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Public management and administration Department

QUALIFICATION WORK

Education Degree - Master

on: «Alibaba Financial Management Analysis»

Completed: student of
073 «Management» (EP «Administrative Management»)

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SUMY NATIONAL AGRARIAN UNIVERSITY

Faculty Economics and Management
Department Public management and administration

Education degree «Master»
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TASK

on qualification work for student

Pan Linlin

1. Theme of Qualification work: **Alibaba Financial Management Analysis**

Supervisor Fihurna Mariia Yuriivna, assistant of the department of public management and administration

approved by the university from _____

2. Deadline for student completed project (work)

March, 08 2024

3. Background to the project (work):

educational methodical manuals, monographs, textbooks on the subject of research, scientific publications, economic and financial statements for the period of 2019-2021

4. Contents of settlement and explanatory notes (the list of issues to develop):

Learn the theoretical aspects of the concepts of "Management", "Management System", "Human Resource Management", "Motivation"; characterize the human resource management features of trade enterprises, analyze of Alibaba Group's Financial Control Model, analyze the effectiveness of the integrated financial management and control model with unified distribution, analyze the management reform of Alibaba Group, the problems in previous financial control, and explain them in combination with the actual situation.

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CALENDAR PLAN

№	Title the stages of the degree project (work)	Date of performance project stages	Note
1	Definition and approval of the thesis, preparation of the plan - schedule of work	<i>December 2022</i>	done
2	Selection and analysis of literary sources, the preparation of the first theoretical chapter	<i>December 2023</i>	done
3	Preparation and presentation of draft of the first chapter of the thesis	<i>January 2024</i>	done
4	Collection and processing of factual material, synthesis analysis of application issues in the enterprise	<i>February 2024</i>	done
5	Making the theoretical part of the thesis, summarizing the analytical part	<i>February 2024</i>	done
6	Design options improve the research problem	<i>March 2024</i>	done
7	Completion of the project part of the thesis, design chapters	<i>March 2024</i>	done
8	Previous work and its defense review	<i>March 2024</i>	done
9	Checking the authenticity of the thesis	<i>March 2024</i>	done
10	Deadline for student completed the thesis	<i>March 2024</i>	done
11	Defense of the thesis	<i>March ,22 2024</i>	done

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Authentication performed

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Checking the authenticity conducted.

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Thesis allowed to defense

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SUMMARY

Pan Linlin. Improvement of financial management of enterprise

Master's thesis in specialty 073 "Management" OP "Administrative Management", SNAU, Sumy-2024 - Manuscript.

With the rapid development of economy, enterprises show a cross-industry, cross-regional and even transnational group development trend. Nowadays, the scale of enterprises is expanding day by day, and the organizational structure is becoming more and more complex. Due to the existence of principal-agent problems, the scientific and effectiveness of group management, especially financial management, has become a prominent problem affecting the healthy and sustainable development of enterprises. Control power is the core competitiveness of large enterprise groups, and the management of Chinese enterprise groups generally has the problem of excessive centralization or decentralization, and the moderate financial management mode has become the fundamental guarantee for large enterprise groups to maintain strong vitality .

Alibaba Group, as a representative of the emerging Internet enterprise group, has a huge scale and must not only face the management problems brought about by the expansion of enterprises, but also to deal with the uncertainty of the external environment, the innovation of technology and the variability of user needs and many other problems of the test, the scientific and effective of its financial management model put forward higher requirements. In order to cope with this challenge, Alibaba's financial management model has also experienced the troubles of centralization and decentralization in its development process, until it proposed a financial management model combining centralization and decentralization based on its operation strategy of "big middle desk and small front desk".

This paper chooses Alibaba as a case to study the financial management mode of large enterprise groups. Based on the principal-agent theory, group financial management theory and risk management theory, this paper has sorted out the evolution process of its financial management mode and clarified the three stages and characteristics of its financial management: centralization, decentralization and unification. The paper focuses on the scientific nature and effectiveness of Alibaba's financial management model, which is based on "big, middle and small front desk" : the innovation of the regular staff "rotation" system is an important premise for Alibaba to implement the "unified and combined" financial management model; Flexible, efficient, timely and reliable "middle desk" meets the needs of the group's rapid expansion, but also brings advantages such as employee maker, organizational streamlining, process standardization, intelligent means, precise control, and remarkable results.

Alibaba's financial management model based on the combination of "big, middle and small front desk" has set other enterprises. The team development provides beneficial reference: to improve the ability of healthy and sustainable development of enterprises based on organizational reengineering, to build the core competitiveness of enterprises based on the unification and appropriateness of financial management, and to make full use of modern information technology to realize organizational reform.

Key words: financial management, administration, combined unit of Alibaba, modeling, improvement of enterprise operation

АННОТАЦІЯ

Пан ЛінЛін. Удосконалення фінансового менеджменту підприємства

**Магистерская работа по специальности 073 «Менеджмент» ОП
«Адміністративний менеджмент», СНАУ, Суми-2024 - Рукопись.**

Зі стрімким розвитком економіки підприємства демонструють тенденцію розвитку міжгалузевих, міжрегіональних і навіть транснаціональних груп. Сьогодні масштаби підприємств розширюються з кожним днем, а організаційна структура стає все більш складною. Через існування проблем принципал-агент, науковість та ефективність управління групою, особливо фінансового управління, стала помітною проблемою, що впливає на здоровий та сталий розвиток підприємств. Сила контролю є основною конкурентоспроможністю великих підприємницьких груп, а управління китайськими підприємницькими групами, як правило, має проблему надмірної централізації або децентралізації, а помірний режим фінансового управління став основною гарантією для великих підприємницьких груп для підтримки сильної життєздатності. Alibaba Group, як представник нової групи інтернет-підприємств, має величезні масштаби і повинна не тільки зіткнутися з проблемами управління, спричиненими розширенням підприємств, але й мати справу з невизначеністю зовнішнього середовища, інноваціями технологій та мінливістю потреб користувачів та багатьма іншими проблемами тесту, науковою та ефективною моделлю фінансового управління висуває більш високі вимоги. Щоб впоратися з цим викликом, модель фінансового менеджменту підприємства Alibaba також зіткнулася з проблемами централізації та децентралізації в процесі свого розвитку, поки не запропонувала модель фінансового менеджменту, що поєднує централізацію і децентралізацію на основі своєї операційної стратегії "великий середній стіл і маленький фронт-деск". На основі теорії принципала-агента, теорії групового фінансового менеджменту та теорії управління ризиками в цій статті розглянуто процес еволюції моделі фінансового менеджменту компанії Alibaba та з'ясовано три етапи і характеристики її фінансового менеджменту: централізація, децентралізація та уніфікація. Кваліфікаційна робота зосереджується на науковому характері та ефективності моделі фінансового менеджменту Alibaba, яка базується на "великому, середньому та малому фронт-деск": інновація системи "ротачії" штатного персоналу є важливою передумовою для Alibaba для впровадження "уніфікованої та комбінованої" моделі фінансового менеджменту; гнучкий, ефективний, своєчасний та надійний "середній стіл" відповідає потребам швидкого розширення групи, але також приносить такі переваги, як створення співробітників, організаційна оптимізація, стандартизація процесів, інтелектуальні засоби, точний контроль та чудові результати. Модель фінансового менеджменту Alibaba, заснована на поєднанні "великої, середньої та малої стійки реєстрації", встановила інші підприємства. Розвиток команди дає корисні рекомендації: покращити здатність здорового та сталого розвитку підприємств на основі організаційного реінжинірингу, побудувати основну конкурентоспроможність підприємств на основі уніфікації та адекватності фінансового менеджменту, а також повною мірою використовувати сучасні інформаційні технології для реалізації організаційної реформи.

Ключові слова: фінансовий менеджмент, адміністрування, об'єднаний підрозділ Alibaba, моделювання, удосконалення роботи підприємства

INTRODUCTION

Actuality of theme. On the premise of integrating and summarizing research results and literature related to financial control and organizational evolution, the author, based on the development strategy of group enterprises, and in view of the drawbacks in the financial management and control mode of enterprises, this paper analyzes the financial management and control mode of group integration and separation under the Internet background, then analyzes the advantages and disadvantages of the financial management and control mode of integration and separation in combination with specific cases, and puts forward relevant countermeasures to help improve the financial management and control mode of the group under this premise.

The purpose of the master's work is based on the relevant concepts and theoretical foundations of financial control in enterprise groups, this paper summarizes the concept, classification, and characteristics of financial control in enterprise groups. It attempts to construct a basic framework on the basis of the existing theoretical system of financial control in enterprise groups, which is the combination of unified and decentralized financial control models.

The author's research mainly includes five parts:

Chapter 1 is a literature review, which summarizes the relevant theories of group financial control and financial control, and reviews the financial situation. A literature review on business control and informatization, summarizing and comparing the attempts and shortcomings of domestic and foreign enterprise group control models, and providing reference and inspiration for the construction of a unified and decentralized financial control model framework.

Chapter 2 is an analysis of the reasons for choosing Alibaba Group. This chapter first introduces the basis for the development of the Internet industry

Secondly, point out the typicality of Alibaba Group as a research case. Finally, make a necessary analysis of the management reform of Alibaba Group, analyze the

problems in previous financial control, and explain them in combination with the actual situation.

Chapter 3 is the development process of Alibaba Group's financial control mechanism. The author first provided a detailed introduction to the evolution of the financial control mechanism of the group, and based on this, emphasized its existing financial control model. This includes a series of strategic and organizational innovation measures implemented by Alibaba during this stage. The author focuses on the progressiveness of Ali Company's financial management and control mode of combining unified and decentralized management and control after the successful reform. Thoroughly study the operational mechanism of its financial control and reasonable matching.

Chapter 4 validates and discusses the integrated management and control model constructed through the performance evaluation system of enterprise group management and control.

The last part is the summary of this article and relevant suggestions

The object of the study is The object of the study is Alibaba's financial management model.

The subject of the study is an analysis of Alibaba's financial control model based on the combination of centralized and decentralized management of "large, medium, and small front-end"

The practical significance of the work done is It helps to compensate for the deficiencies in financial control of group companies, optimize the allocation of rights, promote the stable operation of group companies, enrich the theoretical framework of financial management in group enterprises to a certain extent, and have a certain reference value for the financial management practice of enterprises.

Information base of research are scientific works and leading foreign experts on the chosen topics.

Publications on the research topic:

1. Fihurna M., Pan Linlin Ways to improve the financial management of the enterprise. *Стратегічні пріоритети розвитку бухгалтерського обліку,*

аудиту та оподаткування в умовах глобалізації : матеріали II Міжнародної науковопрактичної конференції (м. Суми, 16 листопада 2023 р.) / за ред. проф. Назаренка О.В. Суми: СНАУ, 2023. С.259-261.

2. Pan Linlin Alibaba financial management analysis. *Матеріали науково-практичної конференції викладачів, аспірантів та студентів Сумського НАУ (25-28 квітня 2023 р.).* Суми, 2023. С, 383.

Thesis consists of an introduction, four chapters, list of references that includes 30 publications, applications, 6 tables, 12 figures. Full volume of 57 pages, of which the main text - 60 p.

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CHAPTER 1

THEORETICAL FOUNDATIONS OF FINANCIAL MANAGEMENT OF THE ENTERPRISE

Group financial management is the key control factor of group management. In its research findings, the group of enterprises. There should be a prior separation of control and management, so that financial control can be carried out. At the same time, the use of enterprise assets, in accordance with the objectives of the group company to adjust and supervise the activities of its subsidiaries, and maximize the scope of the company's business, to maximize the group's ultimate interests.

Diversification of financial management entities. An important feature of group enterprises is the number of management bodies. In the Yuan, the parent company and its wholly-owned subsidiaries not only establish a relationship between management and management by means of various Bridges, but also belong to an independent legal person relationship. Each subsidiary of the group and its staff are the main management objects, but in the face of subsidiaries, actual control companies, equity companies, we must have different financial management models, which increases the difficulty of financial management [3].

The hierarchical organizational form of financial management. The organizational structure of a group enterprise has the characteristics of multiple levels, and an enterprise group usually has many functional departments and subsidiaries. At Headquarters, monitoring is carried out on a hierarchical basis, as factors such as management authority, scope of management, administrative procedures and the environment in which the enterprise operates can change at any time. Moreover, with the development trend of organizational flattening, the rank level of each line and department becomes less obvious, and the relationship level between departments and employees will change with the change of projects.

Strategic financial management mode. In the process of financial management, group companies generally combined with enterprise strategic management, the financial control mode should conform to the overall strategic layout of the company,

and the implementation of the strategic layout can not be separated from the support of the financial management mode.

Standardization of financial management. The important purpose of modern accounting development is to improve the quality of accounting information. The amount and comparability of the group company and the huge scale of the group company, if the financial treatment methods are inconsistent, it will bring inconvenience to the decision makers to use the accounting information. Therefore, the group financial control especially emphasizes the standardization of financial information.

There are three common types of financial management modes of enterprise groups, which are centralized, decentralized and mixed

There are three common types of financial management modes of enterprise groups, which are centralized, decentralized and mixed type. The "separation of two rights" in the modern enterprise management system is the main reason for the formation of the "parent-subsidiary company" management system, which also determines the difficulty of the financial management of group enterprises: multi-level legal person, various levels of organizations, various bonds, multiple operations, multi-function, cross-department, cross-region, transnational operations[5].

Centralized financial control mode means that the parent company is highly centralized in financial decision-making and management, and each subsidiary must unconditionally implement all decisions of the parent company. The advantages of centralized financial control model are as follows:

1. Facilitate the integration of all group resources. The financial rights of the parent company are concentrated, and the subsidiaries are dependent on the parent company. All financial resources are concentrated in the parent company, which can maximize the overall interests of the group. The parent company can allocate the cash surplus and shortage of subsidiaries according to the needs of the Group to adjust the overall fund utilization rate. The parent company can be transferred within the subsidiary in a targeted way, which is conducive to tax planning, and can integrate the resources of the subsidiary to divest and restructure to achieve listing.

2. Easy to configure financial efficiency. The group's overall resource allocation efficiency is the maximum efficiency of integrated management. In a centralized situation, the parent company can maximize the control of funds, personnel, budget and other matters. It can prevent the outbreak of local conflicts of interest among subsidiaries to the maximum extent.

3. Easy to produce scale effect. The centralized type can override the consensus, use economies of scale to improve the competitiveness of enterprises. Pooling all group resources to save costs and achieve vertical and horizontal economies of scale.

4. Easy to control the group's overall risk. As a conglomerate, one tends to prosper and one loses. Because there are too many layers within the group and the execution efficiency is low, only the centralized financial control system can prevent the group from going bankrupt and thus reduce the group risk.

The disadvantages of centralization are obvious: concentrated power, small subsidiaries. Poor enthusiasm, low efficiency and execution, affecting the smooth progress of decision-making; The parent company is strong, the subsidiary is obedient to the surface, and the subsidiary is contrary to the Yin and Yang. Centralization to a certain stage does not have too much energy to maintain everything, affecting the decision and reaction power.

In the decentralized financial control mode, the financial control of the headquarters is weaker than that of the subordinate companies. Greater financial sovereignty. Advantages of decentralization[8]:

The decentralized financial management control model has increased the enthusiasm of the subsidiary, and the headquarters reduces the subsidiary's shake, no need to pass too much information to the headquarters, no response time for the headquarters to arrange instructions, subsidiaries, can more flexibly track market dynamics and design products with destinations.

Differential financial management and control model allows subsidiaries to quickly make changes to the market reflection, and use a sensitive market to seize the opportunity.

Differential power allows small subsidiaries to use their own technology or enter the advantage to strive for loans, increase the overall efficiency of the subsidiary and reduce the pressure on the debt repayment of the headquarters.

Decent of decentralization: financial freedom, unable to maintain the same pace with the headquarters, and resolution of the headquarters with discounts. Investment failures will not only affect the efficiency of the headquarters group, but also reduce the scale of the group's scale; financing is a double -edged sword, a subsidiary has independent financial powers, and the risk is increased by excellence.

The mixed type absorbed the previous advantages, cleverly avoided the shortcomings of the two, and took advantage of it. It can concentrate all resources to increase the scale of the group's scale and reduce costs; but also flexibly and change, and use the specialties of the subsidiaries. This means that the parent company concentrates the power of its subsidiaries in the decision -making and handling of important issues. It is mainly responsible for important strategic judgments and supervision, and puts general decision -making power into subsidiaries. The subsidiary can adjust decision -making flexibly according to the situation of market operations. Generally, the adjustment plan needs to be reported to the headquarters. However, due to the faster feedback time, the delay of centralized decision -making is avoided. Under special circumstances, the person in charge of the subsidiary has the right to cut off and play the right to decision -making, but it is necessary to report the rationality of this behavior to the headquarters afterwards. This model not only realizes the effective control of subsidiaries in the company, but also maximizes the flexibility of subsidiaries. It is an ideal model that enterprises want to achieve [12].

American economists such as Burley and Means (1937) created the principal-agent theory, which is also called the complete contract theory. In terms of its formation mechanism, the principal-agent theory was formed in the context of modern management where corporate control rights and management rights were separated. Therefore, the theory is mainly used to solve the information asymmetry problem caused by the separation of corporate shareholders and operators.

The core point of entrusted agency theory is that with the deepening of the

division of labor and the establishment of a modern corporate model, the entrusted agency relationship has gradually formed and developed rapidly. The reasons include the following two aspects: First, the progress of productivity has promoted the professionalism of social division of labor. Due to insufficient their theoretical knowledge and professional skills, capitalists cannot fully exercise all their rights. The agent, these people have strong professional ability and sufficient experience to complete the commission task. However, it should not be ignored that there is a significant difference in the effectiveness of the functional function of the agent. The goal of the client is to create higher wealth value, but the agent is to obtain higher salary welfare, luxury consumption, and more leisure time This will definitely cause contradictions in the interests of the two. If the entrusted agent management implemented by the enterprise is invalid, the agent will eventually endanger the interests of corporate shareholders. However, at present, the global countries are using the commissioned agency model whether they are economic, cultural and political areas.

Financial risk management refers to the process in which an enterprise, based on a thorough assessment and measurement of its own financial risk level, implements necessary financial and non-financial measures to reduce and prevent risks, and ultimately achieves economic benefits corresponding to the risks it undertakes. Risk management often plays a crucial role in the strength of a company's profitability and future development trends. Based on this, the finance department should follow the following principles in carrying out risk management.

Firstly, the principle of independence. The principle of independence refers to the requirement for enterprises to establish specialized institutions and positions, with a focus on implement comprehensive identification, assessment, and prevention of risks that arise during company operations. Independence is also a prerequisite for financial risk management and a key factor in ensuring the effectiveness of risk management. To implement this principle, companies can establish departments such as general managers, risk management committees, and supervisory agencies to carry out corresponding financial risk assessment and prevention activities. All department

staff must ensure strong independence and authority in order to conduct comprehensive audits and supervision of the company's financial risks.

Secondly, the principle of robustness. This principle is a fundamental principle that the finance department must adhere to in the process of carrying out accounting work, and also plays a crucial role in financial risk prevention and control. The principle of conservatism is mainly determined by the instability of the external environment of the enterprise and the scientific nature of financial management. According to the activity content, the financial risks of enterprises usually include financing risks, investment risks, recovery risks, and income distribution risks. This principle is essential in all aspects of risk management [14].

Thirdly, the principle of balance. The principle of balance refers to how enterprises should achieve a balance between risk and return in the process of encountering risky projects. Once the risk increases, they want to increase the return to an equilibrium point where the expected benefits and original utility are similar. This principle is also a principle that business operators must adhere to in the process of balancing risk and return, and it is a holistic principle in all aspects of risk management. The principle of balance is mainly due to the characteristics of risk purity and uncertainty. To handle the relationship between the two well, one cannot completely abandon a single element, but should choose the best solution and risk allocation through scientific decision-making. In the process of carrying out risk management activities, the main principle of "obtaining benefits in the risk environment" should be followed in order to achieve a balance between risk and benefits, and thus make the actual utility meet the expected utility.

Fourthly, the principle of timeliness. The principle of timeliness means that when enterprises carry out risk prevention and control activities, forward-looking strategies must be formulated, and risk prevention and control measures must be revised and adjusted according to the internal and external fluctuations of the enterprise organization and market. The selection of financial risk policies often greatly restricts the mode and effectiveness of financial management, thereby indirectly affecting the operational and profitability of enterprises. From this, it can

be seen that finance department staff should attach importance to relevant laws and regulations, industry rules and mechanisms, corporate strategy and mission, corporate operational capabilities, and changes in the external environment. Based on a long-term perspective, according to the long-term business strategy of the enterprise and the cyclical fluctuations of the economy, they should improve the current financial risk management measures to comply with the requirements

Flexible management refers to the use of technical tools and measures under the command and coordination of management to optimize and improve each link in enterprise operation, further improving the production efficiency of the enterprise. Through this management, the competitiveness and resource advantages of the enterprise will be significantly improved. Flexible management is the main way and means to help enterprises achieve more ideal profitability and stand firm in fierce market competition by integrating human and technological resources, improving their response and prevention capabilities, in the context of external environmental uncertainty and increasing competition among enterprises. Flexible management is based on the concept of flexibility, which is also a pioneering work in the field of management. However, scholars from various countries have not reached a consensus on the understanding of flexibility theory. Therefore, flexible management can be explained from multiple perspectives, such as production and processing, brand promotion, etc., all of which have their unique positioning. However, flexible management is not limited to the above-mentioned aspects, but can play a huge role in the formulation of enterprise strategies, risk management, and human resource management. It can be seen that flexible management is crucial for enhancing the value creation ability of enterprises[25].

Firstly, flexible management is a behavior that is based on the overall situation of the enterprise, constantly innovating traditional management concepts, introducing new concepts and models, and improving overall production efficiency. In the early stages of implementing flexible management, many enterprises adopted a rigid management model, particularly focusing on regulatory mechanisms, performance evaluation, and employee training. Flexible management focuses more on cultivating

the adaptability and mobility of employees, which requires enterprises to establish more scientific management concepts and integrate humanistic thinking into all aspects of enterprise management.

Secondly, flexible management is a form of self-improvement for enterprises, with the goal of better adapting to market trends. Before implementing flexible management measures, it should be ensured that enterprises can make corresponding improvements based on internal and external environments, such as hardware equipment, technical tools, administrative organizations, regulatory processes, etc. Some enterprises may also adjust their existing concepts. Through flexible management, it is possible to enhance the work enthusiasm of enterprise employees, thereby shaping a flexible culture and laying the foundation for cultivating competitive advantages in the enterprise [18].

Thirdly, flexible management should establish a comprehensive and systematic mechanism as a prerequisite. Only by continuously transforming the software and hardware environment of enterprises and adapting to development needs can the competitiveness of enterprises be significantly improved. However, if the internal and external environment in which the enterprise operates undergoes migration, the enterprise will once again carry out various adaptive adjustments. From this, it can be seen that the adaptive ability of enterprises increases in a cyclical and spiral manner, and enterprises have also accumulated rich flexible factors in the long-term adaptation process.

Organizational change was initially founded by the renowned American management scholar Kurt Lewin in the early 1940s. Subsequently, scholars from various countries defined the concept of organizational change from multiple perspectives. Among them, scholars such as McAfee (1987) pointed out in their research results that the goal of organizational change is to achieve the improvement of the overall organization and certain functional aspects, thereby improving the operational effectiveness of the organization. Qi Zhenfa and other scholars (2001) believed that the implementation of reform by enterprises and organizations is an organizational innovation activity that takes resource integration and information

exchange as the basis, highlights humanistic management, implements team oriented strategy, and takes continuous adaptation to the external economic environment as its own goal, supported by Internet technology, resource integration and information exchange. Wang Bo (2017) pointed out in his research findings that organizational change symbolizes the breaking and reshaping of organizational order, with the goal of achieving the expected performance level of the enterprise, better utilizing fluctuations in the internal and external environment, and enhancing organizational efficiency. Specifically, organizational change involves real-time adjustments to various internal components of the organization, such as functional structure, operational strategy, decision-making processes, etc. Therefore, this article believes that organizational change refers to a type of reform activity that can make the organization more adaptable to external environmental changes and uncertainties. Organizational structure change must rely on relevant theories. With the improvement of the theoretical system of organizational behavior and management in modern times, scholars from various countries have enriched the theory of organizational change. So far, the most common theories of change are mainly divided into contingency theory, complexity theory, and process reengineering theory. Contingency theory: This theory advocates that the environment in which an organization operates is unpredictable, and managers need to adjust their management measures in real-time based on changes in conditions. On the basis of fully considering the internal and external environment, organizational managers continuously optimize their structure and introduce new management concepts and models. Complexity theory: Scholars who support this theory believe that there is a high degree of correlation between organizations and their internal and external environments, that is, the long-term interaction between organizations and markets relies on multiple media to achieve resource and information interaction. This interaction process belongs to a dynamic, comprehensive, and outward oriented system. Through continuous interaction between various elements within the organizational system, the organization gradually transforms from disorder to order, while achieving a balance between internal and external factors. Process

reengineering theory: This theory was created by Hammer and Champy in the early 1990s, who pointed out that process reengineering occupies a dominant position in the process of organizational structure optimization; Process reengineering only revolves around the actual needs of consumers, adjusting and optimizing various operational procedures of the enterprise, so that the enterprise can achieve a qualitative leap in cost, product quality, and efficiency.

CHAPTER 2

SELECTION OF RESEARCH OBJECT AND METHODS

2.1 Industry profile of Alibaba Group financial control reform

The size of Internet users

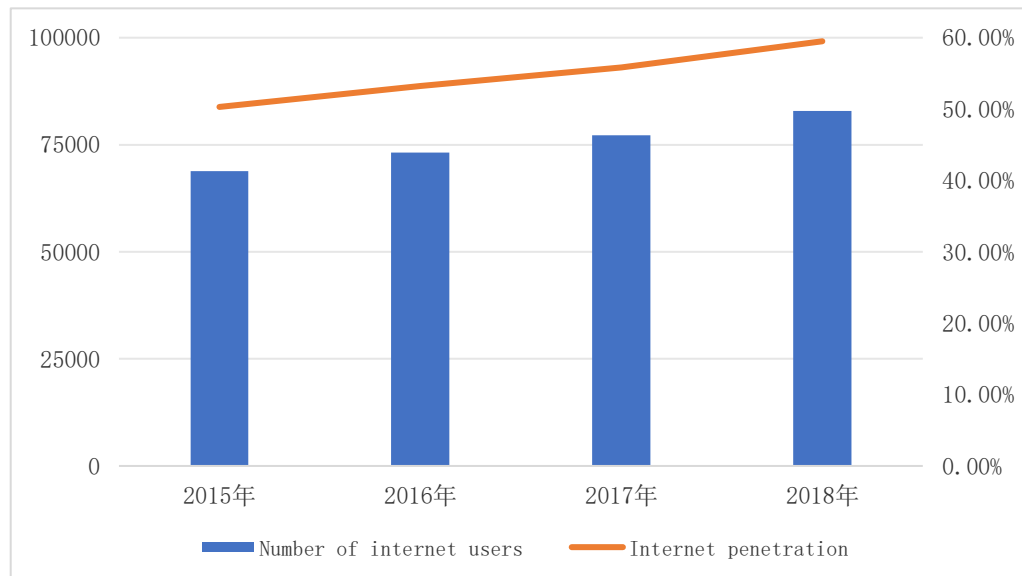


Figure 2.1 - Size of Internet users and Internet penetration rate in 2015-2018

Source: own research

As of December 2018, the number of Internet users in China was 829 million, with 56.53 million new Internet users during the year, and the Internet penetration rate reached 59.6%, an increase of 3.8 percentage points over the end of 2017.

Industrial development scale.

1. Development of e-commerce industry

In 2018, the rapid development of China's e-commerce industry, the scope of application has been expanded, supporting facilities have been gradually improved, and the overall development ability of e-commerce ranks in the forefront of the world. In terms of industrial scale, China's e-commerce transaction volume has continued to rise in recent years, of which Internet retail sales have occupied the first place in the world for a long time from 2012 to 2018. Especially in the five years

after 2013, the total amount of e-commerce transactions in the provinces has achieved a leap from 10.40 trillion to 29.16 trillion, with an average annual growth rate of more than 29%, and this indicator still maintains a stable growth trend in 2019. Relevant data show that the total service revenue of domestic B2B e-commerce enterprises in 2018 was as high as more than 63 billion yuan, which was 18.9 percentage points higher than the same period in 2017. In 2018, the total retail revenue of Internet enterprises in various provinces and cities reached 9006.5 billion yuan, This is a 23.4% increase from 2017. In terms of its composition, the total retail sales of physical products accounted for the largest proportion, 7,019.8 billion yuan, an increase of 25.4% over 2017, about 18.4% of the total annual social consumption, compared with the same period in 2017, an increase of 3.4%. Not only that, the revenue of e-commerce platforms in 2018 was 366.7 billion yuan, an increase of 13.1 percentage points year-on-year. It can be seen that China's e-commerce platform enterprises have always maintained a steady and rising development momentum. Among them, the fourth quarter platform revenue was the highest, at 114.7 billion yuan.

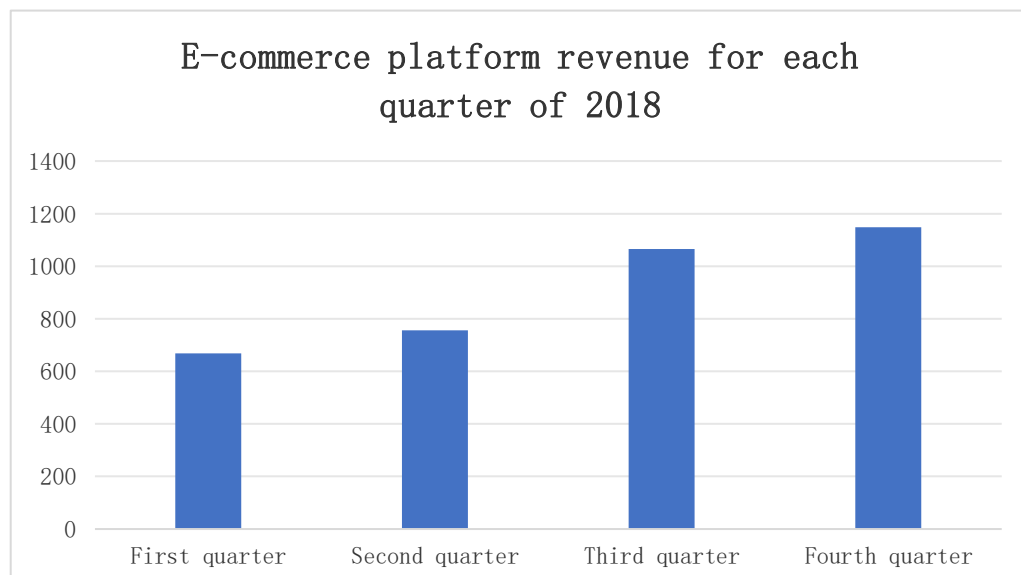


Figure 2.2 - E-commerce platform revenue for each quarter of 2018

Source: own research

2. Internet listed enterprises

As of December 2018, the total number of Internet listed enterprises in China and abroad was 120, an increase of 17.6% compared with the end of 2017; The total market value of domestic and overseas Internet listed enterprises is 7.89 trillion yuan. Among them, the number of Internet companies listed in Shanghai and Shenzhen was 46, the same as the end of 2017; The number of Internet companies listed in the United States was 48, an increase of 7 from the end of 2017; The number of Internet companies listed in Hong Kong was 26, 11 more than at the end of 2017.

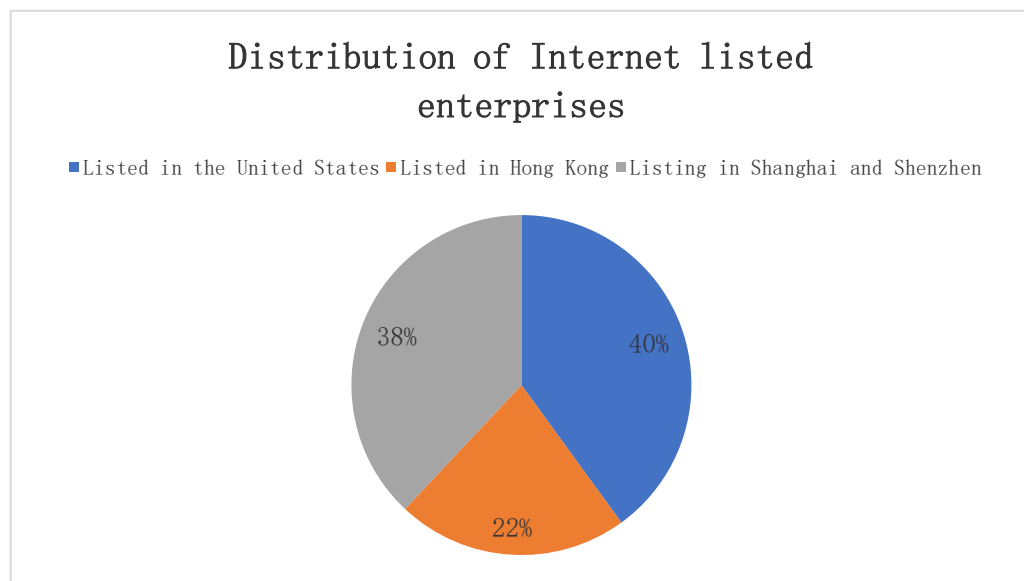


Figure 2.3 - Distribution of Internet Listed Companies

Source: own research

In an increasingly complex world, digital adoption and transformation of our customers are accelerating across different industries. On the consumer retail side, online shopping is no longer simply a purchase behavior for more consumers but has also become a necessary rather than an optional channel of sales to brick-and mortar retailers. For enterprises and organizations, digital transformation is accelerating as technology changes the way people live and work. Recently, generative AI, an innovative technology product enabled by large language models, or LLMs, excited the world with possibilities of elevating productivity and efficiency to a new level, and further accelerating the digital transformation of enterprises and organizations. We believe such transformation presents tremendous opportunities and requires us to

be more focused, innovative and agile in establishing our strategic capabilities and priorities. To this aim, we are proactively transforming our organization through a new organizational and governance structure to strengthen the competitiveness of our businesses through greater independence and further unlock value for our shareholders. We believe our new structure will empower all of our businesses to become more agile and nimble in decision making, responding to market changes and promoting innovations. With our environmental, social and governance responsibilities as the foundation of our long-term strategy, we strive to strengthen our leadership and build core capabilities in three strategic areas: consumption, cloud, and globalization. Consumption Consumption continues to present significant opportunities in China and globally. In China, while we believe that our annual active consumer base already captures the vast majority of Internet users with meaningful consumption power, there remains significant opportunities for us in wallet share expansion. We aim to capture these opportunities by providing differentiated value services to our customers with different consuming power, needs and mindset. We offer a multidimensional matrix of consumer apps with clearly differentiated value propositions that aim to meet the various consumer demands across metropolitan and less-developed regions, differing time sensitivities, and different income levels and consumption models. We will continue to enhance and enrich our portfolio of consumer apps, and enable new consumption models and formats to better serve the evolving needs of consumers. We are also further strengthening our supply chain capabilities, including through direct sales model and integrated online and offline solutions, to strengthen the competitiveness of our products and services and enhance our penetration in categories that are essential to our consumers' daily lives. In addition, to enhance the positioning of our Taobao app, China's largest digital retail platform, from a transaction-focused marketplace to a consumer destination for discovery and shopping, we continue to focus on creating personalized, immersive and interactive experience through relevant and highly engaging consumption-related content and our apps' rich interfaces and features. We are also actively exploring new consumption models, formats and technologies to create better shopping experience

for our users. Over the years, we have established a comprehensive infrastructure for digital commerce with diversified fulfillment models. Through Cainiao, we aim to establish a hybrid delivery network covering intracity, intercity and supply chain services. We are building instant delivery and same-city express delivery capabilities in key cities in China to fulfill a reliable neighborhood shopping experience. We are also investing to establish a nationwide express delivery network with cold-chain, bulky and large appliance delivery capabilities to provide merchants with comprehensive delivery options in key categories such as fresh produce, FMCG and electronics. We will continue to invest in these capabilities to enhance our core competitiveness and value creation to our merchants and consumers, achieving sustainable and high-quality growth. We will discuss the consumption opportunity outside of China under the globalization strategy

Cloud We believe that digitalization presents the biggest opportunity of our time, and cloud computing plays a fundamental role in the digital transformation across various industries. Cloud is rapidly replacing traditional IT infrastructure with much higher efficiency at lower cost. It enables traditionally unstructured, undiscovered and underutilized data to be captured, activated and harnessed as a new source of intelligence to help businesses make decisions, improve operating efficiency and grow. With the onset of generative AI, digital transformation of enterprises and organizations will further accelerate to achieve higher level of operating efficiency and business growth. In order to capture the tremendous opportunities of enterprise digitalization, we will continue to strengthen our market leadership as a global cloud service provider, and focus on highquality growth through improving operating efficiency, enhancing core products and technologies, investing in innovative technology and products to empower next-generation entrepreneurs and advancing our Cloud-DingTalk integration strategy. We strive to empower our customers and ecosystem partners with powerful digital infrastructure to support the growth of their businesses. We will continue to work with industry partners to develop verticalspecific solutions to facilitate digital transformation of various industries. Our strategic initiative to integrate DingTalk with Alibaba Cloud

has enabled enterprise customers to digitalize their organization and business collaboration through DingTalk's open platform, with data generated and accumulated to cloud. We will continue to expand the user base of DingTalk's core applications and strengthen its open-platform ecosystem of industry solutions to enable further digitalization of business operations within and across organizations. We will also cultivate new business opportunities in industrial digitalization and nextgeneration Internet through investments in cloudbased industry solutions and frontier technologies. Globalization Despite the uncertainties and complexities in the global macro environment, we remain firmly committed to our globalization strategy. We will take full advantage of the vast opportunities in the global market to serve customers in and outside of China. Our globalization strategy has two components: globalization of consumption and globalization of cloud. Both of these can only be sustained with the support of local ecosystems of consumption and technology.

China Commerce Retail We operate the largest retail commerce business in the world in terms of GMV in the twelve months ended March 31, 2023, according to Analysys. Our retail commerce businesses in China, primarily consisting of Taobao, Tmall and our various direct sales businesses which offer upgraded consumer experiences with integrated online and offline capabilities, have become an important part of the everyday lives of consumers in China. Empowered by our commerce technologies and services, we appeal to a massive base of consumers by connecting them with diversified and comprehensive offerings in highly engaging and social formats.

- **Consumers.** We serve a large and diversified consumer base in China, across both large cities and less-developed areas. We believe our platforms continue to appeal to consumers at various income levels and address their evolving consumption needs. For example, Taobao Deals offers consumers value-for-money products and Taocaicai provides consumers with next-day pick-up services for a wide range of groceries and fresh goods at neighborhood pick-up points. In addition, our ability to offer and deliver value has driven increased consumer engagement over time. Generally, the longer consumers have been with us, the more orders they tend to place across a more diverse range of product categories. Consumers on Taobao and

Tmall continue to exhibit high retention. In fiscal year 2023, there were more than 124 million annual active consumers who each spent more than RMB10,000 on purchasing physical goods on Taobao and Tmall. For fiscal year 2023, the retention rate of annual active consumers who each spent over RMB10,000 on purchasing physical goods on Taobao and Tmall in the prior fiscal year stayed at a similar level compared to that of fiscal year 2022. • Products and Services. We believe our ecosystem offers the most comprehensive range of products and services among global commerce platforms to meet the diverse demands of our massive and diversified consumer base across different segments. We have developed a digital commerce infrastructure that offers an upgraded consumer experience by seamlessly integrating online and offline capabilities for our marketplaces and direct sales businesses.

Product and supply chain capabilities. We believe our ecosystem provides the most comprehensive product and service offerings. Our platforms, through collaboration with our merchants and ecosystem partners, offer products ranging from branded products and imported goods to products sourced directly from manufacturers and farms and to other long-tail products. For example, consumers may look for branded products, including luxury brands, trendy fashion brands and new brands, on Tmall, and imported products from around the world on Tmall Global. Taobao Deals enables manufacturers and merchants to sell directly to consumers to meet their needs for value-for-money products. In fiscal year 2023, paid GMV of manufacturer-to-consumer products grew more than 40%. Taocaicai satisfies consumers' needs for quality and affordable groceries and fresh goods with its next-day pick-up services. Xianyu, our consumer-to-consumer community and marketplace in China, enables consumers to find a wide variety of idle goods, recycled goods, consignment, items for rent, and other long-tail products. In addition, we continue to expand our proprietary supply chain through our direct sales businesses to further enhance our product supply and service capabilities. For example, we leverage Sun Art's, Freshippo's and their retail partners' supply chain networks to provide greater selection of fresh goods and FMCG. We also continue to

go upstream to source agricultural products directly to enhance our product selection as well as provide more local and seasonal specialties to our consumers. These extensive supply chain networks and our in-house sourcing capabilities enable us to further penetrate into various verticals.

Fulfillment and delivery expertise. We have developed logistics expertise and capabilities that allow us to offer a full range of high-frequency fulfillment services to satisfy consumer demand. Our comprehensive delivery options include ondemand delivery, half-day delivery, sameor-next-day delivery and next-day pick-up services, which capture the varying needs of consumers living in large cities and lessdeveloped areas. For example, Freshippo’s proprietary fulfillment system enables 30-minute store-to-door delivery for consumers living within a three-kilometer radius of a Freshippo Supermarket store; we provide groceries and fresh goods to consumers with Taocaicai’s next-day pick-up services; and Tmall Supermarket offers daily necessities, FMCG and general merchandise through Taobao app with same-or-next-day delivery services.

• **Engagement.** The massive amount of user and merchant activities taking place every day on our China commerce platforms generate significant consumer insights. By leveraging proprietary AI and data technologies, we are able to aggregate and build on deep consumer insights to provide more accurate search results and relevant recommendation feeds that enhance the shopping experience for our consumers. Our various commerce platforms also enable merchants to engage with consumers through a variety of formats, including livestreaming, shortform videos, interactive games and microblogs. We continue to introduce interactive features and innovative formats to facilitate user engagement with brands, merchants and content creators. Along with these features and formats, our relevant and engaging entertainment content plays an important role in consumers’ product discovery process and shopping journey by providing an immersive and personalized shopping experience, and driving user stickiness and retention on our various platforms.

On February 7, Alibaba Group unveiled its financial performance for the quarter ending on December 31, 2023A libaba’s cloud intelligence business ranks

second only to Taobao Tmall Commerce Group (also known as Taotian Group). According to the latest report, Alibaba Cloud's revenue increased by 3% in Q4 2023 to RMB 28.07 billion (USD 3.95 billion), comprising 11% of Alibaba Group's total revenue, higher than the 9% recorded in Q1 2023

Chart of Alibaba Group's revenue based on segment for the six-month period ending September 30, 2023. Alibaba's cloud intelligence business accounted for 11% of its total revenue. Graphic source: Alibaba Group's financial report.

Our top priority is to reignite the growth of our core businesses: e-commerce and cloud computing," said Eddie Wu, CEO of Alibaba Group, during a conference call held after the release of the report.

It's worth noting that, if the 3% revenue growth mentioned in the latest report is to exclude revenue contributed by Alibaba Group, then the revenue of Alibaba's cloud business would have declined year-on-year. This is largely down to the group's ongoing efforts to enhance revenue quality by cutting back on project-based contracts with lower profit margins.

In recent years, Alibaba Cloud's revenue growth rate has been steadily declining. From fiscal year 2019 to 2022, its revenue growth rates were 84%, 62%, 50%, and 29%, respectively, indicating a downward trend.

This slowdown in revenue growth corresponds with the decline in Alibaba Cloud's market share in the Chinese public cloud market since the second half of 2022. The latest IDC report shows that, in the first half of 2023, Alibaba Cloud's market share in the public cloud infrastructure-as-a-service (IaaS) market was 29.9%, lower than that in 2022 despite retaining its place as market leader. Other major IaaS players include Huawei, China Telecommunications Corporation (CT), Tencent, and Amazon Web Services (AWS), which held 13.2%, 12.2%, 9%, and 8.1% of the market in H1 2023, respectively.

Alibaba Cloud is not the only company facing pressure. Currently, the domestic public cloud market is facing a slowdown in growth. According to the IDC report, in the first half of 2023, the Chinese public cloud IaaS and platform-as-a-service (PaaS) market grew by 15.9% year-on-year, marking a new low in year-on-

year growth rate in nearly three years, with the growth rate continuing to cool.

According to IDC, this stems from enterprise IT budgets not growing as expected, while enterprises have gotten more cautious in formulating, spending, and using budgets. On the other hand, internet cloud vendors are shifting emphasis from revenue generation to profitability.

This transition is also reflected in Alibaba Cloud's profit performance.

In the fourth quarter of 2023, Alibaba Cloud's adjusted EBITA reached RMB 2.36 billion (USD 331.5 million), equivalent to an increase of 86%, reaching a new high for the fiscal year.

The growth in profits comes partly from cost-saving measures such as layoffs and partly from Alibaba Cloud's move toward integration and the new strategy of "artificial intelligence-driven, public cloud first."

In addition, the report also mentioned that the results of DingTalk, an enterprise communication and collaboration platform developed by Alibaba, is not included in the company's cloud intelligence business segment.

Currently, the main focus of Alibaba Cloud has significantly changed, with public cloud a priority under its revised strategy.

On November 23, Alibaba Cloud carried out a comprehensive organizational restructuring, establishing three major business units: public cloud, hybrid cloud, and infrastructure business. This reform is aimed at promoting the standardization of the public cloud, encouraging government and enterprise customers to prioritize its use of public cloud and reduce their reliance on project-based sales of hardware and software.

For Alibaba Cloud, its present-day focus is no longer solely on pursuing revenue, but profit as well.

As competition among cloud vendors becomes increasingly intense, Alibaba Cloud is using price reductions to compete while investing in large language models to further develop the market.

In terms of product pricing, in the first half of 2023, Alibaba Cloud announced a comprehensive price reduction of up to 50%, applicable to its computing, storage,

network, and security products.

Price reduction is a common strategy in cloud market competition. AWS, for instance, stated in 2016 that price reduction is part of its core strategy, cutting its prices 52 times since its launch in 2006. Microsoft Azure and Google Cloud have similarly implemented price reduction measures of their own.

Furthermore, LLMs are shaping up to become new “weapons” for cloud vendors. Alibaba Cloud is seemingly taking the lead in this field by aggressively pursuing the open source route with Tongyi Qianwen to attract more users. On the other hand, it continues to build an open-sourced LLM platform, proclaiming the slogan “the most open cloud platform in the AI era,” seeking further room for growth. However, the contribution of LLM development to Alibaba’s financial performance has not yet been reflected in its latest financial report.

2.2 Typicality of case selection and background of Alibaba Group financial control reform

PEST and Alibaba development. Political. China is the world's second-largest ecommerce market after the US. Alibaba represents 80% of total ecommerce sales in China. Thus, over the years, political factors have directly influenced the strategies and decision-making of Alibaba. Three important political factors influenced the development of Alibaba in China. These factors are; (1) China joining the World Trade Organisation (WTO), (2) effective ecommerce policies of the government, and (3) regional and national government support. After joining the WTO in 2001, the Chinese government was committed to promoting and developing ecommerce. To achieve this objective, the regional and national governments have published ecommerce reports and relevant policies for ecommerce development in the country. The purpose of policies was to connect local ecommerce with international markets. The government policies and notices have supported Alibaba's ecommerce development by providing activity space.

The Chinese government has taken mixed actions to manage the digital economy. There were mixed actions and inactions to regulate ecommerce in the country. Initially, the Chinese government delayed the regulations and policies for ecommerce. After joining the WTO, the Chinese government did not introduce regulations for commercial ecommerce products. The delay provided allowed the companies to search and experiment with digital products. During the inaction period, Alibaba had plenty of space to experiment and test new products. For example, Alipay was launched in 2004, but after 11 years, in 2015, the government introduced money transfer regulations. Likewise, the new barcode system launched by Alibaba had no restrictions. The Chinese government introduced the barcode standards five years after the barcode system was launched. The government's inaction has consistently supported ecommerce development for ecommerce players. For example, there were no rules and regulations on data privacy, which helped Alibaba capitalise on digital customers. Alibaba launched the Taobao platform in 2003. However, the Chinese government issued third-party licenses in 2014.

The Chinese government play an essential role in the development of digital infrastructure. The support has helped Alibaba to develop its digital ecosystems. The Chinese government strictly controlled internet policies using the 'Great Firewall'. The firewall restricts the development and operations of foreign companies such as Google and yahoo in the country. Alibaba took advantage of the firewall and captured a large share of China's growing internet population. Thus, the government policies to restrict foreign companies have helped Alibaba to expand and penetrate the local market. In 2005, Alibaba developed a strategic partnership with Yahoo! China; in 2006, the company took over Yahoo operations in China. The restrictions placed by the Chinese government have continuously helped Alibaba to launch new products. For example, in the growth phase of Alibaba, Alibaba launched 'Tmall', 'Taobao University', 'Alimama', Alicloud computing, AliExpress and a social networking App called DianDianChong. These businesses have eventually provided the ecosystem on which Alibaba group is built today.

Economic/ Three important economic factors contributed to the development of Alibaba. The three factors are; (1) Small and medium enterprises (SMEs), (2) access to global markets, and (3) increased global market access and integration. In China, many SMEs require access to new markets to sell their products. However, there were challenges of a need for more information and coordination. Alibaba took advantage of information asymmetry and, over the years, launched websites such as 1688.com and AliExpress for small businesses. The WTO increased the cooperation between local Chinese companies and international companies. Alibaba's ecommerce platforms provided local and foreign companies' beneficial economic environment.

With globalisation, the Chinese economy started to shift from a labour-intensive to a knowledge economy. There was a need for collaboration and coordination among the stakeholders. To exploit the opportunity platform was launched in collaboration with the Chinese government. The 'One Touch' services include foreign exchange transactions, tax issues, custom handling, financial services and logistics. The platform acts as a bridge between financial institutions, government agencies and logistics companies. Alibaba's digital technology, such as mobile payment, has enabled SMEs to transfer money daily.

The opening of the Chinese economy after the WTO accelerated digital economy growth. The Chinese economy was integrated with the international economy through digitalising the value chain. The Chinese government introduced the concept of global digital economy development with the aim of the rapid development of the digital economy. Chinese companies expanded globally through mergers and acquisitions (M&A) and technology transfers with partner companies to achieve this aim. In such a context, Alibaba took the opportunity to expand its business to international markets. For instance, AliExpress is a popular third-party payment application in China using the platform, and the company connects buyers and smaller sellers from more than 200 countries. The rapid growth of digital consumers in China has provided an opportunity for economic restructuring and value-added growth for the Chinese economy. Internet-based technologies helped to

overcome production and capacity economic challenges in the country. The digital consumer has boosted local consumption and demand for goods. For instance, in 2016, within 13 years of its launch, Alibaba retail platforms surpassed the 3 trillion RMB. In comparison, it took Wal-Mart 54 years to achieve such a milestone.

Social. The shared beliefs and values of Chinese society are primarily based on Confucianism. It defines the social order for people to live in an orderly way. Confucianism provides the Chinese social fabric, and critical values are ritual, piety and humaneness. China is a collective society; people live in families, and relationships are valued. A collectivist culture means individuals sacrifice their things or group benefits. The collective approach has allowed Alibaba to capitalise on social collectivism by providing ecommerce services that meet the local population's needs. For instance, Weibo (Chinese Twitter equivalent) provides more emoticons and entertainment media to meet local people's lifestyles. China has a high literacy rate of 95%, and more than 450 million people use the internet in the country. Many tech-savvy people make it easier for Alibaba to expand and grow with customers' evolving needs.

The rapid growth of the Chinese economy has shifted millions of people from poverty to the middle class. It is estimated that the disposable income of the low-middle class increased from \$10,000 to \$16,000 and the middle class from \$16,000 to \$24,000. In 2007, the Chinese households were upper-middle-class and in; it increased to 18%. The rise in disposable income and middle and upper class has driven consumption in China. The young generation is sophisticated because of the large number of college graduates, and the millennium consumption rate is 15% per annum compared to 8% of older people. The effect of the young population is evident that Tmall has grown eight times per annum from 2015-2018, and consumption of premium quality products has increased to 150%. The work and leisure culture is different in China, which involves long hours and few holidays. The working culture and environment, known as the '9-6 overtime culture (9 a.m. to 9 p.m., six-day-a-week work routine), has contributed to the development of Alibaba. Jack Ma

endorses the 12 hours a day and six days a week routine and dismisses the typical 8 hours of office work.

Technology. In 2015, China envisioned becoming a global leader in science and technology. To achieve this vision, the government started a mass entrepreneurship and innovation programme—the program aimed to convert the labour-intensive economy to an innovation-based economy. The innovation spirit was visible in China and can be examined through intellectual property patent registration. In 2017, 830,120 patents were registered compared to 570,610 patent applications in the US. Patent registration increased from 10% in 2010 to 38% in 2017.

Regarding consumer access to technology, China smartphones shipped 468 million units, highlighting 32% of the global smartphone market. This represents an increasing degree of consumerism that creates opportunities for an ecommerce service business such as Alibaba. Mobile e-commerce in China has experienced a significant increment and accounts for 52% of total sales in china.

In 2016, the Chinese government introduced the Three 3 Year Action Plan for Internet on AI (Artificial Intelligence) to build AI ecosystems for the knowledge economy. The high-tech output has increased in the last 15 years from a worldwide share of 7% in 2003 to 32% in 2015. Within the technology context, TMall deploys AI algorithms to recommend products to customers and communicate with suppliers to manage the inventory. With AI-powered Chabot's, Alibaba served 3.5 million users in a single-day shopping festival. Alibaba Group has record-breaking sales of US\$25.4 billion within 24 hours of Single's Day Shopping festival compared to US\$11.2 billion all-time high sales of Cyber Monday and Black Friday.

This paper chooses Alibaba Group as a case study for the following reasons:

1. Alibaba's rapid development benefits from its scientific and effective group financial control model. The formula is worth summarizing. Alibaba is currently the largest e-commerce company in China, with a revenue of 250.266 billion yuan in 2018. The study on this company is of typical representative significance.

2. Alibaba's group-oriented financial control mode has produced an important

engine for the development of other enterprises effect. Founded at the end of the last century, Ali Group has implemented profound changes at the organizational and strategic levels in the development of more than 20 years, and has the courage to innovate in the Internet environment, especially the recent strategic changes of one split three, three split seven, seven split twenty-five, and small front desk and large middle desk have attracted attention from various fields.

1. Alibaba has big business disease. With the rapid growth of Alibaba Group, internal financial control problems emerge in an endless stream. In order to cope with the occurrence trend of "big enterprise disease", such as diversification of financial entities, multiple levels of financial decision-making, diversification of financing methods, routine related party transactions and complicated property rights relations, the vitality of the enterprise group is improved, and efficient financial and execution efficiency is maintained. The choice of financial control mode is particularly important.

2. The problem of financial control plagued the development of Alibaba.

Although the strength of Alibaba Group has witnessed explosive growth and its cross-border and trans-regional business capabilities have shown a trend of scale, the internal financial control system corresponding to the development of enterprise groups has been slow to match it. The Group's financial control capabilities are generally plagued with inefficiency, slow response and institutional rigidity, which not only hinder the growth and expansion of enterprise groups, but also hinder the growth of enterprise groups. It also brings great financial risk to it. For example, defects and inadequacies in the organizational structure design of the group lead to confusion in the financial relationship between the parent company of the Group and its subsidiaries, vague division of internal control rights and responsibilities, low executive power of the parent company, failure in the supervision of its subsidiaries, excessive or insufficient financial support of the parent company to the investment activities applied by its subsidiaries, resulting in the misappropriation of a large amount of funds or the failure of investment due to missing investment opportunities. Cause losses to the enterprise group. Whitewash the corporate statements, showing

good profitability, in fact, there are abnormal receivable, bad debts, resulting in the break of the capital chain; The over-expansion of the group, excessive mergers and acquisitions, the expansion of the scale has led to the decline of the group's overall benefits, which are the performance of the group's insufficient financial control ability.

3. can not meet the needs of the development of Internet enterprises.

For Internet enterprises such as Alibaba Group, the entire trade process of e-commerce is realized by the Internet platform, which has the characteristics of virtual, real-time, remote operation, convenience and accuracy. In the Internet environment, it is simple and easy for enterprises to share data and centrally manage financial resources in their subordinate branches through the network, which puts forward new requirements for the slow response mechanisms such as ordered production, production experience, department budget and hierarchical authorization in the traditional rigid financial control mode. Internet enterprises need talents with a combined background of risk management information technology, laws and regulations to manage risks.

In the process of carrying out business activities, due to the strong uncertainty of the internal and external market environment of the organization, its own strategy and organizational structure are often adjusted and improved to a corresponding degree along with the changes of the industry and market. However, there are certain differences in the development speed of the two. Generally speaking, the adjustment of organizational strategy is generally faster than the adjustment of structure, that is, the change of organizational structure is relatively slow, which is also called the forward-looking strategy and the hysteresis of structure.

Before 2015, Ali continued to develop new business areas, and its investment covered almost all popular industries. Although Ali has a huge user base to back it up, the group has problems such as improper investment strategy and high liquidity risk, which require large amounts of capital support. In addition, there is also a phenomenon of slowing down the development momentum of new companies by buying shares in acquired companies, such as buying shares in ---- Weibo, a social

networking product that Ali is not proficient in. Trying to improve the advertising cash rate with the help of Weibo platform has failed, the reason is that Ali investment is too aggressive. Alibaba entered the entertainment industry, invested heavily in areas where it was not good at, but did not get the corresponding monetary return, and its entertainment subsidiaries suffered continuous losses and delayed financial support. Therefore, Alibaba's financial control mode should lag behind the established development strategy of the enterprise, and even hinder the strategic development and transformation of the enterprise, and reform must be implemented.

Under the original financial control model, the business of each subsidiary of Alibaba was accounted for separately. To use financial data sharing, an application needs to be submitted in advance and reviewed layer by layer before viewing, which requires a long time. At the same time, Alibaba's massive mergers and acquisitions have led to numerous newly added subsidiaries having various financial systems. It is difficult to quickly merge and absorb these dispersed financial systems, which further delays the efficiency of updating and sharing financial data.

Alibaba's original centralized financial control model had multiple levels, and the workload of data reporting and summary was large, making it difficult to quickly and accurately obtain comprehensive and detailed financial information. This will cause new financial data to be delayed in reaching investors and decision-makers, and the financial information they rely on for decision-making may be outdated, thereby increasing the rate of decision-making errors.

1. Alibaba mainly adopts a hierarchical management system of headquarters, business units, and subsidiaries, which has problems such as unclear positioning of each management level and overlapping powers among departments at different levels. For example, the headquarters not only needs to undertake macro level business such as strategic planning, investment management, and budget preparation, but also needs to supervise the completion of business in various departments, resulting in a high degree of overlap with the business scope of business departments and subsidiaries. Especially for the marketing cooperation and material procurement contracts of subsidiary companies, they must be reviewed by the headquarters before

they can be fulfilled. It is precisely because the headquarters has a wide management width that they cannot detect the marketing situation and product price fluctuations of different subsidiaries in a timely manner, and cannot obtain sufficient information and data support, which hinders the efficient operation of subsidiaries and has a negative effect on their development. It is precisely because the management scope of the headquarters is too large and complex that it is unable to concentrate human and material resources to formulate scientific and effective macro strategic planning.

2. Due to the unclear hierarchical positioning of the enterprise, there are often problems such as overlapping job positions and business operations, which will prevent the improvement of management capabilities and the normal operation of business. Finally, the authority is not clear, for example, although the headquarters bears the business management responsibilities of the subsidiary, there is no performance evaluation of the headquarters staff; The business unit mainly undertakes the operational responsibilities of the subsidiary and is generally unable to make decisions on the business planning of the subsidiary.

CHAPTER 3

ANALYSIS OF ALIBABA GROUP'S FINANCIAL CONTROL MODEL

3.1 The Development History of Alibaba Group's Financial Control Model

From 1999 to 2011, Alibaba stumbled and stumbled from birth to childhood, from Taobao, Alibaba Mama, to word-of-mouth website injection into Taobao, and then to the desperate struggle with Yahoo. Financial system construction stage: In 2003, Alibaba began to establish a financial system, established a financial business group, and gradually standardized financial management. At this stage, Alibaba has continuously improved the process and system of financial management, and established management systems such as financial budgeting, cost control, and internal audit, thereby improving the efficiency and accuracy of the company's financial management. People witnessed the emergence of a miracle. In 2012, Alibaba Group announced to the public that its original subsidiary businesses would be reorganized into different business departments such as International Business Department, Small Enterprise Business Department, Taobao, Tmall, Juhuasuan, and Alibaba Cloud.

The centralized control model brought a lot of help to Alibaba's development at that time. Firstly, a centralized financial control model is beneficial for the headquarters to closely monitor its subsidiaries and project departments, ensuring unified policies and clear development directions. This is also an important reason for the rise of Taobao. Secondly, centralized financial control is conducive to building a stable financial system. The group has established standards, and grassroots units strictly follow them, saving learning costs. Once again, centralized financial management is conducive to centralizing financial resources to achieve the organization's key goals, as all profits must be handed over to the headquarters. Therefore, the headquarters has the right to freely mobilize resources within the

group. If the enterprise faces a certain difficulty, it is conducive to concentrating all financial resources to overcome difficulties.

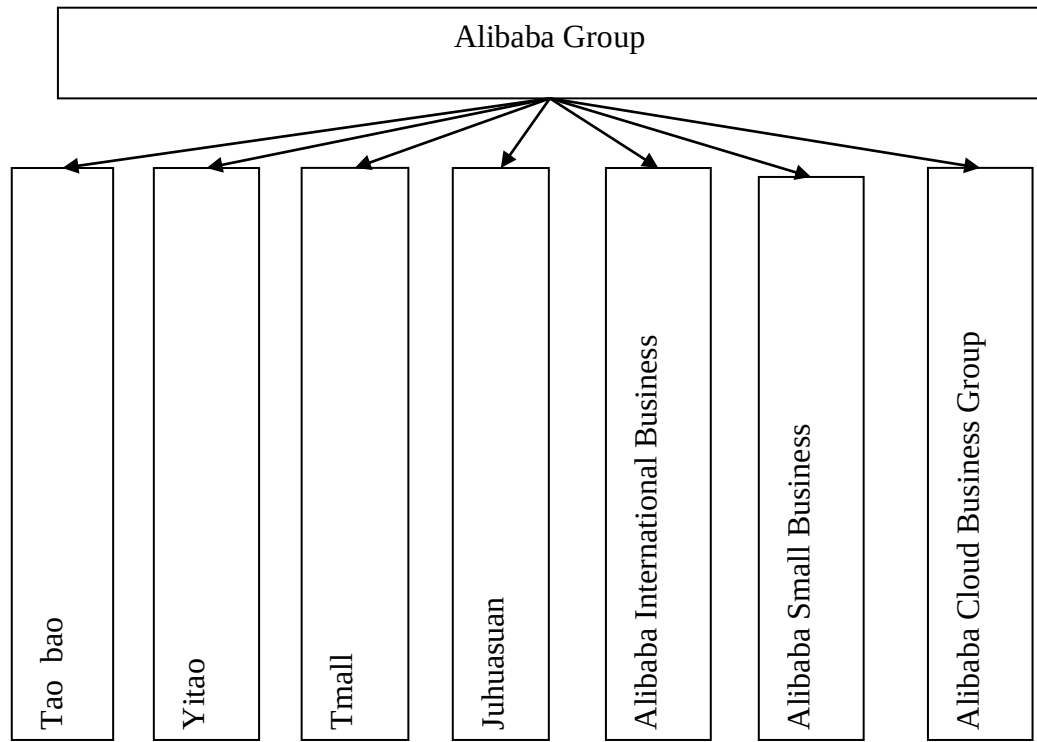


Figure 3-1 Organizational Chart of Alibaba's Seven Major Business Groups in 2012

Source: own research

The restructuring of the business unit has increased the development momentum of the group, which is essentially a transitional stage. The fundamental goal of Alibaba Group is to achieve resource integration at the business level on the basis of different business groups, and shape a more powerful Alibaba. The vertical business built on the original business group platform structure is a new path for the enterprise to further build an e-commerce ecosystem. This not only helps to shape a highly correlated ecological business circle, but also prevents low efficiency and enterprise diseases caused by factors such as complex business operations.

An important manifestation of Alibaba's transition from centralization to decentralization is the separation of the seven business groups. The seven business

groups are independent and directly responsible to the Board of directors, which is no longer comfortable with the original level and gives the business group greater autonomy. The connection between business units is mainly based on Alibaba's existing CBBS industrial chain (CBBS mainly includes customers, marketers, manufacturers and e-commerce service enterprises). The function of CBBS service chain is not yet complete, only the technology prototype to collect data, prevent low-level risks and keep secrets.

In 2013, Ali Cloud Computing merged with Wanwang to form the new Ali Cloud Computing Company. In May 2013, the group further refined the several major business groups established in early 2013 into 25 business divisions, and each business division was complicated by Ali's Strategic Committee. As of August of that year, the company had successively established four new business divisions.

Listing stage: In 2014, Alibaba was listed on the New York Stock Exchange, and the company's financial management entered a new stage. In order to meet the financial requirements of listed companies, Alibaba has strengthened the transparency and accuracy of financial reporting, strengthened internal audit and risk control, and established an investor relations department to strengthen communication with investors.

Inside Alibaba, there is a characteristic organization, known as the "virtualization organization", that is, the "long" out of the business and department. Like most companies, once they receive a project, they select employees from various functions and build a project team. However, the characteristic place is that even in this organization, the personnel still belong to the original department, and most of the cases have to return to the original department, so the project team is called "virtual team", but often the project has become a routine, so as to achieve the realization of the project. These team members have become members of the new team, and Alipay has also "grown" from the original Taobao business group. A small number of people in the original Taobao finance team have materialized this team into the largest third-party payment company in China. It is with this "long" out of the business, the seven business groups incubated a relatively low-cost, creative

vertical new business on the platform, its derivative business created a lot of jobs, to achieve industrial chain, business complementarity, Ali tightly tied together, the initial establishment of the Ali ecosystem.

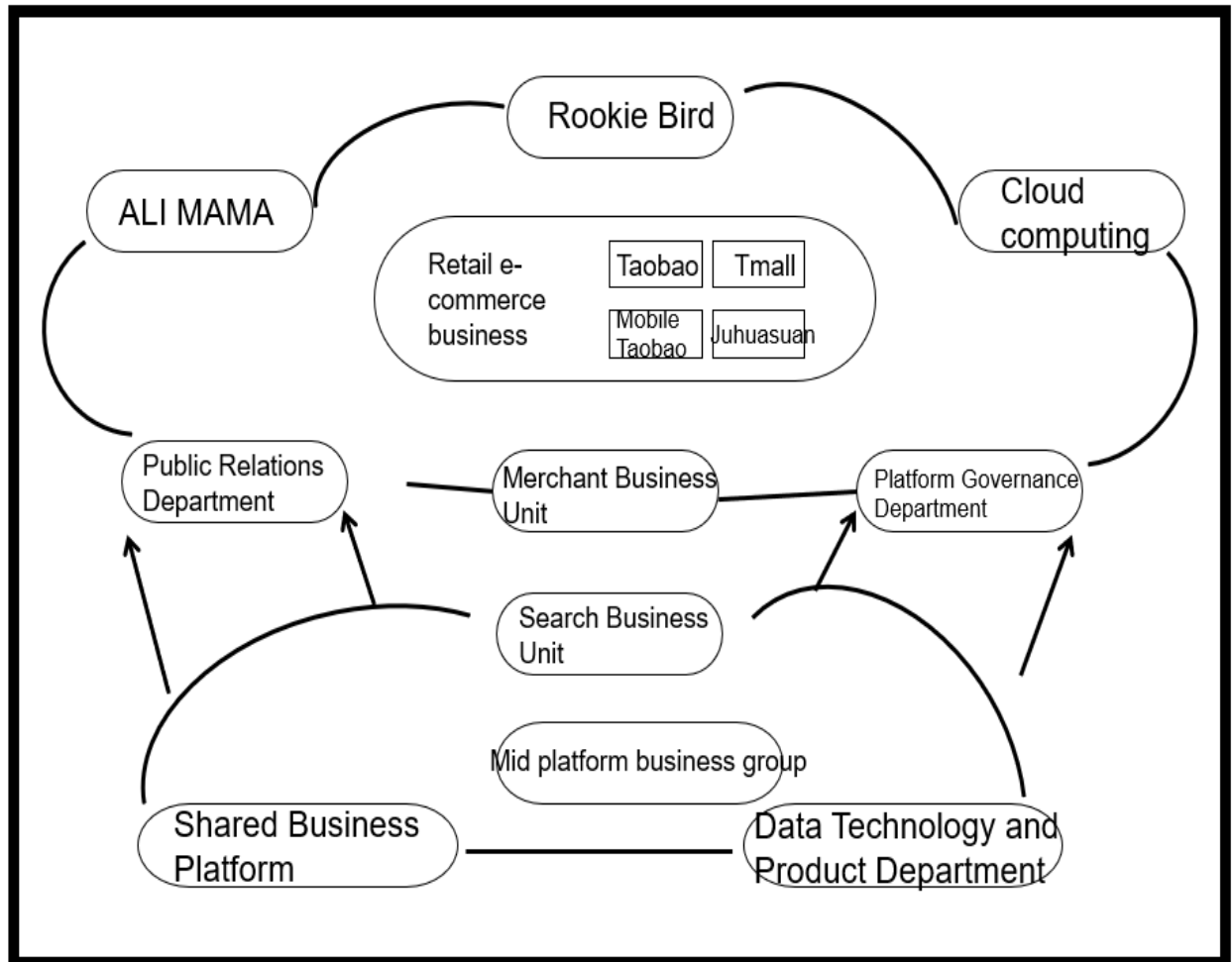


Figure 3.2 - Organizational Structure of Alibaba's "Large, Medium, and Small Front Offices" in 2015

Source: own research

With the establishment of more than 20 business divisions, Ali Group's business ecosystem has also been established and developed

Due to the gradual increase in the number of species within the system, the degree of correlation of each species is undoubtedly higher, which is also the reason why the sentence "to make the platform thin and the vertical business wide" is widely circulated within Ali. This has accelerated the progress of Ali's decentralization, and

is also an inevitable measure for Ali to comply with the internal development of the group. Through the bottom-up form, each business unit can work together by itself, and 25 business units have been given equal power by Ali to allocate resources, make decisions by themselves, communicate and coordinate for common purposes. The core of this innovative automatic operation mode is fairness, fairness and transparency, without having to find leaders to sign and decide every day, emphasizing co-construction and sharing, and taking responsibility to people. Business run-in in different business development processes, find product positioning, clarify business boundaries, streamline miscellaneous, and maintain Ali's efficient operation.

At this stage, Ali Group is committed to realizing the de-hierarchy of organizational structure, so as to achieve information efficiency,

Fast interaction to provide enough data support for senior management to make decisions. Ali Group's current various departments have clear responsibilities and clear business scope, which can be seen from the high level of confidentiality established by "Taobao", even if the company's internal staff only understood after the news was made public. It can be seen that Ali's organizational structure shows a strong tightness. Relevant statistics show that Ali Group has mainly set up chief executive officer, operating officer, financial officer and technical officer positions, and the business scope and responsibilities of these positions are very clear.

As a fast-growing company in the fast-growing Internet industry, Alibaba's exploration of organizational structure has never stopped. In 2015, Alibaba has become a large company with more than 20,000 employees. On the one hand, the inertia of pursuing stability has emerged in large companies, and any organizational reform will face higher coordination difficulties and involve more people's interests. On the other hand, the business development of Alibaba itself has made the original structure a constraint, and the arrival of the era of big data and the tide of mobile Internet requires the company to react quickly and keep up with changes.

The establishment of 25 business divisions has solved the problem of insufficient innovation, but with the increase of Alibaba's volume step by step, the

problem of how to improve the efficiency of collaboration becomes the next problem. Ali boldly envisioned and hoped to break through the efficiency boundary, thus creating the third stage of "unified and combined" financial control model.

On December 7, 2015, CEO Zhang Yong announced through an internal letter that the organizational mechanism and business mechanism of "big middle desk and small front desk" had been fully opened, and the Middle Desk business group had been established. The group structure has changed from a decaying tree to a vibrant network. The new organization, governed by data and supported by a shared platform, is expected to safely "lose control" by turning the organization into a network.

The "small front desk" will realize the specialization of front-line business, in order to efficiently and conveniently understand the changes in the external market, and have the courage to experiment and innovate; "Dazhongtai" mainly undertakes the data integration, analysis, operation and other businesses of all departments and branches of Ali, so it has strong technology research and development and simulation innovation capabilities, so as to provide strong data support for the development of front-end business. Zhongtai Strategy is the fourth platform and development plan of the group, which is not directly facing consumers and is not limited to various backup businesses. Zhongtai aims to carry out more scientific operation and coordination activities for third-party enterprises with the help of the establishment of big data networks, so as to bring value-added services to other companies and customers.

"Big middle desk, small front desk" is a major attempt, but also the bold deployment of the new CEO Zhang Yong, the business of various departments are intertwined, no one can regardless of the changes of others still develop, so the new organizational change will follow the trend, simply let the composition of the organization particles, more and faster arrangement of the combination derived from, the organization is also closer to barbaric growth. Any business can grow if it is plugged into the underlying platform in the right direction. In this new dynamic network structure, the generation and dissemination of information, the exchange of

people, and the collaboration of businesses will reach a new height, and innovation will become the norm.

In the Internet era, Ali strives to build a "commercial infrastructure platform", and "large middle desk and small front desk" are important links to build a facility platform. Taking the fourth-party platform's data integration capabilities and technology research and development capabilities as profit growth points not only provides business support for Alibaba Group, but also can be applied to other enterprises in demand. The current construction of the data center, the group nearly 1,000 PB data unified processing, providing standard data output, this powerful data processing capacity is of great benefit to the Group. Relevant data show that on November 11, 2015, the platform integrated and mobilized more than 7.5 billion times of data, through the data impact factor analysis in Taobao ranking, the day reached billions of business increase. The management mechanism of "big middle desk, small front desk" adopted by Ali, just like the military management model of "Special Forces + aviation fleet" adopted by the United States, puts flexible and efficient team members at the front line, makes response decisions according to the real-time military situation, and commands and coordinates the subsequent fleet to carry out strikes. In terms of this organizational model, the middle desk has played a key supporting role and is also a source of competitive advantage for various departments of the group, which can create good value-added activities for the enterprise.

Alibaba's Middle platform strategy, there is also a core - shared service system, has the following value points:

1. Services can be reused. Through loosely coupled services bring business reuse, there is no need to develop corresponding identical or similar services for different front-end businesses. Taobao and Tmall, for example, do not have to develop a separate rating service.

2. Service is nourished. Services need to be nourished, constantly nourished, and only nourished can the service that initially only provides a thin business function

gradually grow into the most valuable IT asset of the enterprise, and the service needs to be nourished by the continuous access of new businesses.

3. Service helps innovation. Innovation is not an easy thing, because some essential innovation according to the traditional development model is from the analysis, design, development, every link from 0, so it will lead to large investment costs, long development cycle, may wait for you to finish development, business opportunities have been seized by others. Many services in the shared service platform have been clearly precipitated, and can be quickly responded to the market through rearrangement and combination to achieve innovation. For example, it is often said in martial arts novels that the world's martial arts can only be broken quickly.

4. service dare to trial and error. Trial and error are inextricably related to innovation, and sometimes can even be equated, and some trial and error will become innovation. The shared service platform has the ability to quickly arrange and combine services, which can build a new front-end business at a small cost, even if it fails, the company will lose very little. This is almost impossible to achieve in traditional model-built systems.

Diversification Stage: As Alibaba's business continues to expand, so does the company's financial management. The company began to focus on the development of diversified businesses, including finance, culture and entertainment, cloud computing and other fields. In order to meet the financial management needs of different businesses, Alibaba has gradually established various financial management systems with different characteristics to meet the requirements of different businesses. In general, the development process of Alibaba Financial Management has gone through multiple stages, such as the initial stage, the financial system construction stage, the listing stage and the diversification stage, and has continuously improved the financial management system to improve the efficiency and accuracy of financial management to adapt to the rapid development and changes of the company's business.

3.2 Alibaba's internal control system

Based on the composition of our income and assets, and the valuation of our assets, including goodwill, we do not believe we were a PFIC for our most recent taxable year, although there can be no assurance in this regard. In general, we will be a PFIC for any taxable year in which:

- at least 75% of our gross income is passive income; or
- at least 50% of the value (generally determined on a quarterly basis) of our assets for that taxable year is attributable to assets that produce or are held for the production of passive income.

For this purpose, passive income generally includes dividends, interest, royalties and rents (other than royalties and rents derived in the active conduct of a trade or business and not derived from a related person). In addition, cash and other assets readily convertible into cash are generally considered passive assets. If we own at least 25% (by value) of the stock of another corporation, we will be treated, for purposes of the PFIC tests, as owning our proportionate share of the other corporation's assets and receiving our proportionate share of the other corporation's income. However, it is not entirely clear how the contractual arrangements between us and the variable interest entities will be treated for purposes of the PFIC rules. If it were determined that we do not own the stock of the variable interest entities for United States federal income tax purposes (for instance, because the relevant PRC authorities do not respect these arrangements), we may be treated as a PFIC. The determination of whether we are a PFIC is made annually. Accordingly, it is possible that we may become a PFIC in the current or any future taxable year due to changes in our asset or income composition or in the value of our assets. The calculation of the value of our assets will be based, in part, on the quarterly market value of our ADSs. The market value of our ADSs has been volatile and has declined significantly over the past few years. Any further decline in the price of our ADSs may result in our becoming a PFIC. If we are a PFIC for any taxable year during which you hold our ADSs or ordinary shares, you will be subject to special tax rules discussed below.

If we are a PFIC for any taxable year during which you hold our ADSs or ordinary shares and you do not make a timely mark-to-market election (as discussed below), you will be subject to special tax rules with respect to any “excess distribution” received and any gain realized from a sale or other disposition, including a pledge, of ADSs or ordinary shares. Distributions received in a taxable year that are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or your holding period for the ADSs or ordinary shares will be treated as excess distributions. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ADSs or ordinary shares;
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income; and
- the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year for individuals or corporations, as applicable, and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each relevant year.

Although the determination of whether we are a PFIC is made annually, if we are a PFIC for any taxable year in which you hold our ADSs or ordinary shares, you will generally be subject to the special tax rules described above for that year and for each subsequent year in which you hold the ADSs or ordinary shares (even if we do not qualify as a PFIC in such subsequent years). However, if we cease to be a PFIC, you can avoid the continuing impact of the PFIC rules by making a special election to recognize gain as if your ADSs or ordinary shares had been sold on the last day of the last taxable year during which we were a PFIC. You are urged to consult your own tax advisors about this election. In certain circumstances, in lieu of being subject to the special tax rules discussed above, you may make a mark-to-market election with respect to your ADSs or ordinary shares, provided such ADSs or ordinary shares are treated as “marketable stock.” The ADSs or ordinary shares generally will be treated as marketable stock if the ADSs or ordinary shares, as applicable, are regularly traded on a “qualified exchange or other market” (within the meaning of the applicable United States Treasury regulations).

Under current law, the mark-to-market election may be available to holders of ADSs since the ADSs are listed on the NYSE, which constitutes a qualified exchange, although there can be no assurance that the ADSs will be “regularly traded” for purposes of the mark-to-market election. Our ordinary shares are listed on the Hong Kong Stock Exchange, which must meet certain trading, listing, financial disclosure and other requirements to be treated as a qualified exchange for these purposes, and no assurance can be given that our ordinary shares will be “regularly traded” for purposes of the mark-to-market election. If you make an effective mark-to-market election, for each taxable year that we are a PFIC you will include as ordinary income the excess of the fair market value of your ADSs or ordinary shares at the end of the year over your adjusted tax basis in the ADSs or ordinary shares. You will be entitled to deduct as an ordinary loss in each such year the excess of your adjusted tax basis in the ADSs or ordinary shares over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. If you make an effective mark-to-market election, in each year that we are a PFIC: (i) any gain you recognize upon the sale or other disposition of your ADSs or ordinary shares will be treated as ordinary income and (ii) any loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election.

The purpose of Alibaba's internal control is to effectively prevent various risks arising in the company's operation and management, including financial risks, operational risks, internal contradictions, fraud and other risks. The purpose of internal control is to ensure the authenticity and reliability of the company's financial statements, ensure the legality and compliance of the company's business activities, and ensure the long-term and steady development of the company by standardizing and optimizing the company's management and processes. Alibaba's internal control mainly includes financial management, internal personnel management, risk management, information technology management, etc. The company ensures the authenticity and reliability of the financial statements through a sound financial management system, and conducts regular inspections of the financial statements. At

the same time, the company conducts a comprehensive evaluation and supervision of the company's operation and management through internal control, and finds and corrects problems in a timely manner. In terms of risk management, the company has established a sound risk management system to assess and control various risks to ensure that the company's business activities are legal and compliant. In terms of information technology management, the company improves the company's management efficiency and information security through the use of information technology.

Alibaba will regard innovation as an important driving force for the enterprise, and based on this, it has built an "inverted culture" that helps promote technological innovation. Ma Yun made such an explanation for the culture: once human beings are in a handstand state, the blood of the whole body will be integrated into the brain, and the vision of looking at the world will also have subversive changes, so that they can stand in a more novel and unique perspective to think about problems. "Handstand culture" is also one of the group's current cultural ideas, the group hopes that all employees can use the handstand way to change the perspective of the world. The current rotation mechanism of Ali Group also fully highlights its innovative concept. Ali has long adhered to the internal rotation mechanism, and the company's various management positions are adjusted throughout the year. As far as the management is concerned, if they want to get rapid promotion and development, they should meet two criteria: first, make a scientific and complete work plan for the successors; Second, I have rich experience in job rotation. Most of the best corporate employees have experience rotating in various roles. The job rotation system implemented by Ali has a strong leapfrog. The head of the human resources department may be transferred to the Marketing Department, the head of the financial department may participate in the grass-roots management work, and the Internet editor may be sent to the technology research and development Department to participate in the development work. The remarkable feature of the current rotation mechanism of Ali is that it does not set a fixed procedure and schedule to implement the rotation system, and many positions are rotated randomly. For example, if the superior

manager arranges a rotation plan today, he may be transferred to a new department tomorrow. Deng Kangming, vice president of the group, believes that this system can reduce the barriers between different departments and help employees to form a comprehensive understanding of each position and business, so that they can have a deeper grasp of the strategy and operation of the company.

For employee training, Alibaba has created a complete system. The technology Carnival is made up of this set. This technical event attracts a large number of high-tech enterprises or professionals to participate every year, and front-line technical personnel are the main participants in this activity, they will share and discuss practical experience and other aspects of the carnival, and exchange and learn from each other's advanced technology. The training classroom is an internal training institution set up by the group. The organization and holding of learning sharing meetings are fixed cycles, which are mainly completed in the form of theme sharing. The training instructors are usually held by other business departments or external experts. The learning platform is also built for employees to learn, and set up rich courses for employees, the specific package covers such as big data, insurance and many other content. Shared courses, taught by experts, are the most popular of all, with pre-launch limits on the number of registrations, and seats are quickly filled for each session. The Group not only provides employees with various forms of course resources, but also arranges for major projects to be reviewed, so that all members involved in the project can summarize and share the project experience, so as to improve their skills. With the assistance of the training system provided by the Group, employees can discover favorable resources in time, continuously improve their knowledge and skills, and create favorable conditions for the collective effect of learning and provide impetus for innovation.

Alibaba has always insisted on creating an environment for free expression of opinions, and its purpose is to allow employees to express their opinions when they have opinions or suggestions. In this way, it will provide favorable conditions for enterprise organizational learning, facilitate communication between employees, and facilitate the discovery of innovation points, promote enterprise innovation and

accelerate innovation speed. In an interview, Ma Yun said, "If I have an opinion about you, I will take the initiative to find you to communicate, no matter what way we take, we will solve this problem by ourselves." But if you have a problem with me and you resolve it through a third party, there is no need for you to stay in the organization." To facilitate internal communication, the Group provides two communication channels, namely formal and informal internal communication. To be specific, for the former, OPENDAY is regularly arranged every month within the Group, as well as a variety of different forms of small communication, and different forms of data are analyzed and sorted out by a specific department every month, so as to summarize internal hot events and so on, and use this as the basis for innovation. The internal and internal forums of enterprises are also known as informal communication methods. For example, Alibaba created the "Aliflavor" Intranet and named the internal forum "Speak freely". The Intranet is divided into two main sections: the fun section for "noodling" and the serious section for "business communication". In the forum, employees can feel free to express their views on the company's new products, which helps employees to speak freely on the forum. Make fun of the company's new products on the line, and make a series of improvement analysis for the problem products. Ma Yun has posted on the Intranet, and employees have also followed the post, some will oppose his views, and some will directly point out his use of punctuation. For Alibaba, let the poisonous grass grow under the sun, so that every employee be able to understand and speak your mind. The willingness of executives to accept criticism also eases the psychological burden on employees. For Alibaba, the most special communication method is WCBBS, which is directly initiated by the human resources department. They will directly hang a writing board and pen behind the door of each toilet, and employees can choose to ask or answer questions when they go to the toilet. The Human resources department also recycles them every month to learn about better innovations, which is also a mutual learning process.

In the early stage of Alibaba's operation, the company specially adopted this top-down innovation method, after the senior management proposed ideas,

employees would directly implement the ideas of the senior management. Still, the end result is often not ideal. In the view of Lu Yang, vice president of human resources, every person does not recognize the command of others from the bottom of his heart. In fact, the bottom-up innovation model can still maximize the enthusiasm of employees to innovate. Some employees of the customer satisfaction department also started based on the pain points of users' express delivery, and a series of express delivery methods were simplified, and finally they could be adopted by the employees of the logistics department, and the enterprise could also solve the problem of logistics efficiency. The "Jockey Club" concept held by Alibaba every year will continue to innovate. In the first season of the "Jockey Club", employees were actively encouraged to embark on an intrapreneurship path; In the "Jockey Club" in the second quarter, the internal entrepreneurship of employees is treated with micro-innovation; In the fourth season of the "Jockey Club", the subject is changed from an individual to an organization. It is the practice of this bottom-up innovation approach that can mobilize the enthusiasm of employees to innovate, solve the inefficiency in the work, and develop an innovative plan. Once the solution is feasible, employees can connect their personal goals with the goals of the company, which can truly improve the efficiency of the company.

3.3 - Financial management and control mode of unified division

Improve the remuneration system. Corruption is possible for the country, units or enterprises, not to mention for Alibaba, a successful large company, at the end of 11 years of corruption did occur in its Juhuasuan department, in March of the following year, Alibaba took the largest rectification measures since its establishment, mandatory requirements for employee transfer, and the annual net increase of employees in each department of the company is less than 200, in addition, Jiang Fang, the head of the integrity department, also said that in the company's learning all the way, He visited Japan, Singapore and other countries, and heard the most advice for employees is "high salary and low salary", Ali Group has

also discussed and according to the practices of other countries, considering the local situation, improving the salary system, short-term and long-term combination, not only to meet the short-term living expenses of employees, then with the higher the level of employees, the salary will also rise; It is also important not to overemphasize personal assessment and motivation to avoid affecting the collaboration between employees, to introduce a long-term incentive mechanism, and to cultivate the happiness of employees in the company.

Strengthen the corporate culture system and increase the awareness of values. The values defined as "customer first, teamwork, embracing change, integrity, passion, and dedication" are very important to Alibaba, and Jack Ma has always put the word "values" on his lips and named the company's values "Six Pulses Sword". Its role is manifested in, one is to guide the direction of strategy formulation, the other is to follow the mission, so that the management to the direction of values, but due to the growth of new employees in recent years, the values are not fully covered, so that the values are diluted, but this is mainly for new employees, after Alibaba realized this problem, the senior management began to take the initiative to guide the formation of Alibaba's corporate culture, the implementation of a set of stricter recruitment, Training and assessment system, when hiring new employees, mainly to see whether they have the principle of integrity, whether they have a common dream, and can accept the group's mission and vision, quickly integrate into the big family of the enterprise, and then train in the way of master and apprentice, and add the content of corporate culture and corporate values in the assessment, and those who fail the assessment may be dismissed. At the same time, Alibaba provided a series of corporate culture training, and also invited the officers of the Nature Association to popularize the knowledge of internal loss of control and risks to the group's middle-level executives and employees, so that every member of the group can realize the importance of values. Jack Ma also often uses "values" as the central theme of his public speeches, focusing on promoting Alibaba's value proposition of co-entrepreneurship.

Implement the low-price export policy. In the face of the risks of the market economic environment, Alibaba has implemented a low-price export policy. Alibaba's B2B in November 07 gorgeous listing, will be destined to be the most influential and important event of China's Internet in 2007, which is what a proud thing for Ma Yun and Alibaba, Alibaba's main profit model is through membership services, corporate credit verification, keyword competition search; In 2008, when the subprime mortgage crisis appeared in the United States, the financial turmoil on Wall Street intensified, and the economies of some capitalist countries were in recession, and of course, China was no exception, and many small and medium-sized enterprises closed down and went bankrupt. As a giant of China's listed companies, the stock has also fallen to the lowest point, in the face of the risk of the market environment, Alibaba implemented a low-price export policy, launched a low-price product, the price of the product at the time of launch and the price difference between the previous supplier in China 30,200 yuan, of course, due to the introduction of this policy, Alibaba's financial indicators did not decline much (see Table 3), 07 to 09 years of net profit margins were 44.75%, 40.15%, 27.69%, probably The average profit margin of 35% fluctuated up and down, and the impact was relatively small, during this period, the number of registered users and stores both internationally and in China increased steadily, which shows that Alibaba has survived the financial crisis safely.

At the end of 2015, Alibaba Group also innovated in the organizational structure, directly transformed it into a flat organization, and truly formed a cooperative organizational module of "small front desk and large middle desk". In this way, the organizational structure can also be more agile and quickly cater to the current customer market, and the ability of the middle desk to gather the whole group will be suddenly enhanced. After getting the support of the platform organization, Alibaba Group can do a series of work such as small and micro enterprises and customer service. Alibaba Group in the whole year of 2017, it has received more than 158 billion yuan revenue, compared with Tencent, turnover has exceeded 4%.

The remarkable feature of the business ecosystem under the mode of "big middle desk, small front desk" is to realize the sharing of resources within the system. At present, China's largest and best developed e-commerce platform is Alibaba. Over the years, Alibaba has been committed to the construction of e-commerce infrastructure, aiming to provide e-commerce platform users with a full range of services, including logistics, finance, etc., on this basis, the first to realize the sharing of resources within the system. In terms of China's e-commerce platform field, Alibaba has obvious advantages among similar platforms, mainly reflected in Alibaba's huge database and advanced cloud computing and big data related technologies, which enable Alibaba to quickly realize the statistics and analysis of data. In addition, in addition to the continuous development of Alibaba itself, Alibaba also promotes the continued development of other enterprises through cooperation with other enterprises, and also promotes the development of the business ecosystem in which it operates. The mutual benefit and win-win mode between Alibaba and other enterprises can be realized from the following two aspects: First, after the formation of the cooperative relationship, the cooperative enterprises can share the data platform of Alibaba and realize the statistics and analysis of relevant data, so as to help enterprises effectively control costs and improve efficiency in the development process; Secondly, after the cooperation with other enterprises, the cooperative enterprises become the new data source of Alibaba, thus enriching the Alibaba database and generating more value. At present, in the business ecosystem centered on Alibaba, data resources have become an important driving force to promote its development.

As a mode of operation, platform management is based on Internet thinking and aims to provide quality services for platform users and aggregate platform users. In 1998, scholar Stabell&Fjeldstad pointed out that the platform is actually an asset that can create value, and more than half of the top 100 enterprises in the world obtain profits through the platform. As far as the overall situation is concerned, platformization is the mainstream direction for the continuous development of

enterprises in the future. In addition, the effective organization of platform enterprises is mainly realized through contractual relationships.

In the traditional enterprise organization and management model, after the business process is segmented, the separated departments still regard customer value as the core, so it can not achieve normal operation. Based on this, a series of adjustments and continuous changes can ensure their competitive advantages and truly enhance their ability to change. Based on the current Internet era, after the rapid change of customer demand, enterprises should still use the fastest response speed to capture, Darwin has clearly pointed out in the "Evolution", "as long as it is able to survive the species, then can cope with a series of changes." Units that require innovation generally do not rely on regulations, and organizational structures must replace "organic" with "mechanical." Based on the current Internet era, the horizontal organizational structure reform of enterprises must realize the personalized development of customers.

In general, the platform organizational structure pattern has the following four characteristics.

Characteristic one, enterprise platform. The core of enterprise platformization is to realize open interaction by establishing a platform. Of course, the ultimate goal of realizing open interaction is still to realize the sharing of resources within the ecosystem. Therefore, enterprise platformization is mainly reflected in the continuous integration of various business functions in the daily production and operation process of the enterprise into a supporting platform, and the second is to provide all-round services for all users recognized by the company through the platform. After a series of changes, the organizational structure of the company also changed, from a hierarchical organization to a full-service ecosystem. At the same time, the company's business process has also changed, no longer the implementation of enterprise "one word", enterprise platform users have other rights, including decision-making rights, to a certain extent. Therefore, based on the above changes, in order to meet the needs of platform users and provide them with quality services, all departments of the

enterprise must develop simultaneously and become a strong support for platform users.

Feature two, employee maker. Under the enterprise platform model, it can be said that employees are no longer in the traditional sense

Employees who work in the same position for a long time, and the work content and work income are seriously solidified. In these cases, many employees can only change by moving up the ranks, so in the course of the work, the employee's mindset changes and the focus shifts from hard work to how to get promoted. Under the above thought, it not only reduces the working efficiency of enterprises, but also easily causes the loss of human resources of enterprises. However, enterprise platformization can alleviate or even solve the above phenomenon to a large extent. After the enterprise platform is formed, the "individual + platform" model is formed, and employees can also become users of the enterprise platform. Through a reasonable equity mechanism, employees can fully mobilize their subjective initiative to realize their personal value with the help of the enterprise platform, and enterprises can simultaneously obtain more profits.

The third feature is decentralization of organization. In the traditional organization structure, only the management has the decision-making power, and the higher the management level, the more power it can exercise. However, after enterprise platformization, the right of enterprise management changes from exercising power to conferring right. According to the needs of platform users, the corresponding decision-making rights are granted to ensure that the personal value of users can be realized to the greatest extent.

The fourth Characteristic: Close internal cooperation. After the enterprise platform, it gradually develops into a "platform + individual" model. In the normal operation process of enterprises, not only the internal enterprises, but also the interaction and cooperation between enterprises and external platforms are also formed. In addition, for the users of the entrepreneurial platform, according to the needs of users to find and create a corresponding entrepreneurial team, and with the support of the enterprise platform, to solve the continuous problems in the

entrepreneurial process. At the same time, the entrepreneurial team can also choose to interconnect with external platforms according to their own needs, forcing the internal departments of the enterprise to develop simultaneously, and solving the problem of mutual deniability between departments to a certain extent.

The characteristics of platform organizational structure in the Internet environment mainly include enterprise platformization, staff maker, organization flat and team collaboration, etc. The goal of setting up such organizational structure is to promote enterprises to continue to innovate and further create higher customer value. At the same time, it provides diversified channels for staff to improve their self-ability and explore their potential. So as to stimulate its active consciousness and realize the rapid development of the enterprise.

As an important resource in the Internet era, data resources have high fixed costs and high margins, the advantages of low international cost, as well as its multiple exploitation and diversified functions, make it a highly shared resource in the era of knowledge economy. In addition, due to the rapid development of big data technology, Ali Group has built an analysis framework system for heterogeneous data on the basis of fully integrating various cutting-edge technologies, so as to transform massive information and data into its own value-added capabilities. At present, the enterprise's use of data is mainly reflected in its strategic management, marketing layout and network finance. Not only that, Ali also works closely with a number of enterprises in the ecological chain at the level of data and information. It can be seen that data resources play an indispensable role in the group's ecological business circle and belong to the core economic resources in the new era.

The emergence of "Crysis crisis" is caused by the information asymmetry within the company or between the parent company and its subsidiaries, which leads to numerous examples of decision-making errors and property losses. This paper suggests that Alibaba Group make full use of the advantages of "big middle desk and small front desk", strengthen the informatization construction of financial control, use the information sharing platform built within the Group, give full play to the

advantages of big data system, generate electronic vouchers in real time through the Internet platform and third-party payment, and store them in the database simultaneously. The senior management of the company or auditors with investigation authority can verify any accounts of any headquarters and subsidiaries, and directly take responsibility for the people, so as to avoid the illegal situation that the management of the subsidiary company takes advantage of its authority to occupy the company's funds and property at will.

3.4 Analysis of the effectiveness of the integrated financial management and control model with unified distribution

The overall performance of enterprise groups is usually reflected in their financial reports, so using financial indicators to evaluate the performance capability of enterprises is the most scientific and objective. Specifically, the company's financial indicator system mainly includes levels such as profitability, asset management ability, debt repayment ability, and long-term development ability.

Profitability. The indicators for evaluating a company's profitability are mainly divided into accounting profit indicators and market value indicators. The former indicator mainly reflects the value of the accounting book of a certain economic entity; The latter indicator mainly reflects the difference between the actual profit of the economic entity and its cost of capital. Generally speaking, financial personnel measure the market value of a company through indicators such as price to earnings ratio and economic value added.

Asset management level. The asset management capability of a group company refers to the level of fund operation of the company during a certain period of time, which is mainly used to measure the turnover ability of the economic entity's funds during a specific time period. Moreover, asset management capability can also measure the operational status of a company and the effectiveness of its management model. The academic community generally uses multiple indicators such as inventory

ratio, accounts receivable turnover, current asset turnover, and non-performing asset turnover to measure the asset management ability of an economic entity.

Debt paying ability indicators. The level of a company's debt paying ability can fully reflect its ability to use assets to repay debts. Generally speaking, a company's debt is mainly divided into short-term and long-term debts. The indicators for measuring a company's short-term debt repayment level generally include current ratio, frozen ratio, cash ratio, and maturity debt principal to interest repayment ratio. The indicators for evaluating long-term debt repayment levels generally include debt to equity ratio, shareholder equity ratio, equity multiplier, asset liability ratio, and so on.

Future development and growth potential. The long-term development ability of enterprises is mainly reflected in the increase of sales revenue, financing ability, and profit. Therefore, the development ability of enterprises is usually evaluated by relevant indicators such as sales growth rate, capital accumulation rate, and preservation and appreciation rate.

Table 4.1 - Alibaba's Asset Structure Percentage for 2013-2016

	2016年	2015年	2014年	2013年
Total assets (million)	506812	364245	255434	111549
Liabilities (million)	111549	57566	52593	41075
Asset liability ratio	22.01%	15.80%	20.59%	35.82%
Shareholders' equity (million)	281791	217337	146097	39739
Shareholder equity ratio	55.60%	59.67%	57.20%	35.62%

Source: own calculations

Table 4.2 - Trend of Changes in Alibaba's Assets and Liabilities from 2013 to 2016

Project	2014 compared to 2013		2016 compared to 2015	
	Increase /decrease amount (million)	Proportion (%)	Increase /decrease amount (million)	Proportion (%)
Current assets	74276	109.49	48481	36.17
Non current assets	69578	161.01	87509	40.4

Asset	143885	128.99	142567	39.14
Liabilities	11518	28.04	34166	59.35
Shareholders' equity	106358	267.64	64454	29.66

Source: own calculations

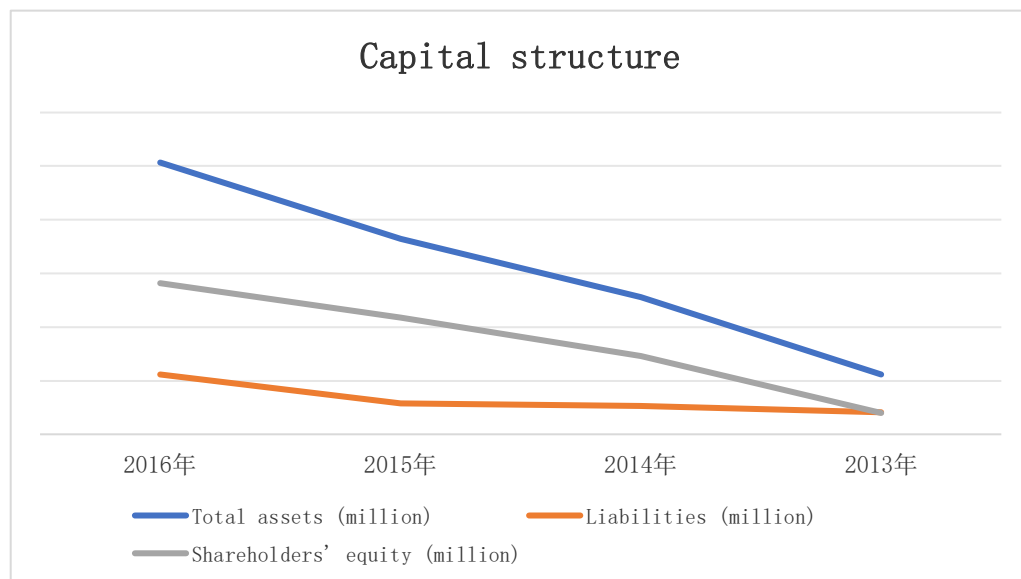


Figure 4.2 - Alibaba's Asset Structure for 2013-2016

Source: own calculations

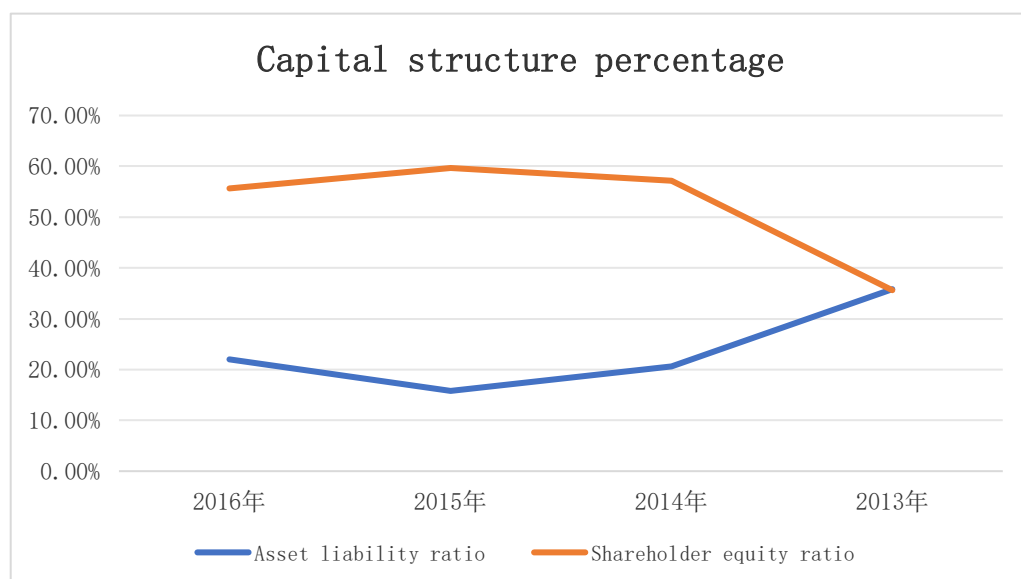


Figure 4. 3 - Alibaba's Asset Structure Percentage for 2013-2016

Source: own calculations

From Table 4-4, it can be seen that the changes in current assets, total assets, and non current assets from 2013 to 2016 indicate that Alibaba's asset growth in 2014 and 2016 was mainly due to the growth of current and non current assets, while 2015

was mainly due to the growth of non current assets. Based on the growth of liabilities, it can be seen that Alibaba showed an overall growth trend from 2013 to 2016. The growth of shareholder equity is gradually slowing down. This indicates that Alibaba is gradually expanding its group size in recent years and has achieved greater development. Analysis of short-term solvency. Short term solvency refers to the level at which an economic entity can repay its debts through current assets during a specific period of time. It mainly evaluates the ability to repay debts that arise during operations on schedule.

Table 4.3 - Analysis of Alibaba's Short term Debt Service Capability for 2020-2023

	2023p.	2022 p.	2021 p.	2020 p.
Current ratio (%)	195	258	358	181
Cash ratio (%)	153	205	273	88

Source: own calculations

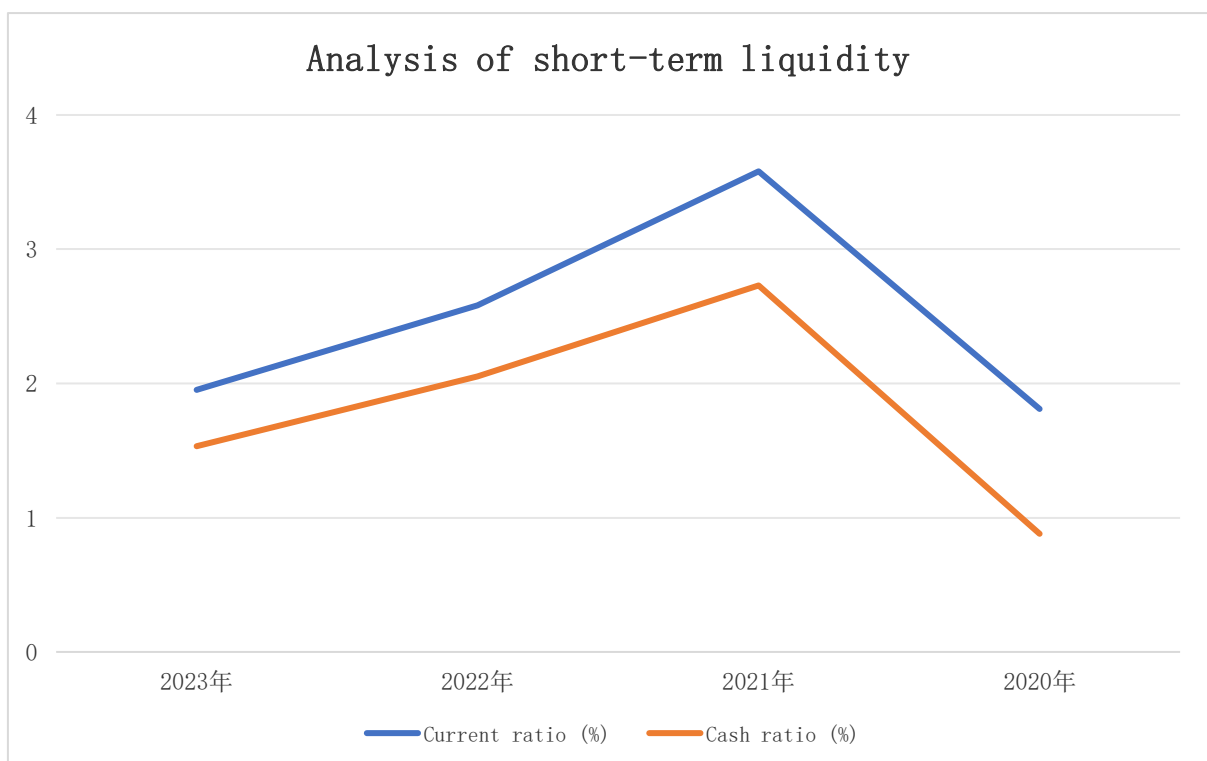


Figure 4.4 - Analysis of Alibaba's Short term Debt Service Capability from 2020 to 2023

Source: own calculations

Current ratio. The current ratio refers to the proportion of a company's current assets to its liabilities, mainly used to evaluate the performance of an economic entity. The ability of existing current assets to realize and pay off short-term debts before they mature. The current ratio of the company was 181% in 20 years, 358% in 21 years, 258% in 22 years, and 195% in 23 years. From 20 to 21 years, it showed an upward trend, while from 22 to 23 years, it began to decline. This is due to the slower growth rate of assets compared to liabilities shown on the balance sheet, resulting in a decrease in the current ratio. However, according to Western experience, the current ratio is generally around 2, which is relatively normal. From 20 to 21 years, the current ratio of the company is much higher than the normal range, indicating that the company has a large amount of idle assets and stagnant funds. Therefore, the company should accelerate the disposal of idle assets. The downward trend in 22 and 23 years should be considered a good phenomenon. Cash ratio. Financial personnel generally calculate the ratio of a company's total cash and its equivalent assets to its current liabilities, to evaluate the liquidity of the organization's assets. The data in the table shows that the growth rate of Alibaba Group's cash ratio in recent years is basically consistent with the growth rate of its current ratio, increasing first and then decreasing. By the year 23, the overall growth rate had reached 153%, indicating that the 100 yuan current liability had 153 yuan of cash assets as repayment protection. At present, its short-term solvency is good. The asset liability ratio showed a significant increase from 2019 to 2020, and this ratio occurred from 2020 to 2022 twist begins to steadily decline.

Analysis of long-term solvency. The main indicators for analyzing long-term solvency using the balance sheet are: asset liability ratio, equity ratio, and tangible net asset debt ratio.

Table 4.4 - Analysis of Alibaba's Long Term Debt Service Capability for 2020-2023

	2023p.	2022 p.	2021 p.	2020 p.
Asset liability ratio	44.40%	40.33%	42.80%	64.38%
Property ownership ratio	39.59%	26.49%	36%	103.36%

Tangible Net Asset Debt Ratio	41.67%	27.16%	37.70%	108.57%
Equity multiplier	179.85%	167.59%	174.84%	280.70%

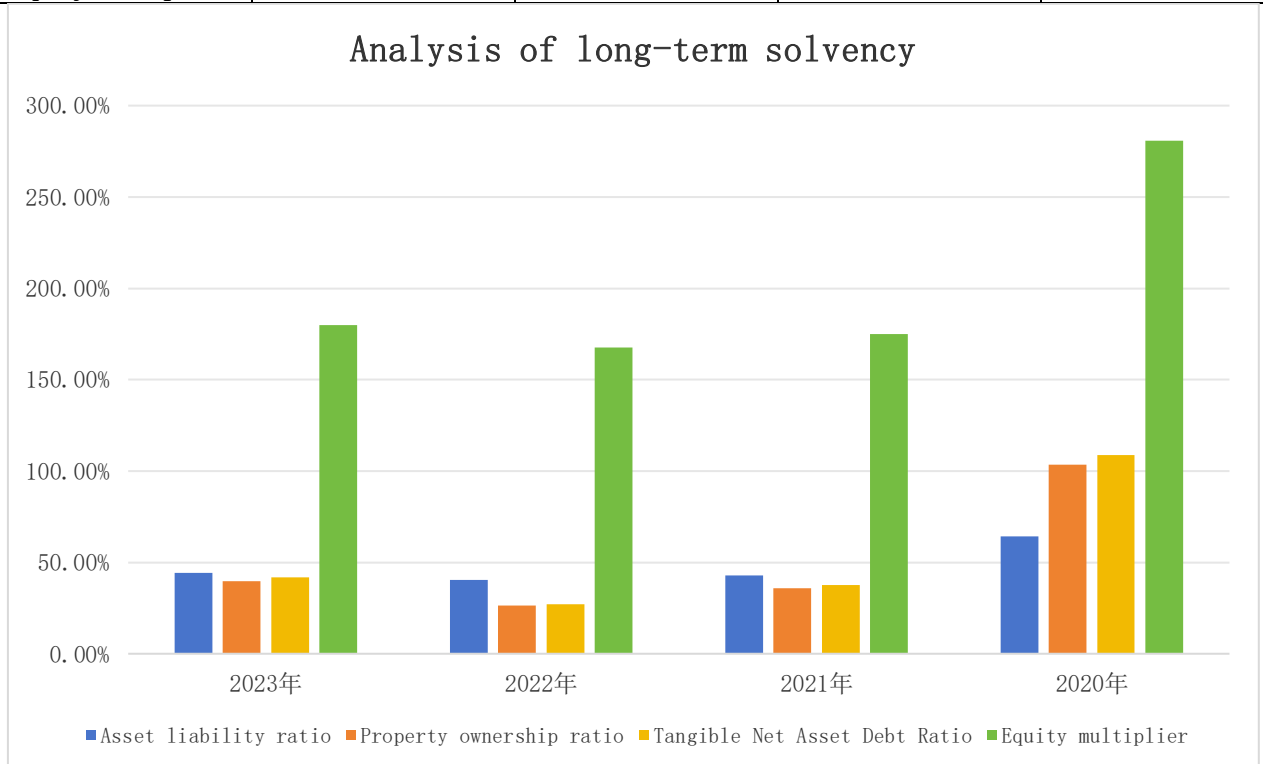


Figure 4.5 - Analysis of Alibaba's Long Term Debt Repayment Ability from 2020 to 2023

Source: own calculations

Asset liability ratio. From 2020 to 2023, the ratio experienced a reversal and began to steadily decline. From the perspective of changes in the asset liability ratio, the steady decline of this ratio from 2020 to 2023 indicates that the enterprise has also realized the seriousness of high debt and has taken corresponding actions in a timely manner to optimize its asset structure, thereby reducing the enterprise risk brought by debt and improving the degree of guarantee for creditors.

Property ownership ratio. The equity ratio is also known as the ratio between a company's total liabilities and owner's equity. Generally applicable to listed companies, the ratio of total liabilities to owner's equity value can be used to measure whether the asset structure of the company is at a normal level. Generally speaking, if the equity ratio is smaller, it indicates that the company has a higher proportion of its own capital and has a more ideal long-term solvency. From the table, we can see that

the equity ratio of the company decreased steadily to below 50% in 2022 and 2023, indicating that the company has a high long-term solvency.

Tangible Net Worth Debt Ratio. This indicator is mainly used to reflect the degree of correlation between the total liabilities of the enterprise and tangible assets, and can calculate how much tangible property compensation creditors can obtain when the enterprise faces bankruptcy. In terms of a company's long-term solvency, the smaller the value of this indicator, the stronger its profitability. From the table, we can see that Alibaba's tangible asset debt ratio has been decreasing year by year, indicating a steady improvement in the company's long-term solvency.

Equity multiplier. The equity multiplier is also known as the share capital multiplier. Specifically, this multiplier is mainly obtained by calculating the ratio of the total capital of the enterprise to shareholder equity. If the value of this indicator is lower, it indicates that the proportion of owner invested capital in the total assets of the company is higher, the company's debt situation is good, and the degree of protection of creditor's rights is higher. From the table, we can see that the equity multiplier ratio of the company is in a relatively stable trend, and the degree of protection for the rights and interests of creditors tends to stabilize. Debt paying ability refers to the level at which an economic entity can repay various debts within a specific time cycle, which can reflect the financial risks faced by the enterprise. From the above analysis, we can know that Alibaba's short-term and long-term debt paying ability is very strong, and financial risks will also be reduced accordingly, which will be of great help to the company's development

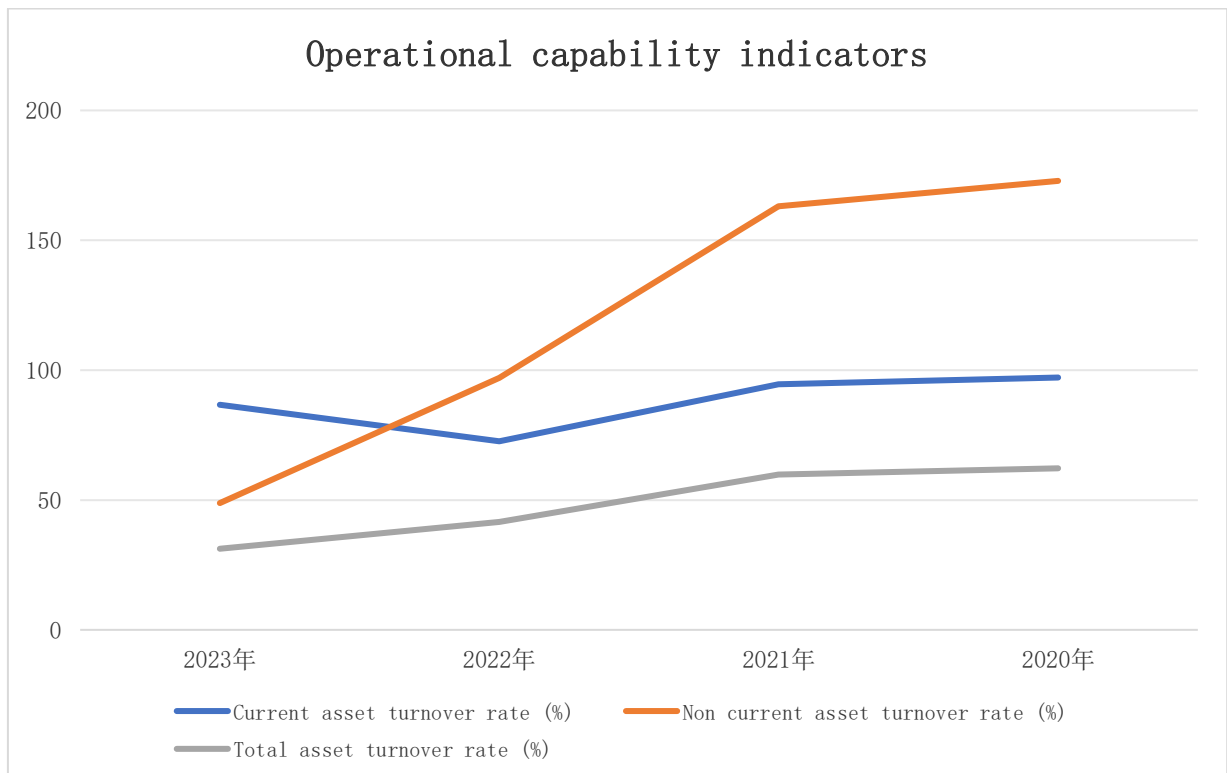
The operational capability reflects the capital turnover situation of a company. By calculating various financial indicators, we can grasp the operating status and management ability of the company during a specific period.

Table 4.5 - Alibaba's operational capacity indicators for the years 2020 to 2023

	2023p.	2022 p.	2021 p.	2020 p.
Current asset turnover rate (%)	86.72	72.6	94.61	97.15
Non current asset turnover rate (%)	48.81	97.05	163.21	172.87
Total asset turnover rate (%)	31.23	41.53	59.89	62.2

Source: own calculations

Figure 4.6 - Changes in Alibaba's 2020-2023 operating capacity indicators



Source: own calculations

From the graph, it can be seen that: From 2020 to 2023, the total asset turnover rate, current asset turnover rate, and non current asset turnover rate showed an overall downward trend, with an increased decrease starting from 2022. The total asset turnover rate, current asset turnover rate, and non current asset turnover rate indicate the level of a company's ability to use various assets to earn profits. The higher the turnover rate, the higher the asset utilization rate and the stronger the profitability. It is known that Alibaba's total assets, current assets, and non current assets have all shown an increasing trend from 2020 to 2023. However, according to the above data, the corresponding turnover rates of total assets, current assets, and non current assets have all shown a decreasing trend, indicating that Alibaba has not made good use of various assets while expanding its scale.

Profitability, also known as the ability of economic entities to obtain profits, is a key indicator of modern enterprise management strategy and an important factor that restricts the sustainable development ability of enterprises.

Table 4.6 - Alibaba's 2013-2016 profitability indicators

	2020 p.	2021 p.	2022 p.	2023 p.
Sales profit margin%	37.93	30.36	47.46	31.15
Sales gross profit margin%	62.42	68.72	74.54	71.84
Sales net profit margin%	27.59	31.84	44.41	24.72
Asset profit margin%	11.84	13.22	26.59	15.37

Source: own calculations

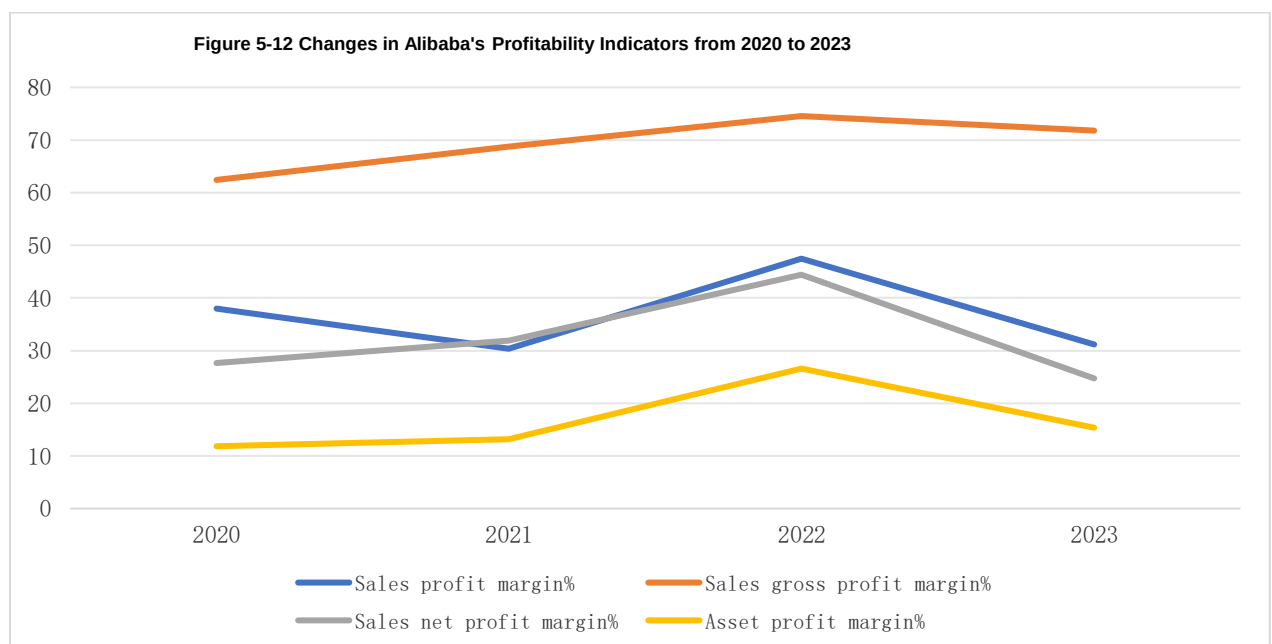


Figure 4.7 - Alibaba's profitability from 2013 to 2016

Source: own calculations

From the graph, it can be seen that: From 2020 to 2021, Alibaba's sales profit margin, gross profit margin, net profit margin, and asset profit margin all showed an upward trend. However, since 2021, various indicators have started to decline, and the decline has been significant. From the perspective of sales gross profit margin, this ratio decreased by 12.12% from 2021 to 2023. The decrease in this ratio indicates

a slight increase in Alibaba's costs, which may be due to the increase in labor and raw material costs.

From the perspective of sales profit margin, the ratio decreased by 17.1% from 2021 to 2022, which is greater than the decrease in sales gross profit margin. This indicates that Alibaba Group has not only achieved cost increases, but also a high proportion of its expense growth. This is mainly due to factors such as the expansion of Alibaba Group's business chain and the increase in technology research and development expenses. Starting from 2022 to 2023, Alibaba has begun to adjust its strategy, which is beneficial for the development of the group.

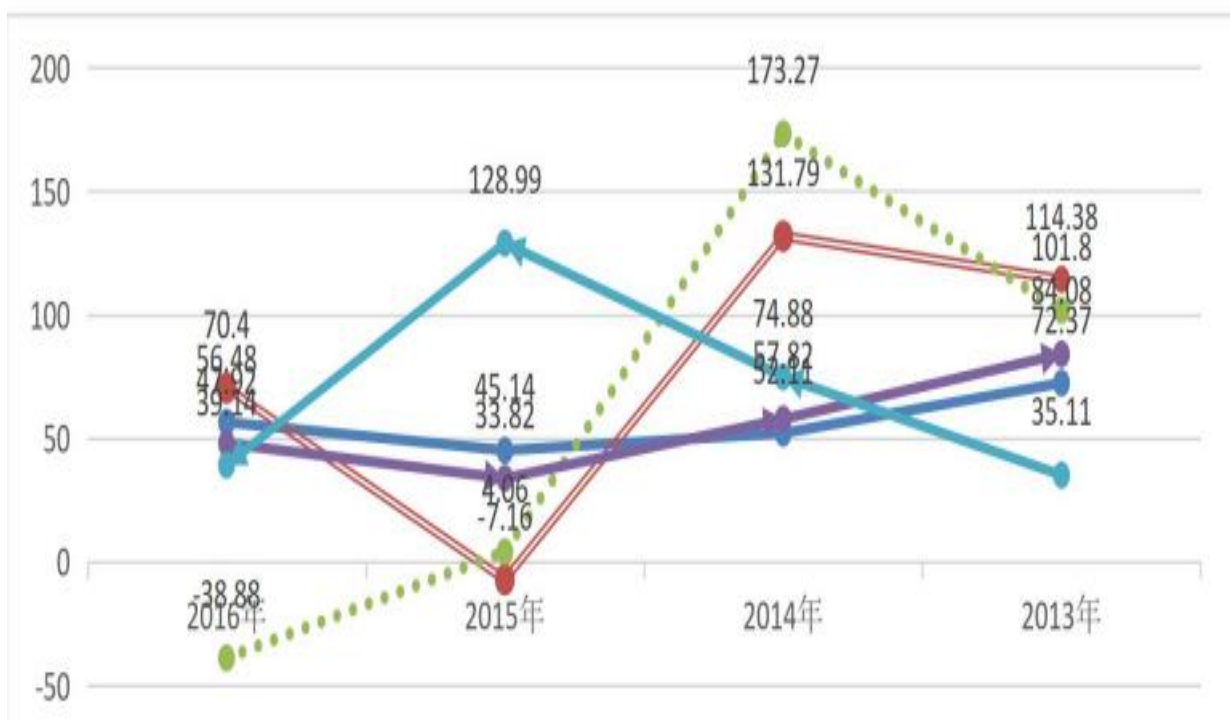


Figure 4.8 - Alibaba's 2013-2016 development capability analysis

Source: own calculations

From the graph, it can be seen that:

The sales growth rate and gross profit growth rate significantly decreased from 2013 to 2015. There was an increase in 2016; The growth rate of operating profit and net profit increased from 2013 to 2014, then decreased significantly in 2015, and then increased again in 2016; The total asset growth rate began to steadily increase from 2013 to 2014 and then began to decline in 2015.

The sales growth rate is mainly used to reflect the operational status, market share ability, and business expansion ability of the enterprise. It can be seen that the ratio showed a downward trend from 2013 to 2015, but remained above zero, indicating that the group's development ability was continuously improving, but its growth rate showed a significant decline.

The business growth rate can reflect the fluctuations in a company's profit margin. The relevant data in Figures 5-14 indicate that Alibaba Group experienced a certain degree of decline in this indicator in the three years after 2013, and began to show positive growth in 2016. Once again, it should be noted that Alibaba's cost and fee growth rate is significant, and this growth rate exceeds the increase in sales revenue.

The growth rate of net profit reflects the level of profitability of the company. It can be seen that the ratio decreased significantly from 2014 to 2016, indicating a decline in Alibaba's profitability.

CONCLUSIONS

In the Internet era, science and technology have changed people's lifestyle, and Internet enterprises have risen strongly. This paper, based on the research on financial control of domestic and foreign enterprise groups, has conducted a detailed study on the financial control model of Alibaba Group, which combines unified and decentralized management. It is found that the transformation of organizational structure from bureaucratic structure to flat hierarchical structure is an inevitable choice to continuously enhance the strength and management ability of enterprises, Horizontal structure is also one of the goals for modern enterprises to implement organizational reform. By comparing the performance before and after the organizational structure reform of "large, middle, and small front", a "unified and decentralized" financial control model is proposed, and it is summarized that a platform based organization mainly includes four main characteristics: enterprise platformization, employee innovation, organizational decentralization, and highly collaborative teams.

The author draws on the research results of previous scholars and integrates the proposed organizational structure model, with the goal of opening up innovative development paths for the company's organizational structure. The selection of the group's financial control mode and the advantages of combining unified and decentralized financial control were proposed based on the group's strategic management and development stage, further improving the group's financial control system. Through research, the following conclusions can be drawn from this article:

First. Under the background of the Internet era, it is very necessary for enterprises to implement organizational model reform. The rapid development of information technology has led to tremendous changes in the internal and external environment of enterprises. With the popularity of the Internet and the maturity of information technology, cloud computing, big data and other technologies have also been derived on this basis and used in many economic fields. The rise of these technologies has greatly impacted traditional enterprise management, with its

organizational structure, decision-making processes, and management models undergoing rapid changes. There is an interaction between organizations and the environment, and it is a normal phenomenon for organizations to make timely adjustments with changes in environmental factors. Only by fully considering various environmental factors and making real-time adjustments and corrections can enterprises meet consumer preferences and market development trends. In terms of customer value, the diversification, personalization, and high standardization needs of consumers have gradually led to the loss of advantages in traditional organizational and management models, making it impossible to provide sustainable development capabilities to enterprises. The importance of organizational structure change is evident.

The financial control model of "integration of unified and decentralized" is in line with the development stage of Alibaba Group. Through the organizational structure reform of "big middle platform, small front desk", we can further enhance the risk prevention ability of the enterprise group, improve the overall operational efficiency of the group, strengthen internal and external information communication, clarify the collection, processing and transmission procedures of relevant information, strengthen the construction of company culture, unify the company culture concept, ensure the accuracy and objectivity of financial statement related data, and promote the normal operation of the enterprise and the improvement of investment return rate. This has practical significance in promoting the long-term development of enterprise groups.

Second. Alibaba integrates resources through the «middle platform» strategy and the «unified and decentralized» financial control model. The organizational structure and financial control model belong to a comprehensive and cyclical interactive state, and in the daily operation of the enterprise, it should ensure that it is at the best dynamic balance point. Due to the traditional vertical structure hindering the exchange of enterprise information, it is unable to respond to changes in the external environment in a timely manner, thereby reducing the value-added creation ability of enterprises. This requires a transformation from vertical to horizontal

structure, fundamentally improving the effectiveness and quality of consumer financial management, and achieving organizational flattening, informatization, and openness.

The third. The platform based organizational structure model is an inevitable path for enterprises to implement structural innovation under the Internet background. In the context of the Internet era, the trend of consumer demand is often captured by enterprises in the shortest time, and the organizational model of traditional enterprises often hinders the long-term development of enterprises with the highest goal of interests, which is not conducive to improving and motivating the work enthusiasm of employees. The four advantages of the organizational structure model adopted by Internet enterprises, namely, platformization, employee customization, flat organization, and high collaboration, are aimed at promoting enterprises to actively change, so as to meet the value needs of consumers in the Internet context, further meet the needs of the market, create higher market value, and provide consumers with high-quality products and services, Further provide abundant resources to tap into the potential of employees, stimulate their initiative, and promote sustainable development of the enterprise.

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