

STEVE YANG  
MINYI HUANG

## ALIBABA'S PLATFORM CORPORATE SOCIAL RESPONSIBILITY APPROACH

*Starting from the first day Alibaba was established, social responsibility is an inseparable part of our business model. All our products and innovations are originated from the aim at solving social problems, which justifies the survival of Alibaba.*

- Jack Ma, CEO of Alibaba Group<sup>1</sup>

Alibaba Group was the largest online platform provider in China. Alibaba as a corporate entity, was first engaged in corporate social responsibility (CSR) in 2008, when a terrible earthquake took place in Wenchuan, Sichuan Province. A few months later, Alibaba formally developed a CSR department to develop and co-ordinate group-wide CSR projects.

In 2012, Alibaba announced the Platform CSR approach as their CSR strategy. It leveraged the group's existing online platform businesses to develop CSR projects, typically from the bottom up. By aligning business and philanthropic objectives, Alibaba successfully produced a wide range of value-added public welfare projects.

On a hot summer afternoon in 2015, Daniel Gu, senior manager of Alibaba's CSR, was sitting in the garden and going through the latest draft of the 2014-2015 CSR Report. He was satisfied with the progress of their CSR projects, but he was facing the burning question of moving the CSR platform strategy forward. On the one hand, he was happy with a variety of CSR projects having positive impact on all levels, from individual employees to the society. On the other hand, he and his team found it very difficult to present the wide range of their CSR projects systematically to the outside world, especially since they were hoping to develop Alibaba into a branded online platform for the public to create and engage in philanthropic projects. Therefore, Daniel saw the need to review the CSR platform strategy: What were its strengths and challenges? Was Alibaba's CSR strategy moving in the right direction? What options might Alibaba have to improve its CSR strategy?

---

<sup>1</sup> Alibaba Group (2014) *Alibaba Group 2012-2013 Corporate Social Responsibility Report*, p. 4.

---

To order this case, please contact Centennial College, c/o Case Research Centre, Centennial College, Wah Lam Path, Pokfulam, Hong Kong; website: <http://cases.centennialcollege.hku.hk>.

This case was fully supported by a grant from the Research Grants Council of the Hong Kong Special Administrative Region, China (UGC/IDS12/14).

© 2015 by Centennial College, a member of The University of Hong Kong group. No part of this copyrighted publication may be reproduced or transmitted, in whole or part, in any form or by any means, whether electronic, mechanical, photocopying, recording, web-based or otherwise, without the prior permission of Centennial College.

This case was prepared for class discussion purposes and is not intended to demonstrate how business decisions or other processes are to be handled. Ref: 15/009C Published: 18 November 2015

## Corporate Social Responsibility

*In our information-rich, media savvy environment, there is no one-off philanthropic initiative that can distract from an utter lack of sustainability or responsibility in the core business operation.*

- Danielle Sachs, Director of Social Impact, McKinsey<sup>2</sup>

With climate change and technological advancements, companies were expected not only to focus on profits, but to shoulder the responsibility for making a positive impact on the wider society and environment. More and more companies around the world considered social responsibility an absolute mandate. According to the Committee Encouraging Corporate Philanthropy (CECP),<sup>3</sup> most companies with strong business performance increased their corporate contributions in 2014, most often in the form of non-cash gifts. CEOs considered employees as the most influential stakeholder group, and encouraged employee volunteering efforts.

By far, most CSR practices [see **exhibit 1**] had failed to make social and environmental improvements, as global environment continued to deteriorate. Most companies treated CSR as a peripheral function and followed an incremental approach to CSR. Customers and markets had yet to punish the irresponsible and unsustainable companies and reward well-behaved companies.<sup>4</sup>

Looking into the future, companies should be more creative and innovative to identify and tackle the root causes of social and environmental problems. They should develop innovative business models based on their core competences and values, and integrate CSR activities into their daily operations and branding.<sup>5</sup> Their compliance with CSR codes, standards, and guidelines would be a must but not enough, because this checklist approach could not cope with complex, intractable social and environmental problems. CSR projects would follow the global trend and be sensitive to both local contexts and priorities. Government policies and initiatives would lead to guilt-free shopping, forcing companies to offer ethical product lines. Cross-sector CSR partnerships would be increasingly common, and big data and efficient communication technologies would enable companies to solve social and environmental problems at scale.<sup>6</sup>

### Internet Philanthropy in China

In 2005, two charities opened online shops on Taobao and became the first such charities to use the internet platform for fundraising, promoting their projects and improving awareness of public welfare. In 2008, the Wenchuan earthquake raised awareness of public welfare among many Chinese companies, including internet firms. Since then, online philanthropy has grown very quickly. It not only attracted more people to participate in charitable projects, but opened up new fundraising channels such as crowdfunding. [See **exhibit 2** for three online philanthropic platforms.]

---

<sup>2</sup> McPherson, Susan (1 January 2015) "Eight CSR trends to watch out for in 2015", *Forbes*.

<sup>3</sup> Stroik, Michael (2014) "Emerging Trends in Corporate Community Contributions", *CECP 2014 Summit*.

<sup>4</sup> Visser, Wayne (2010) "The Age of Responsibility: CSR 2.0 and the New DNA of Business", *Journal of Business Systems, Governance and Ethics*, 5(3), pp.7-22.

<sup>5</sup> Storylounge Media (2015) "CSR", <http://www.storylounge.com/corporate-social-responsibility-3.0.html>, Accessed on 30 October 2015.

<sup>6</sup> Visser, Wayne (5 August 2014) "Systemic CSR, or CSR 2.0", <http://www.2052.info/glimpse-85/>, Accessed on 30 October 2015.

According to the China Charity Information Centre,<sup>7</sup> in 2014 donations involving online philanthropic platforms, including Tencent, Sina, and Taobao, reached RMB 428 million<sup>8</sup>, 42.6% higher than 2013. Of these 61% of contributors used mobile channels, including microblogs and Wechat. The development of logistics technologies and charity platforms provided an online-to-offline means of donating, allowing not only cash but also physical item (e.g., of books and clothes) donations. Though the largest percentage of donations came from private companies, individuals' donations via crowdfunding and direct payment to beneficiaries<sup>9</sup> were increasingly popular.

## Alibaba Group

*The establishment of Alibaba is to solve social problems. We want to make doing businesses easy, to create value for SMEs and to create employment opportunities for the society.*

- Mr. Daniel Gu, Alibaba CSR Senior Manager<sup>10</sup>

Alibaba was founded by Jack Ma in 1999 to provide a business-to-business electronic trading platform. Using the "light assets and no inventory" business model,<sup>11</sup> Alibaba had successfully developed a number of electronic trading platforms, including Taobao and Tmall, and had become the largest electronic trading platform provider in China [see **exhibit 3** for financial performance]. To support its electronic trading platforms, Alibaba also provided financial, logistics, and computing services. Alibaba aimed to allow customers to "meet @ Alibaba," "work @ Alibaba" and "live @ Alibaba" and meant to survive for at least 102 years. In September 2014, Alibaba raised US\$25 billion on the New York Stock Exchange, becoming the world's largest IPO (initial public offering).<sup>12</sup>

Alibaba considered CSR an integral part of its business model, emphasizing the integration of its business and CSR strategies. The Group's 2014 strategic focus on globalization, big data and rural e-commerce was an example of this. Its globalization strategy aimed to make buying and selling easy throughout the world, helping to create more job opportunities and improve living standards. Similarly, its big data strategy could both integrate resources to create commercial value for the Group, and improve system security and customer service. The rural e-commerce strategy aimed at reducing the digital divide between cities and villages. Alibaba intended to invest RMB 10 billion on 1000 counties, covering 100,000 villages, to develop a ground-breaking e-commerce platform.

Alibaba not only provided a trading platform with financing and customer-support services, but also enabled online and offline business interactions in connection with rural e-commerce. While the Group would have more business opportunities, villagers could lower their production costs by buying raw materials directly from factories and selling their products around the world. Moreover, this created opportunities for villagers to emulate city lifestyle advantages, which might encourage well-educated villagers now living in cities to return to villages to work and open their own businesses, bringing knowledge and advanced technologies to rural areas.<sup>13</sup>

<sup>7</sup> China Charity Information Centre (2015) *China Charitable Donation Report 2014*.

<sup>8</sup> About US\$67 million (RMB1=US\$0.157453 as on 8 November 2015).

<sup>9</sup> As the charity law was yet to pass, the existing Chinese law only allowed those charities with fundraising qualifications to initiate fundraising. Therefore, individuals were unable to initiate fundraising and had to partner with registered charities.

<sup>10</sup> Interview with Mr. Daniel Gu on 25 August 2015.

<sup>11</sup> Alibaba (2015) Alibaba Group Business at a Glance, <http://www.alibabagroup.com/en/ir/glance>, Accessed on 5 April 2015.

<sup>12</sup> Chen, Liyan, Ryan Mae and Brian Solomon (22 Sept 2014) Alibaba Claims Title for Largest Global IPO Ever With Extra Share Sales, *Forbes*, <http://www.forbes.com/sites/ryanmac/2014/09/22/alibaba-claims-title-for-largest-global-ipo-ever-with-extra-share-sales/>, Accessed on 7 April 2015.

<sup>13</sup> Alibaba Group (2015) *Alibaba Group Social Responsibility Report 2014-2015*, p. 47.

Considering the internet culture as open, transparent, sharing and responsible, Alibaba's corporate culture emphasized the following six factors:

- Always put customers first.
- Emphasize team work and encourage the sharing of both benefits and responsibilities.
- Embrace changes and dare to innovate.
- Speak and behave honestly.
- Be positive and never give up.
- Work professionally and strive for excellence.

## CSR Development at Alibaba

### Development History

Alibaba did not have a systematic CSR approach before 2007. On November 6, 2007, Alibaba was listed on Hong Kong Stock Exchange,<sup>14</sup> which helped it realize the need for a systematic CSR approach.

In 2007, the company and its employees set up Alibaba Love Fund to help fund different charity projects, including education, medication, disaster relief, and environmental protection. This was an important attempt by Alibaba to participate systematically in public welfare activities. In the same year, Alibaba published its first CSR report, which was also the first of its kind among Chinese internet companies. Since then, the Alibaba Group had periodically published its visions, actions taken and outcomes in its CSR reports.

Alibaba's CSR department was established in 2008. On the same day the Wenchuan earthquake took place, May 12, 2008, Alibaba opened a donation platform on Taobao, allowing the public to make donations using Alipay. Within two weeks, the project garnered donations worth more than RMB 25 million. This became a milestone, and the effectiveness of online donation platforms started receiving the Chinese public's attention. Since then, Alibaba has provided free connections enabling charities to promote their projects and receive online donations.

At the time it set up the online platform, Alibaba sent a volunteer team led by Ms Lei Peng, then Chief People Officer (CPO) and later Chief Executive Officer (CEO) of Ant Finance, to help with the rescue efforts. With a donation of RMB 20 million from the Group, they employed locals as Alibaba staff for emergency rescue activities, including development of residences for those whose homes had been destroyed in the earthquake. Later, when the situation was stabilized, they helped local villagers use ecommerce to generate income and rebuild their homes.

In May 2009, Alibaba organized the first online business trade fair in Guangzhou. More than 10,000 items donated by Taobao buyers and sellers were sold and RMB 50,000 was raised.<sup>15</sup>

On December 22, 2011, Alibaba Foundation was established with initial capital of RMB 50 million. In 2014, Alibaba Foundation approved 20 projects for a total of RMB 37,570,414 in the areas of water environment protection and raising public awareness of environmental protection.<sup>16</sup>

Over the years, Alibaba received several awards for its CSR efforts. In 2014, these included the China Internet Association's 2012-2014 China Internet Industry's Self-Disciplined

<sup>14</sup> Alibaba withdrew its listing in Hong Kong Stock Exchange a few years later.

<sup>15</sup> China CSR Map (2015) "Alibaba", [http://www.chinacsmap.org/Org\\_Show\\_EN.asp?ID=1232](http://www.chinacsmap.org/Org_Show_EN.asp?ID=1232), Accessed on 1 October 2015.

<sup>16</sup> Alibaba Group (2015) *Alibaba Group Social Responsibility Report 2014-2015*, p. 47.

Contribution Award, the Dao Nong Research Institute and *Green Company Magazine's* 2014 China Green Company Top 100 Award, and the Zhejiang Province Information Security Industry Association's 2014 Leading Company Award.<sup>17</sup>

## Focus of CSR Development

Alibaba Group emphasised integrating a culture of public welfare into their everyday operations and business model, creating both economic and other added stockholder value [See **exhibit 4** for stakeholder analysis from a CSR perspective]. Alibaba's CSR efforts aimed at raising the public's awareness of the public interest. The four target groups were employees, customers, industry partners and social, economic and environmental development stakeholders. Among these, Alibaba considered customers, employees and shareholders interdependent. Creating value for customers would bring more profit to shareholders, while value creation for customers depended on hard-working, happy, professional and capable staff.

### Employees

*We put our staff to the centre stage of our philanthropy management model, because they could influence and create the true value of internet products.*

- Mr. Daniel Gu, Alibaba CSR Senior Manager<sup>18</sup>

Alibaba encouraged employees to look for innovative ways to create value and take up responsibilities for customers and their families, and to enjoy greater happiness at work. For instance, the Group named May 10<sup>th</sup> as Ali Day. Every year on this date, Alibaba encouraged employees to express their gratitude to their families as well as to recall the Ali spirit: determination, unity, dedication and mutual love.

Alibaba developed an Employee Development Training System, including new staff training, on-the-job training and management training. This provided an organizational learning environment and a clear career path that incentivized staff to grow with the company.

Besides a competitive salary system and an employee welfare management system, Alibaba had a Rainbow Plan to provide a disaster fund for employees, a Taraxacum plan to provide an insurance for employees and their families, and an Ihome plan to provide interest-free loans to help employees to make down payments for home purchases. Alibaba also provided cafeterias, professional massage and recovery rooms, gymnastic facilities, free shuttle buses and other employee benefits to create a good working environment.

### Customers

Alibaba emphasized the importance of putting customers first in its corporate culture. Customers included not only entrepreneurs and small and medium-sized enterprises (SMEs), but millions and billions of buyers.

Alibaba aimed to provide customers with the most efficient way of doing businesses. In 2014, for instance, Aliyun had lowered the prices of its server products six times, for an accumulated discount of 61%, which allowed many SMEs and system developers to embrace cloud computing and equip themselves with the capabilities of large companies in order to innovate.

<sup>17</sup> Alibaba Group (2015) *Alibaba Group Social Responsibility Report 2014-2015*.

<sup>18</sup> Interview with Mr. Daniel Gu on 25 August 2015.

Alibaba wanted to provide a fair trading platform for businesses and customers. In 2015, Alibaba organized a team called “Fighting Unethical Websites Special Force” to punish online shops that exaggerated the transaction numbers to attract more customers. In April, 11 special delivery companies were put offline by Cainiao, Alibaba’s logistics arm. In May, the first batch of 23 Tmall businesses proved to have participated in forging delivery notes had their online shops blocked, and 47 Taobao businesses proved to be forging transactions were forced to close down.<sup>19</sup>

To protect animals and preserve the environment, Alibaba leveraged its technology to prevent the trade in animals, animal products and animal hunting tools on the Taobao and Alibaba platforms. Illegal and unethical businesses were also banned.

### Industry Partners

Alibaba leveraged its e-commerce advantages to provide training and push industrial development forward. Ali Institute was established on September 10, 2004 to help SMEs understand e-commerce concepts and familiarize them with electronic trading platforms. The teaching method was a combination of online training, work shadowing, and training and certification courses. In September 2014, Ali Institute was integrated into Taobao University. By March 2015, Taobao University had 1,500 lecturers and had provided e-commerce training to more than five million students, covering every aspects of e-commerce, including starting a business, operations management, marketing, graphic design, and so on.<sup>20</sup>

Alibaba hoped its public interest efforts would have a positive impact on its shareholders, business partners, and the entire industry. For example, Alibaba’s Security Department provided not only big data risk management, but intellectual property, account security, trading security information security and privacy protection. Working with the police and other government departments, Alibaba Group provided enabled online and offline collaboration in fighting illegal activity.<sup>21</sup>

### Social, Economic and Environmental Development

To develop a sustainable future for the company and wider society, Alibaba focused on developing an e-commerce ecosystem integrating the company’s different resources to add social value. Alibaba’s Aliyun used its cloud computing technologies to help Zhejiang Province build the first provincial-level, cloud-based electronic governance website in China. More than 60,000 approved items relating to more than 3,300 departments could be searched online, with online fee payments handled by Alipay. The government website also provided an electronic map showing locations and information on nearly 5,000 government offices and service departments.<sup>22</sup>

Alibaba also helped the disadvantaged by giving them opportunities to grow. It developed a program to allow city residents to rent idle agriculture land for growing agricultural products of their choice and to have free accommodation when traveling to these farms. Rents and wages became the farmers’ income, while city residents could enjoy safe and healthy foods. This also helped boost local tourism. More job opportunities encouraged laborers to return to villages to work, which also helped solve child-care problems by allowing parents to work close to home and look after their children. By July 2015, 3560 city residents had already

---

<sup>19</sup> Alibaba Group (2015) *Alibaba Group Social Responsibility Report 2014-2015*.

<sup>20</sup> Alibaba Group (2015) *Alibaba Group Social Responsibility Report 2014-2015*.

<sup>21</sup> Alibaba Group (2015) *Alibaba Group Social Responsibility Report 2014-2015*.

<sup>22</sup> Alibaba Group (2015) *Alibaba Group Social Responsibility Report 2014-2015*.

rented more than 43,000 square metres. More than two million farmers, excited about this opportunity, got involved.<sup>23</sup>

To preserve water resources, Alibaba developed “Clean Source Action” with other organizations, including the Zhejiang Environmental Protection Department and Green Eye Environmental Organizations. More than 17 environmental protection non-governmental organizations (NGOs) participated in the program and developed a non-governmental water protection network with ten full-time staff and more than 2000 volunteers. They carried out more than 78 water environment investigations, solved more than 30 corporate pollution problems and uncovered ten pollution violations. A specialized online platform was established for information disclosure and exchange.<sup>24</sup>

## Alibaba's Platform CSR Approach

In 2012, Alibaba started to bring up the concept of Platform CSR. Platform CSR was not a kind of business, but a strategy to integrate the group's different platforms to carry out philanthropic activities. The platform's core value was “to decentralize public welfare efforts and develop a rich variety of public welfare activities.”<sup>25</sup>

### Platform CSR as a Strategy

Alibaba believed the majority of the Chinese people had not considered public welfare activities as an integrated part of their daily lives. This made it difficult for a philanthropic platform to succeed. Since Alibaba had a large number of users who needed to use its platforms, such as Taobao and Alipay, to do business every day, Alibaba decided to dig into the public welfare value of these platforms.

*Different from other internet companies, like Yahoo! and Tencent, who provide online philanthropic platforms, we provide the whole Taobao, rather than a specific website, to engage you in philanthropic activities. We will help you to create public welfare value in everything you do. Philanthropic platform is independent, a relatively stable product or business with a boundary. Platform CSR is not a product. It is strategic, it may change as time goes by, and it may have different states like a product's life cycle. It may be categorised based on services types, like financial services, ecommerce and activity planning, or based on products, like tourism, auction etc. The platform here refers to the corporate's platform.*

- Mr. Daniel Gu, Alibaba CSR Manager<sup>26</sup>

Platform CSR encouraged the discovery and creation of public welfare value from routine business. Taobao University had many certified training partners who used the teaching materials, platform and management models provided by the university to train local students. Under an agreement with Taobao University, these training partners would recommend those disabled students who had completed the training course to local employers, typically with respect to jobs that allowed them to work from home.

Platform CSR served both internal and external purposes. Internally, Platform CSR helped employees engage in public welfare activities. Alibaba believed that employee volunteering

<sup>23</sup> Gu, Daniel (2015) “The Power of Platforms”, *Symposium on Disruption for Social Good: Contemporary Tools of Philanthropy*, University of Hong Kong, 10 August 2015.

<sup>24</sup> Alibaba (2015) “Community, Social and Economic Development”, <http://view.1688.com/cms/shichang/csr2/sq.html?spm=a260r.2164150.0.0.8HJsCN>, Accessed on 31 October 2015.

<sup>25</sup> Gu, Daniel (2015) “The Power of Platforms”, *Symposium on Disruption for Social Good: Contemporary Tools of Philanthropy*, University of Hong Kong, 10 August 2015.

<sup>26</sup> Interview with Mr. Daniel Gu on 25 August 2015.



efforts were an important inside-out process that helped develop a goodwill value system in the company and solve wider social problems. Employee volunteering efforts could create this goodwill value among its staff, and this would have an impact on the products and services delivered, as well as an influence on customers. Customers would have an influence on their business partners, the government, society and even the environment.

*We had a staff training course called Responsibility. When we asked why you wanted to join Alibaba, a new staff replied it was his sense of social corporate responsibility that convinced him to join Alibaba. It sounded strange at first, but he explained that he was an intern of Taobao, responsible for maximizing a search engine function. First he took it simply as a programming task, but later he found millions of users were using this function and that a simple coding task could save users' time and improve efficiency. He immediately realized he had a mission, using Alibaba as the platform to create value for more people.*

- Mr. Daniel Gu, Alibaba CSR Senior Manager<sup>27</sup>

Externally, Alibaba provided support, such as training and guidelines, and tools, such as free connectivity and payment tools like Alipay, to charities and carried out some big projects. In 2013, for example, Alibaba carried out a "Tracing the Roots" project, organizing staff and volunteers to monitor water quality and look for water sources. Seventy-six volunteers were divided into ten groups, starting in ten cities along the Yangtze River, to walk upstream, covering 6500 kilometers in total. Their striking findings raised the awareness of water problems and inspired Alibaba to develop different philanthropic products.

## **Project Initiation**

In Alibaba, a charitable project could be initiated by the CSR Department or staff. There were detailed business segments in Alibaba, and each business line was an individual business department. If the CSR Department discovered a new charitable project opportunity, it would normally initiate contact with frontline staff in relevant business departments. It was up to individual business departments to consider the business value the project might bring to their departments and decide whether they would like a project to go ahead, because mutual benefit helped make these projects sustainable.

To take the Public Welfare Crowdsourcing program as an example: First, the CSR Department made suggestions to the Crowdsourcing Department, and they agreed to a small-scale experiment. The CSR Department invited two charities to design some projects together with the Crowdsourcing Department. When these projects went well, they started cooperating on a monthly basis. Even though the financial returns were very small, the Crowdsourcing Department agreed to open a crowdsourcing channel, accepting projects on a daily basis, after they saw the social-value benefits from which included marketing and guiding value on the entire platform.

Nevertheless, the preferred approach was for staff to discover an opportunity and initiate a project. As opposed to the top-down management style in traditional companies, employees working for internet companies got used to a bottom-up approach. More rapid success was likely if front office staff initiated a project than if a top manager went through different levels of management to enforce it.

---

<sup>27</sup> Interview with Mr. Daniel Gu on 25 August 2015.



*We want to encourage staff to act on their own wills, so we have an internal project called Happy Together. They can explain their commonweal belief and work with their colleagues to achieve them. They can tell the CSR Department about the project, the operational model and expected outcomes. We will evaluate the project and support them. It is like encouraging staff to start "business", but the "business" is not independent of the company and they have to use their spare time. This project has involved about 40 staff so far and they have organized activities every month.*

- Mr. Daniel Gu, Alibaba CSR Senior Manager<sup>28</sup>

When front office staff realized there were opportunities to engage in public welfare projects and needed the support from the company, they could contact the CSR Department for assistance.

Sometimes, front office staff would engage in public welfare activities without notifying the CSR Department. For instance, long before web accessibility received public attention in China, a staff in the Customer Service Department received a complaint from a blind man about problems with using a website function after a system upgrade. This was the first time front-line staff in the User Experience Department realized that the blind could use the internet. They visited the blind man in his home and were shocked to find that he was indeed using Taobao. On their return, they organized a team with staff from different departments, including designers and R&D researchers, to improve and test web accessibility.

This Information Accessibility Team remained in existence since then. It belonged to no particular department, nor did it officially exist in the organizational chart. However, using their spare time, the team had made Taobao and its mobile apps accessible to the disabled. The CSR Department only got involved later to facilitate industry-level information exchange with organizations, such as the Greater China Accessibility Union.

## **Feasibility Study**

Alibaba based its evaluation of internal projects on whether they addressed a prevalent social topic and were able to create social value and get people involved. In other words, Alibaba was reluctant to support those internal projects that only focused on collecting donations, similar to the group's donations to external charities.

The projects initiated by staff fell into two categories. The first type was similar to daily philanthropic activities not closely linked to Alibaba's platform. For example, there was a program called Love Recorder, which encouraged staff to record audio media magazines. The magazine organized a monthly event with a school for the blind in Zhejiang Province. The social value of this event was obvious, because the school welcomed this kind of activity as a way for its students to understand the outside world. From Alibaba's perspective, the project helped facilitate the staff's sense of social responsibility and generated goodwill. In such cases, the CSR Department would not look at financial returns, but would rather assess whether a project helped its beneficiaries, without the need to quantify. Even if it only helped ten people, the model's sustainability was acceptable in terms of investment and return.

The second type of project was linked to company business. If a public welfare promotion activity were to be undertaken, the project plan needed to mention the estimated number of users who would see the team's philanthropic initiative on the promotion website, and the estimated number of users who would buy the related products. However, the project's managers did not have a fixed number of users to pre-determine whether a project would go

---

<sup>28</sup> Interview with Mr. Daniel Gu on 25 August 2015.

ahead or not. From a business department's perspective, given limited resources, evaluation was based on the project's own merits which was very different from evaluating a business activity. The CSR Department would support the project as long as the public welfare value was obvious. The quantification of the model was done only after the project was completed. If a project was not as successful as expected, the CSR Department would learn certain lessons.

## Project Management

*We hope by providing the power of the platform, we can use business resources to combine both public interest and value creation, turning business value into philanthropic value. This is our strategy, a Platform CSR approach.*

- Mr. Daniel Gu, Alibaba CSR Senior Manager<sup>29</sup>

Alibaba did not have an independent philanthropy platform, and charitable projects were considered products of individual business departments. The CSR Department was mainly responsible for coordinating and facilitating different departments' CSR activities [see **exhibit 5**]. For example, philanthropic auctions were based on the existing auction businesses. The CSR Department initiated and worked with the department responsible for auction business to open a "philanthropy auction" sub-channel. The CSR Department was responsible for visiting charities and understanding their needs, while the business department was responsible for designing and promoting a charitable project on its website.

The main online platforms used for public welfare purposes included:

### Alibaba Public Welfare Foundation

The Foundation supported environmental protection projects with sustainable business models, rather than simply making cash donations. For example, after the Wenchuan earthquake, it helped the local people to open more than 50 online shops to sell honey, dried mushrooms and other products. By 2011, the revenue had increased to well over RMB 5 million, which boosted local villagers' incomes and helped the local economy recover.<sup>30</sup>

### Alipay Online Donation

Alipay provided a platform to enable cash donations to be made online and on mobile devices. Working with registered charities, Alipay published and promoted these projects on its webpage. Donors and amounts donated were shown in real-time on the webpage. In 2014, Alipay provided a free donation platform for 516 registered public institutions, which raised a total of RMB 150 million.<sup>31</sup>

### Cloud NPO

In September 2014, Aliyun used cloud computing and big data technologies to develop Cloud NPO, a public-interest platform. Aliyun helped to move philanthropic websites to this cloud-based platform, speeding up and smoothing out webpage visits and lowering maintenance costs. It also provided support for philanthropic apps on mobile devices, allowing more people to participate in philanthropic activity. Aliyun enabled real-time information sharing on the progress of charity projects. By July 2015, the platform supported more than 21 public

<sup>29</sup> Interview with Mr. Daniel Gu on 25 August 2015.

<sup>30</sup> Baidu (2015) "Alibaba Public Welfare Foundation", <http://baike.baidu.com/view/7685421.htm>, Accessed on 31 October 2015.

<sup>31</sup> Gu, Daniel (2015) "The Power of Platforms", *Symposium on Disruption for Social Good: Contemporary Tools of Philanthropy*, University of Hong Kong, 10 August 2015.

and innovative institutions, including One Foundation, China Foundation for Poverty Alleviation and Cote Map.<sup>32</sup>

Relying on big data storage and analysis, Aliyun could also provide useful information to help governmental organisations with environmental protection. This included air pollution data and vegetation data analysis.

### Taobao

Taobao provided online shops for charities. In 2014, 420 social organizations had online shops on Taobao, raising a total of RMB 50.9 million. One Foundation raised RMB 9.68 million, topping the list.<sup>33</sup>

Taobao online shops had a “Gongyi Baobei” program, raising funds by deducting a very small percentage of particular transactions as seller-approved donations. In 2014, 1.3 million sellers set up 84.5 million “Gongyi Baobei,” generating RMB 72.2 million in donations. In November 2014 alone, there were 188 million transactions involving products bearing the “Gongyi Baobei” logo, generating RMB 11.3 million in donations.<sup>34</sup>

As a demand-driven, customer-to-business trading platform to help people fulfil their dreams and support others’ dreams, Taobao’s Responsiveness also provided a platform for NGOs to announce their projects, procurement needs, and donation targets. Web users could make donations and vote for the suppliers. After the voting period, the supplier with the highest votes became the vendor. The NGO would then go through the procurement process and implement the charitable project.

Taobao’s Everyday Positive Energy aimed at discovering, promoting and rewarding positive-energy people or events. By selecting and promoting the most positive-energy event on a weekly basis, Alibaba hoped to use this as a means for the public to discuss and investigate the meaning of positive energy. By doing so, the public could develop more positive attitudes and increase public welfare.

In 2013, the Public Welfare Auction channel was opened on Taobao. Dozens of auctions took place for public institutions between 2013 and 2015.<sup>35</sup>

Taobao developed a crowdfunding platform in 2014, which combined public interest with commercial innovation to facilitate public participation. By the end of 2014, more than 400,000 people had participated and a total of RMB 7 million was donated. The project with the highest donations received RMB 1.32 million, while the most popular project had 63,000 participants.<sup>36</sup>

### PSA Union

In 2013, Alibaba set up PSA Union to put public institutions advertisements on Aliyun’s 404 page and 1688’s 0 search results page, as well as Taobao and Tmall online shops’ front pages. By August 2015, these advertisements had been viewed for 747 million times.<sup>37</sup>

---

<sup>32</sup> Gu, Daniel (2015) “The Power of Platforms”, *Symposium on Disruption for Social Good: Contemporary Tools of Philanthropy*, University of Hong Kong, 10 August 2015.

<sup>33</sup> Gu, Daniel (2015) “The Power of Platforms”, *Symposium on Disruption for Social Good: Contemporary Tools of Philanthropy*, University of Hong Kong, 10 August 2015.

<sup>34</sup> Alibaba Group (2015) *Alibaba Group Social Responsibility Report 2014-2015*.

<sup>35</sup> Gu, Daniel (2015) “The Power of Platforms”, *Symposium on Disruption for Social Good: Contemporary Tools of Philanthropy*, University of Hong Kong, 10 August 2015.

<sup>36</sup> Alibaba Group (2015) *Alibaba Group Social Responsibility Report 2014-2015*.

<sup>37</sup> Gu, Daniel (2015) “The Power of Platforms”, *Symposium on Disruption for Social Good: Contemporary Tools of Philanthropy*, University of Hong Kong, 10 August 2015.

## Project Evaluation

*The most important objective of public welfare is to make changes. We separate public welfare from philanthropy. Philanthropy is a way to use social resources to help, while public welfare emphasises on participation. Even though I may give a thumbs up to emoji or donate one dollar, the true value lies in participation as every participation has a positive impact on the society. Public welfare is not about changing others, but changing ourselves.*

- Mr. Daniel Gu, Alibaba CSR Senior Manager<sup>38</sup>

Alibaba evaluated project outcomes from two perspectives: staff participation and social impact. In terms of staff participation, Alibaba Group emphasised whether staff actively participated in the project and whether they changed their behavior as a result. In terms of social impact, Alibaba evaluated a project's social value. However, depending on the nature of an individual project, Alibaba did not set the standard for quantifying contributions. For some projects like online charity shops, Alibaba would make evaluations in terms of the investment made, the number of users, the number of projects, donations collected and the changes effected.

*Overall our project success rate is quite high. We consider our staff is more valuable than the project itself. We will help them to make the project work.*

- Mr. Daniel Gu, Alibaba CSR Senior Manager<sup>39</sup>

## Future Vision and Challenges

*Even Alibaba staff can hardly tell clearly what we are doing because we collaborate with different departments. We need a coherent, integrated package to show the outside world, like branding. Our ultimate goal is to create public welfare value from Taobao, Alipay...all business segments. To achieve this, we are facing many challenges, like project integration and idea exploitation.*

- Mr. Daniel Gu, Alibaba CSR Senior Manager<sup>40</sup>

Alibaba received more than 1.1 trillion donations and developed a wide variety of online public welfare platforms, which was very useful in spreading the public welfare message and raising public awareness. However, it was difficult for Alibaba to integrate its various public welfare businesses into a package and present it to the external world, because they were developed and managed by different business departments and had special features. This was further complicated by Alibaba's Platform CSR approach. New projects were always emerging and it was always possible to make improvements in existing projects.

The benefits of having an integrated CSR approach under the same brand were obvious to Alibaba. A coherent approach would make it easy to clearly explain Alibaba public welfare and Platform CSR to the outside world. It would help the public to understand what the company was doing. There would be two advantages to the public becoming aware of the brand and product concepts. First, this would add value to Alibaba Public Welfare and Alibaba Group as a whole. Second, it encouraged more people to use Taobao and Alibaba when they wanted to advocate or engage in public welfare activities. This in turn would bring more people in to participate in such activities, which could give participants a sense of belonging and product identification.

---

<sup>38</sup> Interview with Mr. Daniel Gu on 25 August 2015.

<sup>39</sup> Interview with Mr. Daniel Gu on 25 August 2015.

<sup>40</sup> Interview with Mr. Daniel Gu on 25 August 2015.

Apart for this this dilemma, Daniel Gu believed that there were many more opportunities for the Group to explore public welfare values.

*We can trace the philanthropic activities a user has engaged using Alibaba platforms. Users may get different scores when engaging in different public welfare activities. This helps to develop a user management system.*

- Mr. Daniel Gu, Alibaba CSR Senior Manager<sup>41</sup>

Looking out into the beautiful garden with a wide variety of lovely, blooming flowers, Daniel Gu wondered how to make Alibaba's CSR projects flourish in a manner as orderly as a well-landscaped garden.

---

<sup>41</sup> Interview with Mr. Daniel Gu on 25 August 2015.

**EXHIBIT 1: THE AGES AND STAGES OF CSR**

<b>Economic Age</b>	<b>CSR Stage</b>	<b>Modus Operandi</b>	<b>Key Enabler</b>	<b>Targeted Stakeholders</b>
Greed	Defensive	Ad hoc interventions	Investments	Shareholders, government and employees
Philanthropy	Charitable	Charitable programs	Projects	Communities
Marketing	Promotional	Public relations	Media	General public
Management	Strategic	Management Systems	Codes	Shareholders and non-government organizations (NGOs) / civil social organizations (CSOs)
Responsibility	Systemic	Business models	Products	Regulators and customers

**Source: Adopted from Visser, Wayne (2011) The Age of Responsibility: CSR 2.0 and the New DNA of Business, Chichester: John Wiley & Sons.**

## EXHIBIT 2: SOME OF ONLINE PHILANTHROPIC PLATFORMS IN CHINA

### *Tencent*

Tencent, founded in 1998, was one of the largest Internet service portals in China and a listed company in the Hong Kong Stock Exchange. Tencent provided online social media platforms, including QQ Instant Messenger and Wechat, aiming at providing “one-stop online lifestyle services”.<sup>42</sup>

In 2007, Tencent set up the first Chinese Internet company's charity fund, Tencent Charity Fund, and a charity website, [gongyi.qq.com](http://gongyi.qq.com). The website provided disaster relief and youth education and assisted the disadvantaged. For the time being, the website had the following main functions:

- Monthly Donation encouraged web users to donate RMB 10 yuan each on a monthly basis, which helped them to develop online donations into a habit.
- Wei'ai was a comprehensive package, including financial support and training, to help newly established charities to grow.
- A platform was provided for charities to promote their projects, both online and offline, for fundraising, and web users could make one-off donations online.
- A reward system was developed, and contributors' personal QQ webpage would show a love scores and ranking given by the system, which was based on their participation in public welfare activities.

Tencent also organized charity events. On 7 September 2015, Tencent organized the first “China Internet Philanthropy Day”, which 2.05 million people participated in the three-day event and the total donation reached a record of RMB 130 million yuan.<sup>43</sup>

### *Baidu*

Baidu, established by Robin Li in 2000, was the largest search engine in China serving 500 million web users. Among the websites using Chinese language, Baidu had the first and largest enquiry-based search platform (Baidu PostBar), the largest knowledge sharing platform (Baidu Knows), and the largest user-generated encyclopedia.<sup>44</sup>

Baidu Foundation was set up in August 2010 with the objective of developing a philanthropic platform to narrow the digital gap, facilitate knowledge sharing and develop a harmonized society. It focused on three areas: education, environmental protection and disaster relief.

Baidu's public welfare website, [gongyi.baidu.com](http://gongyi.baidu.com), had the following main functions:

- News on charities and charitable projects were posted.
- It allowed web users to search for charities.
- Recruitment information of charity staff and volunteers were posted.
- It provided an online donation platform for charities in the areas of medical assistance, legal assistance, environmental protection, education, helping the poor, assisting the disabled, disaster relief and caring for animals.
- It allowed web users to post and search information about missing family members and friends.

<sup>42</sup> Tencent (2015) About Tencent, <http://www.tencent.com/en-us/at/abouttencent.shtml>, Accessed on 4 September 2015.

<sup>43</sup> China Charity Information Centre (2015) *China Charitable Donation Report 2014*.

<sup>44</sup> Baidu (2015) About Baidu, [www.baidu.com](http://www.baidu.com), Accessed on 9 September 2015.



Leveraging on its technologies, Baidu also formed partnerships with international and national institutions to contribute to public interest. In August 2014, Baidu formed a strategic alliance with the United Nations Development Plan to develop a big data lab, using Baidu's big data technologies to analyze data, predict the future trends and make recommendations to the United Nations development strategies.

#### *Zhongchou.com*

Zhongchou, meaning crowdfunding in Chinese, was established in February 2013. It had a philanthropy website, [www.zhongchou.com/gongyi](http://www.zhongchou.com/gongyi), which allowed charities, organizations and individuals to initiate and advertise their philanthropy projects for fundraising. The progress of the project was made transparent online. Like any crowdfunding project, if the fundraising could not reach the target amount, the donations would be returned to the contributors. The projects were mainly in the areas of covering study costs, helping the poor, promoting cultural activities, protecting the environment, encouraging entrepreneurship among young people and supporting social enterprises.

**Source: Company websites**

### EXHIBIT 3: ALIBABA GROUP INCOME STATEMENTS

Fiscal year April-March	2012 (US\$ million)	2013 (US\$ million)	2014 (US\$ million)
<b>Sales/Revenue</b>	<b>3,139</b>	<b>5,495</b>	<b>8,576</b>
<b>Cost of Goods Sold (COGS) Incl. D&amp;A</b>	<b>1,052</b>	<b>1,568</b>	<b>2,235</b>
COGS excluding D&A	915	1,419	1,965
Depreciation & Amortization Expense	136	149	270
<b>Gross Income</b>	<b>2,087</b>	<b>3,927</b>	<b>6,341</b>

**Source: The Wall Street Journal (2015) Alibaba Group Holding Ltd. ADS,  
<http://quotes.wsj.com/BABA/financials/annual/income-statement>, Accessed on 5 Apr 2015.**

**EXHIBIT 4: STAKEHOLDERS, THEIR VALUE SYSTEMS AND ALIBABA'S STRATEGIES**

Stakeholders	Economic Value	Social Value	Environmental Value	Alibaba's Responses
<b>Customers</b>	<ul style="list-style-type: none"> <li>- Quality product and service;</li> <li>- Innovative technology;</li> <li>- Payment options.</li> </ul>	<ul style="list-style-type: none"> <li>- Basic consumer rights protection;</li> <li>- Customer satisfaction.</li> </ul>	<ul style="list-style-type: none"> <li>- Green office.</li> </ul>	<ul style="list-style-type: none"> <li>- Develop a customer service system;</li> <li>- Support online platforms and share resources;</li> <li>- Provide e-commerce training;</li> <li>- Develop a security system;</li> <li>- Develop a user experience team.</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>- Competitive salaries;</li> <li>- Comprehensive employee benefits.</li> </ul>	<ul style="list-style-type: none"> <li>- Equal opportunities;</li> <li>- Employee rights protection;</li> <li>- Understanding and caring.</li> </ul>		<ul style="list-style-type: none"> <li>- Obey relevant laws and regulations;</li> <li>- Develop communication platforms (eg. Round table meeting);</li> <li>- Improve office environment;</li> <li>- Promote organizational culture.</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>- Profits.</li> </ul>	<ul style="list-style-type: none"> <li>- Minority shareholder protection;</li> <li>- Information transparency.</li> </ul>	<ul style="list-style-type: none"> <li>- Green investment.</li> </ul>	<ul style="list-style-type: none"> <li>- Hold shareholder meetings;</li> <li>- Make periodical reports and company announcements;</li> <li>- Strengthen risk identification, assessment and control.</li> </ul>
<b>Market</b>	<ul style="list-style-type: none"> <li>- Supply chain development;</li> <li>- Industry standard;</li> <li>- Technologies;</li> <li>- Market growth.</li> </ul>	<ul style="list-style-type: none"> <li>- Responsible sourcing;</li> <li>- Industry specialists training;</li> <li>- Trading platform.</li> </ul>	<ul style="list-style-type: none"> <li>- Green supply chain;</li> <li>- Green advocacy;</li> <li>- Information exchanges on environmental protection.</li> </ul>	<ul style="list-style-type: none"> <li>- Have suppliers meetings;</li> <li>- Have procurement meetings;</li> <li>- Evaluate performance;</li> <li>- Hold and attend industry seminars;</li> <li>- Study the industry trends and related theories;</li> <li>- Facilitate the development of credibility-based web regulations;</li> <li>- Develop online and on-campus courses at Taobao University.</li> </ul>
<b>Government</b>	<ul style="list-style-type: none"> <li>- Full tax payment;</li> <li>- Economy restructuring and upgrades;</li> <li>- Fair competition.</li> </ul>	<ul style="list-style-type: none"> <li>- Laws and regulations;</li> <li>- E-governance;</li> <li>- Judicial auction.</li> </ul>	<ul style="list-style-type: none"> <li>- Environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>- Strictly obey laws and regulations;</li> <li>- Develop rural e-commerce;</li> <li>- Work with government to improve governance;</li> <li>- Make proactive strategies based on government policies.</li> </ul>
<b>Society</b>	<ul style="list-style-type: none"> <li>- Economy;</li> <li>- Urban-rural income gap.</li> </ul>	<ul style="list-style-type: none"> <li>- Platform CSR;</li> <li>- Employee philanthropy;</li> <li>- Philanthropy in action;</li> <li>- Unemployment.</li> </ul>	<ul style="list-style-type: none"> <li>- Environmental protection.</li> </ul>	<ul style="list-style-type: none"> <li>- Provide a platform for entrepreneurs;</li> <li>- Empower the disabled;</li> <li>- Support charities;</li> <li>- Provide philanthropic platforms;</li> <li>- Participate in philanthropic activities.</li> </ul>
<b>Environment</b>		<ul style="list-style-type: none"> <li>- Environmental protection advocacy</li> </ul>	<ul style="list-style-type: none"> <li>- Green buildings</li> </ul>	<ul style="list-style-type: none"> <li>- Develop green office;</li> <li>- Evaluate environmental impacts of investment projects;</li> <li>- Use new resources;</li> <li>- Do environmental friendly philanthropy.</li> </ul>

**Source: Information provided Alibaba Group.**

**EXHIBIT 5: CSR DEPARTMENT'S CONNECTIONS IN THE GROUP**

