

If allowed, students will find very helpful a couple of example assignments from previous years to guide them roughly on what they are supposed to do. A report length limit of around 2,000–2,500 words would encourage students to focus on what is really important. Requiring an ‘executive summary’ would also force students to consider what is really important and what are the key implications.

Over a two semester course, this assignment could be stage one of a two-part assessment regime; the second semester could have as an assignment asking students to consider implications of the first part for the strategy of a particular company in the original industry or sector.

Case Example

Alibaba – the Yangtze River Crocodile

This case focuses on PESTEL, and could also provide a good way of introducing a discussion of politics, social networks and technological forces in particular. The case has been updated since the 11th edition, particularly in the light of Jack Ma’s broad withdrawal from the company’s management. The case might also be a good opportunity to draw on the contemporary knowledge of any Chinese students in your classroom.

1. Carry out a PESTEL analysis of Alibaba at the time of the case. Evaluate the balance of opportunities and threats, using same kind of figure as in Illustration 2.1.

A basic PESTEL figure is below. Although there are many positive opportunities in the Macro-environment, there are also many threats. It might be worth observing how many of these opportunities and threats are tied to state policy, not exclusively just under the Politics category: for example, the state’s policies regarding supporting ecommerce and moving away from heavy industries are positive, but the anti-corruption campaigns and the anti-forgery investigations are potentially negative. The issue of growing competition may be more fully explored after students tackle Chapter 3, but JD.com appears better placed to tackle the technological threat of a shift to mobile commerce. Overall, this analysis would suggest that the balance of opportunities and threats is turning more negative for Alibaba.

<i>Opportunities</i>		<i>Threats</i>
Sector support	P	Anti-corruption campaign
	E	Chinese economic slowdown
Strong networks	S	Chinese aging demographics
	T	Shift to mobile commerce
Shift v heavy industry	E	
	L	Anti-forgery investigations

2. Draw a basic sociogram of Alibaba's network (see Section 2.2.3 and Figure 2.5). Explain why this network may be useful.

A basic sociogram is offered below. What will be immediately apparent from this sociogram is the international connections enjoyed by Alibaba under Jack Ma, pictured in the middle: he is well connected in China, Japan and the United States. It is noticeable that these connections are not just business connections but also political.

This network is useful because it may help Alibaba deal with political threats, a growing issue in the PESTEL analysis above. Connections with leading investment bank Goldman Sachs ('the squid') will help with access to capital markets in the United States, possible acquisition opportunities, political contacts and favours, as well as general market access. Softbank and Yahoo may help with connections to latest Japanese and American technological and consumer trends, though very likely links with the second company are a declining asset. A good question to ask is the extent to which these kinds of connections might be important, for example, in Russia and Brazil, where they are growing fast but so far do not seem to have made the equivalent links.

Basic Alibaba Sociogram

