

CONTRIBUTION OF ALIBABA B2B MODEL TO SME

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Abstract: The business model describes the basic principles of how an enterprise creates value, transmits value, and obtains value. It is the logic of business activities. The choice of a business model that suits the company can enable the company to be in an advantageous position in market competition. B2B business model helps companies. The scope of activities has been expanded, making it easier for companies to develop across regions and borders at lower costs. With the acceleration of the Internet + economic development process, our country's rapidly rising e-commerce has begun to become a brand-new way of foreign trade. And B2B has a significant advantage in e-commerce. B2B is also expected to become a new growth point in our country's Internet trade. In the context of the rapid development of the B2B model, more small and medium-sized enterprises have obtained development opportunities and found new development models. The Internet provides an online platform for small and medium-sized enterprises to conduct direct transactions with merchants, saving communication costs and road losses. In addition, SMEs' development models and development space have also changed. This article will further study the contribution of Alibaba's B2B model to SMEs enterprise, confirming the impact of the B2B model on all aspects of enterprise development through data.

Keywords: *B2B, Alibaba, SMEs enterprise, Business model.*

1. Introduction

The B2B e-commerce model is a business model based on the Internet, with the enterprise as the transaction subject, the electronic bank payment and settlement as the means, and the enterprise data as the basis (Hall, 2017). In March 2018, Premier Li Keqiang further emphasized in the government work report to accelerate the construction of manufacturing power and develop the industrial Internet. This indicates that the development of industrial Internet platforms has risen to the level of national strategic planning. This has brought significant opportunities for the development of the Internet industry. E-commerce has dramatically improved transaction efficiency, reduced transaction costs, and has become a meaningful way to stimulate consumption. Especially after 2008, due to the economic transformation and the strengthening of infrastructure, e-commerce is in a situation of explosive growth. In 2014, the transaction volume of our country's e-commerce market reached 12 trillion, of which B2B transactions accounted for 80%. It can be seen that B2B, as a new type of business model, has brought considerable benefits to economic growth and enterprise development.

This article will take Alibaba, the largest e-commerce company in China, as an example to comprehensively analyze its B2B business model, development status, and problems. On this basis, analyze the process of its B2B business model innovation. So as to analyze the inevitability of its entrepreneurial success. In this way, other start-ups can learn from it and find ways to adapt to changes in the internal and external environment and carry out self-innovation. In addition, it can also give some inspiration to the development trend of the e-commerce industry in the future (Zhang et al., 2020).

2. Literature Review

2.1 Definition

2.1.1 Business Model Theory

It is a conceptual tool that contains a series of elements and their relationships to clarify the business logic of a specific period. It describes the value that the company can provide to customers and the internal structure of the company. The partner network and relationship capital are intended to be relative values. And generate sustainable profitable income.

- 1) Position. When an enterprise conducts business activities in the value network, it must accurately position its role in the value chain, so as to clarify the customer value that the enterprise needs to realize in its business activities. Identifying the company's positioning can determine the company's position in the value chain, and find the company's advantages and disadvantages in market competition (Rau & Chen, 2009).
- 2) Business system. The business system defines the stakeholder relationships of the enterprise in the value chain system and the content and methods of business transactions between these stakeholders. The competitive advantage of the business system directly determines the efficiency of the business model. (Weitz & Rosenthal, 2011).
- 3) Critical resource capability. To complete the activities determined by the business system, the key resource capabilities of intangible, tangible assets, technology and capabilities are needed. They maintain the company's competitive advantage and are a powerful tool for companies to establish effective barriers (Liu, 2020).
- 4) Profitability. The logic of the enterprise obtaining income, distributing costs, and earning profits.
- 5) Free cash flow structure. The structure of free cash flow is the state of cash inflow minus cash outflow. Abundant cash flow does not necessarily reflect that the company has an efficient business model. It must also combine multiple indicators, such as accounts receivable turnover rate, current asset turnover rate, fixed asset turnover rate, market growth rate and so on (Huang & Chen, 2019).

2.1.2 The main Business Model of E-commerce

The main business models of E-commerce mainly include B2B, B2C, C2B, C2C. B2C means the transaction platform between enterprises and consumers built through the Internet platform. C2C is the platform for e-commerce transactions between consumers. C2B refers to the electronic business transactions established between consumers and enterprises (Li, 2017).

2.1.3 Development Status of E-commerce

with the development of Internet technology, China's e-commerce market has entered a golden period of development. With the support of national policies, the e-commerce system already has a relatively complete system.

2.2 The theory of the study

A production plan for the firm is chosen so as to maximize utility over time. This is the neoclassical theory of capital. This independent study selects zero balance walk theory to the e retailing B2B case and deduce a simple and efficient learning mechanism about the B2B's contributions. This independent study selects zero balance walk theory as the conceptual framework, because the investment for the long-term development of an enterprise in the future is not limited to the material forms such as factories, machines, equipment, and technological inventions, but also to a large extent expected to be effective in the investment.

Zero balance walk theory refers to how the business model react within corporation. It includes customers interaction with business, ordinary imagination of fine business, the management of guider in a company. In order to study long-term economic growth and economic growth in different societies, the concept of capital and capital formation should be expanded, so as to include people's own investment in corporation. British classical political economists put forward that the difference of population quality leads to the difference of productivity they provide(Wu et al., 2011).

2.3 Research Hypothesis

2.3.1 Contributions that Alibaba made to SMEs

After learning about Alibaba's significant impact on Chinese companies and the market, we focused on the contribution of Alibaba's B2B platform to China's SMEs. We roughly divide the contribution into four aspects: saving enterprise costs, expanding the market, expanding enterprise scale, and promoting enterprise transformation.

In June 2006, in the "Small and Medium Business Online Business Application Experience" issued by the Australian sensis agency, several key factors affecting the B2B model to small and medium-sized enterprises were completely analyzed. In this report, Australian SMEs have the following four criteria when evaluating the success of e-commerce: return on investment, degree of utilization, organizational performance, and customer satisfaction (Pechinthorn & Zin, 2020). In China, there are also a large number of relevant studies that put forward several factors that B2B contributes to SMEs. In 2006, Zhao and Zhu studied the influence of various variables on the e-commerce process and identified the key success factors of each process. In short, they believe that the market, human resources, the enterprise's information sharing system and suppliers are the four most important factors (Wei, 2013). Based on this, we can analyze the characteristics of the Alibaba platform and conclude that Alibaba has made important contributions in expanding the market, providing sufficient suppliers, saving enterprise costs, and supplementing human resources (Pan & Tian, 2011). In addition, a study on the Alibaba platform shows that the important function of the Alibaba platform is the retrieval function, which greatly saves the time and labor costs of buyers and sellers (Dong et al., 2016). Wang pointed out in his research on the relationship between SMEs and Alibaba that Alibaba has had a huge impact on the cost, scale, market and organizational structure of SMEs (Huang et al., 2019). The pressure of inflation has

accelerated the transformation of small and medium-sized enterprises. E-commerce platforms can allow small and medium-sized enterprises to directly skip the middlemen, expand profit margins, reduce the cost of exhibitions, entertainment, etc., and keep enterprises away from the risks caused by the backlog of funds (Zhang & Li, 2017). E-commerce has brought about the development of virtual market, which has caused great changes in the external environment of small and medium-sized enterprises. Under the new environment, the resource advantages accumulated by traditional enterprises on the basis of entities have been weakened, which is the driving force for accelerating the transformation of small and medium-sized enterprises (Du et al., 2013).

Accordingly, we propose the first hypothesis:

H1: The Alibaba platform has an important role for merchants to cut costs, expand their markets, expand their scale and complete their transformation.

2.3.2 Different contributions that Alibaba made to Small and Medium-sized enterprises

Due to the differences in the corporate structure, capital base, and product structure of medium-sized enterprises and small enterprises, Alibaba's B2B model has different influences and contributions to these two types of enterprises. Where's their difference? Which kind of company is more affected by Alibaba? In what ways? Based on these questions, we propose two more hypotheses.

After consulting a series of literature on the definition of medium and small business, we have a deep understanding of the difference and connection between medium and small business. Small is the concept of scale, which is reflected by the production factors and operating results of the enterprise (Meng & Zhang, 2014); large-scale enterprises have a decisive influence on the market, while small and medium-sized enterprises are easily affected by the market. The difference between a medium-sized enterprise and a small enterprise is mainly the difference in the number of people and the amount of business. The e-commerce model has less of an impact on the funding of a mid-sized company as it is less difficult to finance (Meyer, 2012).

According to a survey, compared with medium-sized enterprises, small enterprises lack financing and lack of market, so the average cost is higher. Many small enterprises are small in scale and have low creditworthiness. State agencies need to go through a long period of review, which greatly increases the operating costs of the enterprise (Chen & Rong, 2006). Therefore, the Alibaba platform has more important significance for the cost reduction of small enterprises. Observing this phenomenon, we propose a second hypothesis:

H2: Alibaba Platforms contribute more to medium-sized enterprises in cost reduction.

In 2018, Cao pointed out that the monopoly of large enterprises is an important factor hindering small and medium-sized enterprises from expanding their markets (Fan, 2011). In the market environment dominated by large enterprises, it is more difficult for small enterprises to survive. The emergence of the Alibaba platform has provided opportunities for small businesses to perform and allowed them to demonstrate their price advantage.

Compared with medium-sized enterprises, small enterprises have a smaller market share and are more difficult to obtain orders. In 2015, Li and Peng suggested that small

businesses should seize the opportunities brought by online platforms, and for all businesses in the market, the benefits that small businesses can reap are the most significant. He suggested that small businesses should focus on online platforms and expand their markets through online platforms. The operating investment rate of online platforms of medium-sized enterprises is smaller than that of small enterprises, because medium-sized enterprises already have a certain scale of market offline.

In addition, a survey data shows that after medium-sized enterprises and small enterprises go online on Alibaba, the growth rate of transaction volume and pageviews of small enterprises' homepages is much higher than that of medium-sized enterprises and large enterprises. On the one hand, small businesses have lower initial volumes, and on the other hand, small businesses have more price advantages, thus gaining access to a larger market. Based on the above data, we propose a third hypothesis:

H3: Alibaba Platforms contribute more to small-sized enterprises in expansion of the market.

3. Methodology

3.1 Population and sample

Data will be collected in stages from June 1 to August 31, 2021. The sample is from 437 SMEs on the Alibaba platform in Zhejiang, China, as follows. The object of this study is 437 small and medium-sized enterprises from the Alibaba platform, and we distributed questionnaires to 437 online store owners through the Internet. We screened the questionnaires and excluded 37 invalid questionnaires. Ultimately, our sample size is 400.

3.2 Research variable and framework

The following are two framework figures of this research, showing the four hypotheses of this paper respectively.

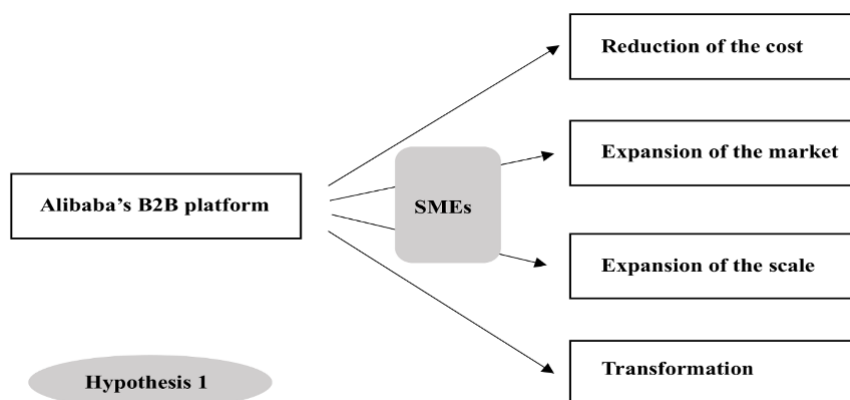


Figure 3.1 Research Framework of Hypothesis 1

The first hypothesis discusses where Alibaba's B2B platform contributes to SMEs. We believe that the Alibaba platform has an important role for merchants to cut costs, expand their markets, expand their scale and complete their transformation.

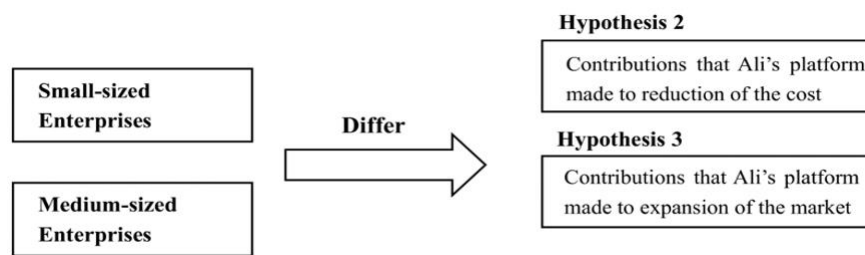


Figure 3.2 Research Framework of Hypothesis 2 and 3

4. Data Analysis Result

4.1 Reliability testing of research instruments

For descriptive purposes, Table 4.1 shows the statistics for the sample of different corporate employee survey organizations. A wide variety of industries are represented. Notably, nearly 31% of the sample, nearly 28% in the food processing industry, and approximately 18% each in textiles and apparel and heavy industry.

We used Cronbach's alpha test to test the reliability of the question for each variable. The reliability assessment was defined as Cronbach's alpha. A measure has good reliability if it has a minimum alpha score of 0.6 and an overall reliability of 0.7 or higher. In consequence, we'd better do a pre-test to check whether the research tool can be used in the main study. We pre-tested 30 respondents to ensure the reliability of the survey.

Table 4.1 Reliability test for questionnaire from each dimension

Reliable	Alpha test	Number of questions
Cost of enterprises	0.899	5
Market of enterprises	0.793	5
Scale of enterprises	0.938	5
Transformation of enterprises	0.764	5

Notes : N=30

Source: Constructed by author

As can be illustrated from the above table, pre-test data was collected from 30 samples. The alpha reliability value of all dimensions are better than 0.6, which can prove the reliability of the study.

4.2 Analysis of the Hypothesis

The main purpose of this study is to confirm the impact of Alibaba B2B platform on cost saving and market expansion of small and medium-sized enterprises, and to analyze the different effects on enterprises of different sizes. In order to explore the relationship between the subjects, the researchers used the linear regression equation. The following figure shows the results of this analysis.

Table 4.2 Result of the analyses of Hypothesis

Relationships	Hypothesis	R2	Estimate	P-value	Result
B2B platform >> Four factors of enterprise	H1	0.894	6.43***	0.000	Supported
Firm size >> The cost of enterprise	H2	0.753	2.11***	0.000	Supported
Firm size >> The market of enterprise	H3	0.690	-3.12***	0.000	Supported

*Notes: N=400, *p<0.05, **p<0.01, ***p<0.001*

Source: Constructed by author

Using ‘On the Alibaba platform, the cost is reduced’ as the dependent variable and Number of Employee as the independent variable for linear regression analysis, it can be seen from the above table that the model R square value is 0.753, which means that the number of employees is closely related to the degree of cost savings. When the F test is performed on the model, it is found that the model passes the F test ($F=54.730$, $p=0.000<0.001$). Therefore, the smaller the number of employees, the smaller the impact on the cost of the company, and conversely, the larger the number of employees, the greater the impact on the company.

We use "On Alibaba platform, the market extends" as the dependent variable and "number of employees" as the independent variable and perform a linear regression analysis. Analysis of the above table shows that the R value of the model is 0.69, indicating that the number of employees can explain 69% of the changes in the degree of market enlargement. When an F-test was performed on the model, the F-value was 40.015, and the p-value was 0000, <0.001 . loyees has an impact on the market, and as the number of employees increases, the impact on the market becomes smaller, and as the number of employees decreases, the impact on the market increases.

The results of the structural equation model show that the p-value determines its statistical significance and there is a significant effect of the two risks of the data ($\beta=2.11$, $p<0.001$; $\beta=-3.12$, $p<0.001$). The negative sign of the interaction implies that the number of employees has a negative effect on firm costs and market expansion. The number of employees is an important factor in the impact of Alibaba on the firm. The smaller the number of employees, the smaller the impact on firm costs and the greater the impact on the market, and conversely the increase in the number of employees increases the impact on firm costs and decreases the impact on the market. It further authenticates hypothesis 1 that the four factors have an impact on the growth of the firm. This is also consistent with the results of previous studies.

5. Conclusion and Discussion

5.1 Conclusions

In summary, the results of this study confirm previous studies that the Alibaba platform is important for SMEs in terms of cost savings, market expansion, and business transformation under the same conditions.

RQ1 is that the mean score of Alibaba platform is significantly higher than the standard deviation compared to other platforms, thus the authors found that Alibaba platform is very helpful for firms in terms of cost saving.

RQ2 is compared with other platforms, the average score of Alibaba platform is significantly higher than the standard deviation, and the authors found that Alibaba platform is important for enterprises to expand their market.

RQ 3 is compared with other platforms, the mean score of Alibaba platform is significantly higher than the standard deviation, and the authors found that Alibaba platform is helpful for companies to transform.

The hypothesis of this study is based on the Alibaba platform. We used Cronbach's alpha test to test the reliability of the questions for each variable. Reliability assessment was defined as Cronbach's alpha. we pretested some respondents to ensure the reliability of the survey. Thus, this study shows that the mean score of the impact of Alibaba platform on SMEs is higher than the variance, both in terms of cost savings and market expansion, indicating a high level of agreement among the respondents.

The preliminary findings of this study can be summarized as follows. The impact of Alibaba platform on SMEs has played a positive role in various aspects, and the platform has helped SMEs in their business transformation as well as business development. SMEs can get quick support in the early stage of their business, whether it is channels, products, or customers through the B2B platform. the B2B model is widely recognized for supporting SMEs, and it is a quick shortcut to get resources through the B2B platform in all dimensions of business development. The actual results support this hypothesis. Therefore, this study shows that in terms of cost savings, Alibaba platform is more helpful for medium-sized enterprises. In terms of market expansion, Alibaba platform is more helpful for small firms.

5.2 Results and Discussion

The main objective of this study is to determine the impact and help of Alibaba platform on businesses based on a linear regression model in statistics. The focus of this study is to use this model to examine the extent to which different types of firms are affected. Previous studies have shown that firms of different sizes are affected to different degrees. This chapter discusses the main findings and relates them to past research and theory. Several possible implications and their application to future research are discussed. First, I discuss the hypothetical results. The statistical approach of using linear regression models allows us to have a quantitative composite in our evaluation, avoiding the inaccuracies of qualitative evaluation. In each subsequent section, I continue with a discussion of the study results followed by a discussion of the implications of the results. Overall, all hypotheses were confirmed and the hypotheses and findings of this paper are consistent.

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