group platform

as a reflection of the fees charged and the reach of these sites May have on the American market.

The services and products offered by the platforms belonging to the group revolve around 27 industries and 900 categories, thus, there is a high number of products of questionable origin. Faced with this, the occurrences of illegal goods, radioactive minerals, as well as denunciations of users who used the platform for money laundering depreciate the international image of the group.

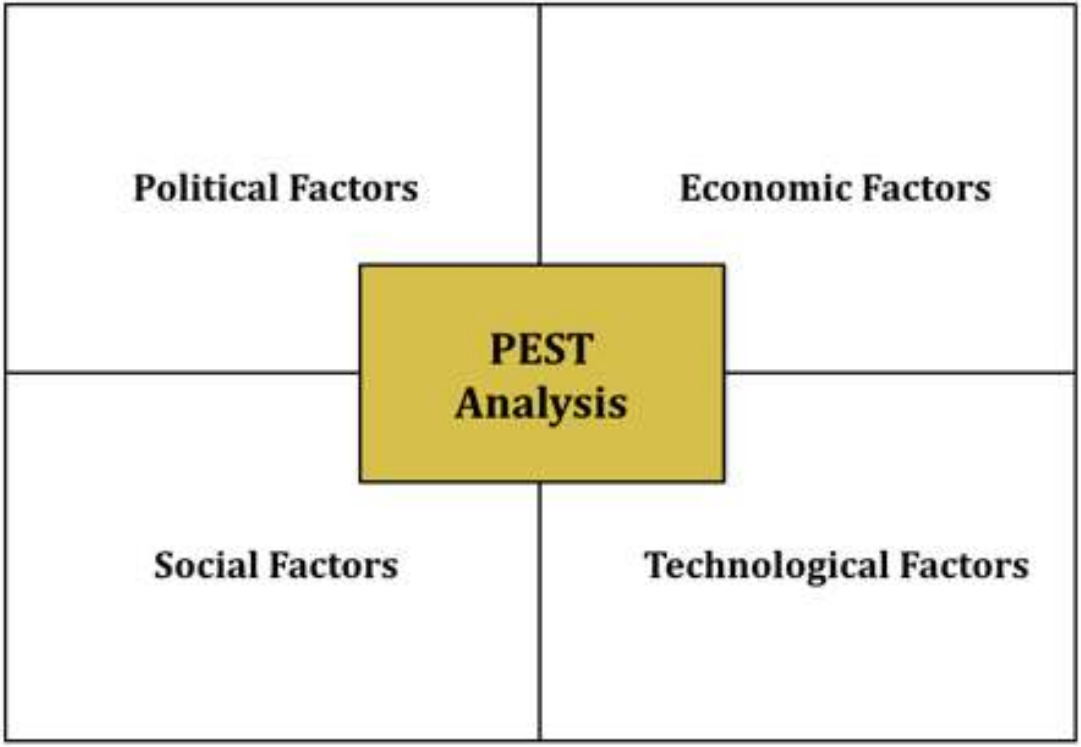
It can be concluded that the weaknesses found in the Alibaba Group came from some tactical decisions that engendered a series of problems to the group. The advancement of technology in marketing allowed users to have a certain independence, moving away from the company. Also, services that were free of charge at the start of operations were now taxed, also reducing the adherence of new users, and weakening the relationship with the older ones.

4.2 - PEST Analysis

The PEST analysis is an analysis tool for auditing the external environment of companies, which aims to understand Political (P), Economic (E), Social (S) and Technological (T) issues. In this way, one can analyze which are the main factors that influence the strategic decisions in the daily life of the organizations.

With a complete PEST analysis, one can understand the influence of the external environment within the company and how this impacts on the final results of the same. Above, it is possible to see an explanatory table exploring each of the elements of the tool, and how they relate.

Figure 11 – Alibaba Group PEST Analysis



Source: Authors´ elaboration.

4.2.1 - Political Factors

The Chinese market has many differences when compared with the Western countries. The national government does not always permit the operation of companies in the open and free market. By combining the "invisible hand" with public policies to regulate the market and guarantee the development of enterprises, the Chinese government promotes a greater dynamism of domestic firms, increasing their presence in international territories.

The relationship of the Chinese government with the Alibaba Group is narrow and takes into account important aspects in the markets in which the groups are inserted, as well as the developments in these markets. The political factors that interfere in a positive way with the functioning of the group are present from the initial foundation of the company. The city of Hangzhou, the hometown of the company's creator Jack Ma, was chosen as the company's headquarters for the proximity of industrial poles and the inordinate political support it received to make the city into a development center for e-commerce.

4.2.2 - Economic Factors

The twenty-first century brought the opportunity to transition from the industry focused on extensive manual work to the technology industry, which promotes rapid economic development. This development of the Chinese economy has benefited not only the economy as a whole but especially the e-commerce industry. The enhancement of this industry, combined with foreign investments in the country's economy, has helped to strengthen the Chinese e-commerce.

As a way to promote the development of Chinese e-commerce, China's National Reform and Development Committee has established policies to mobilize thirteen departments directly involved in electronic commerce within the country, engendering some key areas for the Alibaba Group as mobile payment, electronic receipt, and logistics.

4.2.3 - Social Factors

Social factors take into account, social and cultural aspects of the environment in which the company is inserted. In Chinese tradition, the city of Hangzhou, home to the Alibaba Group, is characterized by its "speed", and its capacity for innovation and wealth generation. This culture of innovation and business development provided rapid progress for the group's business.

In China, Alibaba Group has modified the business culture, in particular on the acceptance of online purchases. The dependence of a business channel for product distribution has changed the dynamics of companies in China, making entrepreneurs choose online channels for the sale of their products. In this way, online platforms like the Alibaba Group have helped to change China's business culture, making it highly technological and internet dependent.

4.2.4 - Technology Factors

It is well known that technological factors are of utmost importance to the progress and development of the market. Every new aspect of technology can range from light changes to total

market disruptions. However, it is impossible to deny that technological contributions can bring high economic growth, enabling processes such as globalization, and, from a business perspective, competitive advantages (Kotler; Keller, 2015).

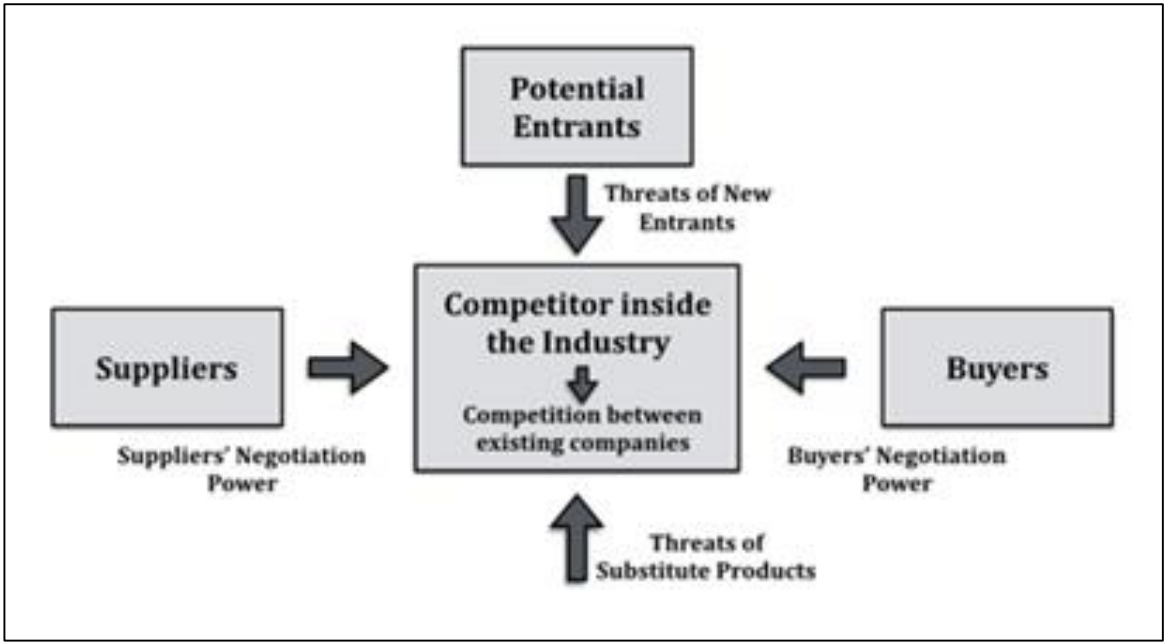
The rapid technological innovation process can present competitive challenges and difficulties for the Alibaba Group. However, as a way to keep up with this rapid technological dynamism, the group focuses on aggressive investment strategies, mergers, and acquisitions, so the group can acquire technologies and maintain its status quo.

4.3 - Porter's Five Forces

Porter's five forces are critical to provide an understanding of the interaction of companies with the environment that surrounds them. This analysis tool aims to understand fundamental structural characteristics of industrial sectors that can determine the competitive forces of companies in the sectors where they are present. Thus, with a deeper understanding of these forces, companies can devise defensive or even offensive strategies.

The forces can be combined with a structure-conduct-performance analysis to demonstrate how the structure of markets works (figure 12). It is noteworthy that any industry is characterized by a series of market conditions, thus, the full understanding of the structures that permeate the markets, also become necessary.

Figure 12 – Alibaba Group Porter's Five Forces Analysis



Source: Senhoras (2003).

4.3.1 - Threats of existing competitors

In most cases, interests of competitors in the same industries are connected, as part of the main strategy of the companies, the scope of competition strategy always focuses on acquiring advantages that competitors do not have. In today's market competition among companies in the same industry reflect in this field, prices, product marketing, and sales cycle.

Alibaba Group confronts two major competitors within the Chinese market, GlobalSources.com, and Hc360.com. GlobalSources.com has a larger number of internationally registered users, however, the Alibaba Group home user number is significantly greater, thus enabling a greater offer of products inside the group-dominated platforms.

On the other hand, Hc360.com, a direct opponent of the Alibaba Group during its first years, has suffered a serious loss of market in the last years, as a result of bad management decisions. As a result of weak internal competition that Alibaba Group faces, in addition to the enormous amount of capital the group has, it can be concluded that there is not a strong enough internal threat to threaten Alibaba Group's status.

4.3.2 - Threat of substitute products or services

The main threats to the Alibaba Group's business regarding substitute products and services are the search engines and large companies in the retail and wholesale sectors. Enforcement of e-commerce search engines can be of concern to the group, and likewise, the new tools reached by well-established retail networks can bring some of the group's business to the fore.

One of the biggest search engines in China, Baidu, represents a huge danger for the Alibaba Group. The Baidu group is responsible for 70% of searches conducted within China and has growing e-commerce platforms within the country. Even assuming Yahoo in 2005, Alibaba Group has yet to reach the same level as its rival within China, a factor that can be decisive in acquiring new customers through search engines.

Likewise, Walmart, an international retail giant, started implementing a supply chain integration tool, adding real products and services to small business owners, facilitating purchase orders. The possible migration of this system to the Internet would pose a significant risk to the Alibaba Group, which currently does not have a system as lean as that of the American company.

4.3.3 - Threats of new entrants

In most cases, new entrants in a sector can bring new resources and new production possibilities, but these new entrants can impact on the market dominance of companies which were already established there. It is common for incoming new entrants to reduce profits for some businesses in the same industry.

The B2B market suffers constant inflows of new entrants. The main focus of the areas in which Alibaba Group operates is located in major centers such as Beijing and Shanghai, while in rural areas there is a continuous emergence of small and medium-sized businesses focused on e-commerce for the areas where they are inserted, which may present a major challenge for the Alibaba Group as these groups grow and gain an increasing share of the market.

4.3.4 - Bargaining power of customers (buyers)

Buyers always affect the level of profitability of companies in demand for better and higher quality products. In the same way, buyers can affect businesses in a wide range of environments, when analyzing the product that these buyers need, the price of these products, the existence of products that can replace the products the company needs to sell, if one come to understand how the bargaining power of buyers can affect the development of the company.

4.3.5 - Bargaining power of suppliers

The bargaining power of vendors depends on the elements they can offer to buyers. Suppliers have a greater decision-making power when it comes to negotiations because they have the power over the merchandise, they control the price and the diversity of the merchandise.

The needs of the Alibaba Group are summarized in software and hardware products to enable the full operation of the services offered by the group. The group seeks to rent or buy hardware equipment, so the company can have a range of businesses to choose from. Otherwise, regarding software issues, Alibaba Group focuses on the production of its software or the acquisition of software from companies related to the business, thus ensuring the safety of its operations.

4.4 - Globalization Matrix

The matrix analysis tool of globalization was originally proposed by Solberg (1997) and seeks to provide a more concrete analysis of the internationalization strategies of companies in foreign markets. The matrix has two principal axes, the first being the vertical axis, which analyzes the organizational capacity and the active participation in the market.

The second axis, the horizontal axis, focuses on the globalization of the industrial sector, based on three indicators: sector structure, the interdependence of national markets, and the strength of the drivers of globalization (liberalization of markets, demand, technology, Infrastructure, etc.).

As a combination of these two axes, we have a table with nine cells corresponding to the processes of globalization in stages, knowing that cell number one represents the stage of less globalization and number nine corresponds to the apex of the globalization process, already consolidated in the international market.

Based on this, the number eight cell can be assigned to the Alibaba Group. The cell number eight represents the penultimate process of globalization to reach the peak. At this point, the company needs to find new global alliances as a mean to expand its business, in addition to dealing with competing competitors and fostering new acquisitions.

One can also say that the Alibaba Group is already heading towards the last stage or the apex of its globalization. As shown previously, the group's third phase of internationalization represents a more aggressive strategy, with new partnerships, investments, and international acquisitions, with a particular focus

on the Asian market. In this way, if the group's tendency is maintained, it would not be incorrect to say that it will reach the apex of its internationalization in a short period.

4.5 - BCG Matrix - Portfolio Matrix

The BCG Matrix Analysis or Portfolio Matrix comes from the Boston Consulting Group (BCG), and provides a tool that analyzes the business units and product lines of companies. This analytical tool helps companies to make decisions, assisting in brand and product management processes, as well as strategic management and portfolio analysis.

Figure 13 – BCG Matrix Analysis



Source: Authors´ elaboration.

This tool works with some definitions for certain characteristics in the businesses, "stars" that would be the main businesses of companies, "question marks", that would be the businesses that give problems to the group, "cash cows" denominating the businesses that dominate a high rate of the market, but that represent an underdeveloped market and finally the "dogs" that present a low growth and a low level of adhesion to the market.

In this analysis, the focus will be on the main products offered by Alibaba Group, due to the impact of these products and services on the Alibaba Group business routine, as well as the scalability these products represent the group in long term profits, to a better position in among competitors.

As one of the core services (stars) of the group one can cite its trade C2C, Taobao. Taobao has been responsible for an increase in the insertion of rural producers in the electronic environment, allowing simple forms of delivery of their products, and enabling a payment method that can be used by these types of users.

On the other hand, as a group business that has not yet achieved continuous leverage, Alibaba Group's instant messaging service has not yet achieved the expected profitability, nor has the number of users. However, ongoing investments in the applications of this kind of group focus on customer development, and the marketing of these services. Also, improvements such as support for images, videos and document transformation were inserted in the hope of achieving greater market adhesion.

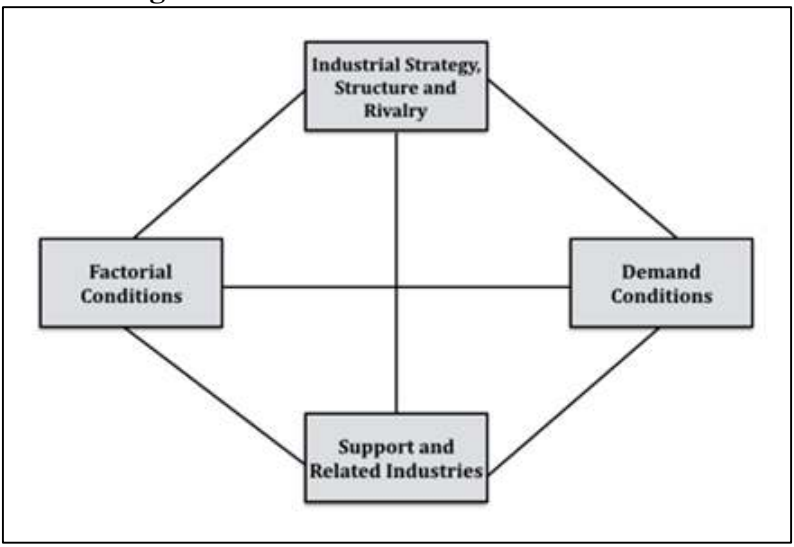
The B2B business of Alibaba Group can be defined as the group's cash cows. Since the inception of the organization, its B2B activities have gained notoriety inside and outside China, as well as a high sum of capital, which has been used in the development

of these markets. As well as the Alibaba Group, the B2B model has matured in China, increasing the proximity of the population to these types of businesses, which have helped in the development of B2B and parallel services (logistics, payment platforms, etc.).

4.6 - Porter's Diamond

The model proposed by Porter (1998) includes four national determinants of competitive advantage: factorial conditions, demand conditions, related industrial sectors and support, and strategy, structure, and rivalry of firms. These aspects contribute to understand how certain companies and nations achieve competitive advantages to demonstrate how competitive industrial sectors operate within these organizations.

Figure 14 – Porter's Diamond Structure



Source: Authors´ elaboration.

Factorial conditions refer to factors of production (labor, land, natural resources, and capital), and according to Porter, the scarcity of these circumstances tends to make nations more competitive. It is true that China provides all the conditions for the growth of enterprises, so competitiveness can be considered weak. In the area of e-commerce, Alibaba Group does not face major problems when comparing with a market with the scarcity of some factors.

While, on the one hand, the lack of competitiveness within the Chinese market provided fertile ground for the installation and development of the Alibaba Group, this did not mean a disadvantage in the international market. It can be said that the international exhibition of the Alibaba Group helped it to mature as a company, and better formulate its national and international expansion strategies.

Likewise, the demand conditions express that the more sophisticated domestic markets are more competitive because they demand superior products and likewise have a greater proximity to their consumers. The same can be seen within the Chinese e-commerce market.

The Chinese consumer market is highly diverse, and this translates into the number of companies providing services within the country. In this way, Alibaba Group aggressively diversified its business within the country, fitting into all social spheres within China, selling to different classes in different segments.

The related industrial and support sectors are a crucial factor, where suppliers and distributors who, by being more competitive, can reduce costs and increase the number of innovations. This factor is highly related to the Alibaba Group, since the group's suppliers are largely small industries,

competitiveness, as product innovation increases, increases the value of Alibaba Group.

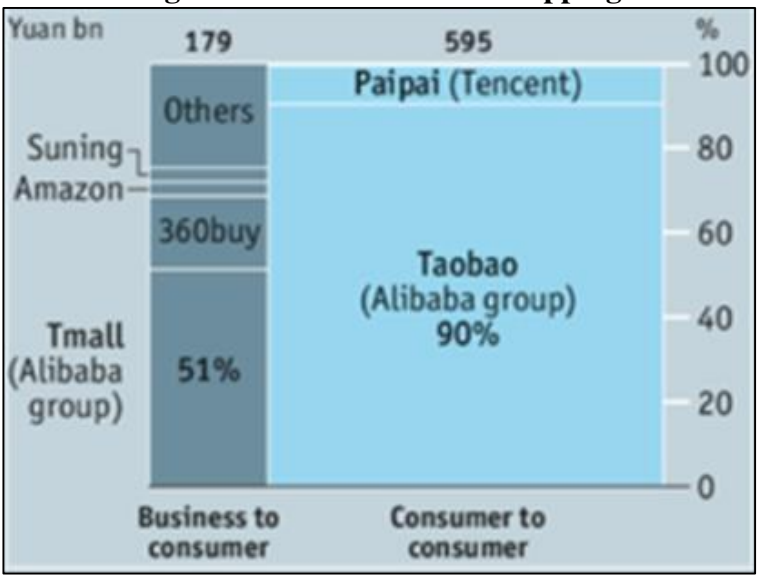
In this sense, as the suppliers of the group are specializing, the products to be offered within the platforms belonging to Alibaba Group will have their quality improved. Given this, the relationship between competitiveness and the industrial sectors (suppliers) in China have a direct impact on the products offered by the Alibaba Group, and thus have a direct impact on the Group's operations.

The strategic factor, structure and rivalry of firms present direct competitive aspects that can propel companies to become more innovative and productive. From this, it can be said that the competition found in the Chinese market stimulates a continuous development of the services and products of the group, as a way to maintain their status within the country.

4.7 - Analysis of marketshare and market capitalization of the Alibaba Group

Alibaba Group has one of the largest e-commerce operations in the world, handling a large volume of money on a daily basis. The group today dominates a significant portion of the Chinese market, surpassing the marketshare rates of Amazon and Ebay in the US. Much of this domain of the group can be attributed to some factors. However, one can place as the main vector of differentiation, the close relationship that the group has with the Chinese government, bringing a series of advantages that its competitors do not have.

Figure 15 – China Online Shopping



Source: The Economist (2013).

Despite the dominance of the Alibaba Group in the East, the Western market has a greater preference for Amazon. The American platform is the largest in the industry in the United States, the most visited and best-selling retail site in the country. The company goes through a series of perpetual innovations, such as the creation of new products and business categories, constantly generating an increase in the value of the company.

It is also noteworthy that despite the dominance of the Western world, Amazon has some strategies for the Asian market. The company's ventures in Japan and India put the Alibaba Group's hegemony in the East in check. Likewise, Amazon's Chinese enterprises are growing slowly due to the high rate of user adherence to Alibaba-owned platforms.

Another formidable player in the West is Ebay, which has a business model similar to that proposed by Alibaba.com, acting as an intermediary between the transactions of the users. Compared to Amazon and Alibaba Group, the company has the smallest numbers regarding market dominance, profitability, and capitalization. However, as Schoroder points out (2016), the company has the most stable rate among the three, with a user base that is loyal to its services.

On the other hand, Alibaba Group, through the largest IPO process in history, started to threaten its western competitors within its territory. With the positive impact of the IPO, the market value of the group was boosted, reaching second place in market capitalization of internet companies, losing only to Google in 2014.

The value attributed to the group's shares represents the trust investors see in the Alibaba Group's business. It is important to emphasize here that the numbers that the group represents are quite significant, concerning the dominance of the Chinese market, and the growth potential of users within and outside of China. Also, the scale of the group's business impresses through sectors such as entertainment, logistics, e-commerce and so on (The Economist, 2013).

Alibaba Group stands out for the greatness of its operations with the main e-commerce companies on a global scale. However, the competitive scope where the group is located is extremely dynamic, where each participant has weak and strong points. In this way, an efficient internationalization strategy is one of the points that represents the growth of the group internally and externally.

5 - Group's Investments

As we have seen, since the middle of the second phase of Alibaba Group's international expansion process, strategic acquisitions, as well as investments, have become more routine for the organization. These elements were fundamental for the positioning, and maintenance of the status that the group holds in the international scenario.

According to Leroi *et al*. (2017), recurring acquisitions are key parts in maintaining the strategic position of companies in the digital age, as well as providing greater market knowledge for the company. Therefore, these can be attributed as decisive factors for the massive investments and acquisitions of Alibaba Group within the field of e-commerce and other areas.

Since its creation, the group has invested approximately US$ 30 billion in companies from various sectors. The investments are part of the 30-year strategy explained by Jack Ma (2017), in his interview in Davos, the strategy HH (Health and Happiness). In the analysis of Alibaba Group's investments, we can see a gradual increase in investments in entertainment technologies and technological applications for homes, followed by logistics and urban mobility services and, finally, e-commerce and others.

Investments in entertainment technologies and home appliance applications represent the first part of the strategic plan explained by Jack Ma. These functions are part of the first part of Ma's strategy, happiness. This sector represented a solid Alibaba Group investment, surpassing the US$ 9 billion mark (table 3).

When analyzing the group's investments and acquisitions, which will be put together here, we can see a trend of a group's

multilateral growth. Unlike what we saw during the first two phases of Alibaba Group's expansion, we see growth for a number of other sectors that do not directly impact the group's original business, e-commerce.

Table 3 – Alibaba Group's Investments

Field of Operation	Companies	Approximated Investment
E-commerce	ShopEx, Meituan.com, Fanatics, ShopRunner, 1stdibs, Sina Sports, Meizu, Snapdeal, 58 Daojia, Lazada Group, Paytm (India), Yinman, CFly, UC, Jet.com, Ele.me,	US$ 4,09 Billion
Enternainment, Home and Consumer Technologies	Peel, Haier, WiTown, Shanghai Media Group, Wasu Media Holdings, SoftBank Robotics Holdings, Magic Leap, Barefoot Networks, Lumus, ChinaVision, Youku, Bale, Huayi Brothers, Whaley, Suning	US$ 9,54 Biliion
Social Media and Media Technologies	Sina Weibo, Vmovier, Huxiu, MomentCam, Momo, KTplay, Visualead, Snapchat, PlaceIQ, Showtime Analytics, LiuLiu, South China Morning Post Group,	US$ 1,14 Billion
Mobile Technologies	Quixey, Tango, Kabam, Super, Aiming, Mysimax, Paytm, Do Bi,	US$ 1.2 Billion
Logistics and Car Services	Singapore Post, Lyft, Kuaidi Dache, YTO Express, Didi Chuxing, UCAR, China Smart Logistics, KXTX,	US$ 7.5 Billion
Others	ByeCity, Beijing Shiji Information Technology, Koubei.com, Mei.com, ThetaRay, Tutor Group, InTime Retail, Guangzhou Evergrande, V-Key	US$ 2 Billion

Source: Authors´ elaboration.

The decentralization of the core business of the company shows a trend of expansion of the Alibaba Group to fields still few understood or not revealed by the company. It is known that, according to Porter (1995), a well-defined strategy is made with the intention of preserving the company's position in a given market.

E-commerce, as seen in previous sections of this chapter, was the group's primarily business model, and it still is one of the group's major investment focus. To maintain its status quo, recurring investments in these areas need to be made. Investments in new incumbents play a major role to the development of the company's e-commerce strategy, allowing the Alibaba Group to renew its innovation processes when convenient, and preventing these incumbents to compete in the group's market.

Accompanying the other technological advances, the Alibaba Group sought to diversify its portfolio of investments, leaving the massive investments in the electronic commerce sphere, entering different business segments, with greater dynamism. This is reflected in the sectors that present the highest levels of financial contribution of the group, making visible the transition from an e-commerce company to a data company.

In the Logistics and Transportation Sector, the group made substantial investments in companies such as Lyft (a direct competitor to transport giant Uber), opening the door to potential new online sales, and in the major delivery businesses in China and other Asian countries (China Smart Logistics and Singapore Post), increasing the speed of group shipments.

Connected to the logistics industry, Entertainment, Home and Consumer Technologies, retained more attention from the group. Since 2006, the group invested approximately US$ 10.1 Billion in this segment, making clear that new aggregative

technologies (robotics, Internet of Things, etc.), are becoming increasingly relevant in the business world.

To illustrate this, in table 3 we note that the group's investments in Softbank Robotics, Meizu, and Magic Leap do not seem to fit into an e-commerce company. However, robotics, 3D immersion, augmented reality, and mobile applications generate a wealth of data that serves not only to analyze how customers use these products, but how they behave, outlining what they may, or may not buy, relating to e-commerce.

With the same relevance, Social Media, Media Technologies, and Mobile Technologies have become of crucial importance in the company's strategy. Paytm, Showtime Analytics, South China Morning Post Group, and Snapchat are great examples of data aggregators and are companies where the group holds significant investments, making the company's strategy clearer.

Last but not least, we remember that e-commerce will continue to be of high relevance to the group, but as we see significant advances in techniques and methods of data capture, we will see that efforts and investments within the sector will decrease. Once better data capture and analysis is in place, efforts and investments in marketing, security, compliance, and other practices can be dramatically reduced. Efforts in the Big Data industry have been able to meet all those needs, making decisions and actions more efficient.

6 - Partial Conclusions

The topics covered in this chapter are based on a case study of the Alibaba Group. The chapter presented a range of information essential to understanding the Alibaba Group's

internationalization process, focusing on two types of analysis: the first analysis was based on a static concept, analyzing key factors of the group. While the subsequent analysis started from a more dynamic concept, analyzing the strategies of the group before different external scenarios, allowing a complete understanding of the operations of the group.

In the first moment, the evolutionary process of the group was analyzed, enumerating the historical elements that propitiated the international dissemination and evolution of the group. In this way, a general map of how the group was created and which operations were most pertinent to the international context was drawn.

Second, the analysis went to the state aspect, which helped boost the domestic and international activities of the Alibaba Group. With some investments in transportation and telecommunications infrastructure, China has made it possible to boost e-commerce within its borders, allowing greater dynamisation of international deliveries and, at the same time, facilitating access to credit for exporters.

Third, dynamic and static analyzes present an overview of the group, raising issues about the group's overall business culture, while providing a greater understanding of the external environment in which the group finds itself. In this segment, the group's challenges and strengths are identified in these environments, drawing a deeper profile of its activities.

Finally, it is noted that the group is imperative not only for its weight in the Chinese trade balance but also for a series of international enterprises, which end up producing an opportunity for greater insertion of Chinese culture in the global context. In this way, the Chinese state-owned investments within the group, end up transforming it into a state agent, with a strategic character.

FINAL REMARKS

FINAL REMARKS

E-commerce, like the Internet, is constantly evolving and developing, which provides a constant renewal of the tools that permeate these environments. In this way, e-commerce will continue to expand as the Internet also expands. In this context, the process of internationalization of e-commerce will continue to be a matter of relevance with the possible entry of new players in the international market, impacting giants of the sector and, as a consequence, increasing the competitiveness in the international scope.

With a greater democratization of Internet access and greater inclusion of e-commerce in less penetrated areas today, the relevance of the theme will be even greater. With the penetration of new markets, e-commerce will become more important for the state, not only as a mean to promote national companies but also as a way to promote the country's culture, as has already been done in other sectors.

The Alibaba Group's internationalization process was the first case of corporate paradiplomacy within e-commerce, being supported directly and indirectly by the Chinese government. Therefore, it would not be incorrect to state that this process will be repeated by other countries soon.

In the first chapter, this book discussed the different views that compose the scientific field of International Business. In this work it was possible to visualize the evolution of the field by two different perspectives, the first one, where one works with the disciplinary field of international business, the second which works from an interdisciplinary analysis of the field.

In this first moment, the chapter focuses on the factors that engender the field of scientific knowledge of International Business, using three distinct dimensions of analysis: ontological, phenomenological and epistemological. From an analysis of these three dimensions, and how these elements helped in complementing the field of International Business Studies.

The firstly covered area, the disciplinary scope, demonstrates the conception of some authors on how the constitution of a scientific field should be given. The disciplinary scope aims at the construction of a cohesive field, where there is a precise definition of the object of study in the field, as well as of the tools and methodologies that can be employed in the field. This first focus tends to limit the scope of the field, so the analysis focused on the second field approach.

The second approach proposes a highly interdisciplinary field, where the formation of the scientific field depends on a series of contributions from other areas, thus providing a complete construction. This interdisciplinary approach exposes a scientific anarchy within the field, where there is no definition of what tools and methodologies can be used, just as there is no definition of the main study object of the field.

In the second chapter, it is discussed how e-commerce has spread and developed around the globe. The discussion raised was the abrupt way that e-commerce was embedded in business routines, moving large amounts of capital in a short period. Another issue raised in this chapter was how the development of electronic commerce took place in different regional complexes of the world. Analyzing the legal processes, incentives and regulatory barriers, political, social and economic aspects that influence the dynamization of electronic commerce, it was possible to note to what extent the state force may affect the full development of e-commerce.

In the third chapter, the book concentrates on a case analysis of the Alibaba Group, demonstrating how the group originated, outlining the profile and goals of the company and at the same time providing an understanding of the group's historical process. As a highly dynamic group with a highly versatile business model, the third chapter was divided into two parts.

The first part presents a static analysis of the Alibaba Group, demonstrating general elements of the group. In this first moment, a diagnosis of the values, mission, and image of the group was made, providing a complete picture of the organization and its objectives. Likewise, a periodization of the internationalization process of the group was also necessary, given the rapid international dynamization of the group.

The second part of this chapter presents a dynamic analysis of the group, focusing on strategic elements for maintaining the status quo of the Alibaba Group internationally. The analysis tools used in this part of the chapter demonstrate that some economic and political factors encouraged the group's high dynamism.

The growth of Alibaba Group would be highly undermined without the support of the Chinese government. State aid for the international domain of the group was of extreme importance for the establishment of the group, especially in its maturing phase, where it had to improve the delivery and logistics processes of its services.

It is worth mentioning that Alibaba Group represents a highly relevant tool for the Chinese government, since, due to the high exposure that the group's platforms have internally and externally, the group presents a channel for Chinese products and services, guaranteeing a better Products.

As a result, today there is a growing wave of state-owned investment in e-commerce-related industries, to boost results

comparable to those achieved by China. It is important to note that, competitiveness is moving from the purely corporate scope, but also permeating the state scope, increasing the relevance of this theme.

Globalization and greater economic interdependence help the process of spreading e-commerce. Once these state investments converge to accelerate logistical, online payment and security processes, markets will be increasingly connected.

Another important topic to be understood is the issue of e-commerce in an Asian context, with China, Russia, South Korea, India, and Japan being major powers in the technological sphere, with a particular focus on e-commerce. This region presents a differentiated growth concerning the world, taking into consideration the number of inhabitants that have adequate access to the Internet.

Internet access in Asia is still relatively small compared to regions such as North America or Europe, where almost the entire population is embedded in the virtual environment. Thus, with the continuous increase in the number of users on the Asian continent, the relevance of electronic commerce in the region tends to grow gradually.

With this in mind, large companies in the industry formulated an aggressive acquisition and investment strategies in this market, with a special focus on India and China. Alibaba Group, reaffirming its position in the region, has a number of investments in Asian companies, especially in the sectors where e-commerce tends to grow.

Finally, the most discussed topic is the internationalization strategies of the Alibaba Group, since the group represents the largest electronic commerce in the world, besides having cybernetic and technological mechanisms that allow a process of

continuous innovation, besides having great partnerships around of the globe.

The importance of this work lies in a phenomenological characteristic analysis, aiming to demonstrate the strategies used by the Alibaba Group, taking advantage not only of the incentives provided by the Chinese national government but also of the high internal resistance to foreign e-commerce companies that try to penetrate the Market.

In this way, continuity for this research cannot be ruled out. Future work may complement the analysis of the role of States in the international strategic projection of companies. It is worth noting that China presents a topic of importance for these purposes since it is one of the states that offer a striking interventionist characteristic of its companies. Similarly, a better explanation of the importance of technological processes should also be explored in future work, giving a special focus to the way e-commerce has shaped a range of activities in the world, whether commercial or not.

It is concluded that the structures for the process of a greater dynamization of electronic commerce are in continuous development in the world, besides possessing a series of tools that can impel a constant evolution of the sector. However, it is necessary to adapt more international legal processes that can facilitate transnational transactions, opening the door to new processes of internationalization of companies.

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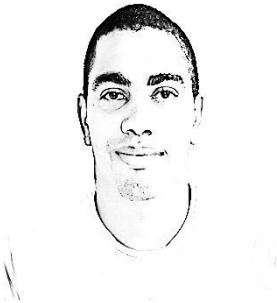

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