

Understanding the dynamics of leadership: A case study on Jeff Bezos and Jack Ma

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Abstract

This paper analyzes the leadership approach of two leaders, the founder of Amazon.com, Jeff Bezos, and the founder and executive chairman of Alibaba Group, Jack Ma. It incorporates their decision-making style, problem-solving mechanisms, and their concerns for the overall globe making them "global leaders." This paper critically compares the implications of their approaches to comprehensive employee motivation and company performance. This paper deviates away from "The Great Man Theory" and emphasizes on "Bandura Social Learning Theory" which emphasizes leadership as a process which can be practiced and learned. This paper summarizes their legacy in the business world and the paradigm shift that they brought in the way of doing business.

Introduction

The initiation began nearly 23 years ago, dating back July 5, 1994, when all was set by Jeff Bezos to sell books online. Ironically, Amazon.com scrambled for the corporate space and incepted its business venture from a garage, which is now euphorically welcomed by US cities throughout the country for the establishment of its second corporate office. Jeff Bezos is now the wealthiest person in this world, and his company holds a net worth of \$700bn (Lee, 2018). Similarly, it is not wrong to share about Jack Ma's leadership ventures and corporate tactics. A company initiated nearly 18 years ago on April 4, 1999, has not only revolutionized the way of doing business but has also unequivocally enhanced the idea of people's lives. The company now holds a total asset worth of US\$76.28 billion (Wikipedia, 2017) and Ma is one of the richest people in China.

Both business tycoons are the perfect apotheosis of their business ventures who have not limited themselves to their organizational periphery but have also worked beyond those dimensions. Indeed, they are being socially responsible and ethically practicing the code of business so that global inhabitants could benefit, i.e., the "Global Leaders." But this status is not easily earned. It cost them undisputed stress and they faced many challenges trying to leverage this point. They are the vindication of disruptive innovation in the field of e-commerce which is not only limited to their country of origin but has become pervasive.

Discussion

If we compare these two personalities, we could infer their essential traits overlap. As Patel (2017) mentions, the success of a leader concentrates on their ability to manage themselves, i.e., having self-management skills, an ability to act and respond strategically, being an effective communicator, being accountable, and setting clear and defined goals. The same has been overemphasized by Baldwin, Bommer, and Rubin (2013) in their claim that the best approach to effective leadership initiates after assessing self-ability. Aligning with that idea, Khan, Nawaz, and Khan (2016) have purported that there is no such thing as "A Great Man Theory," and it is a myth that leaders are born. Leadership is a systematic, logical, and analytical approach that can be learned.

Both leaders, Ma and Bezos, are disruptive and transformational innovators. Indeed, they have changed the way of product consumption. Their trajectory was neither simple nor linear. They accepted the risks, assessed the challenges, and had constant desires to upgrade. "Amazon Go," a supermarket without checkout was introduced by Bezos in Seattle (Johnston, 2018). Similarly, "Taobao," an Alibaba owned auction site, sold two Boeing 747-400s for \$48 million (Sheetz, 2017), leading the civilization to the ease of consumption. The success of leaders depends on their ability to break taboos and stereotypes, but it does not mean that they must follow unconventionality or look for the divergence, it is about moving at a certain pace.

Interestingly, the leaders always search for incongruity or the gap; this is also a source of innovation as stated by Drucker (1985) in his book entitled *Innovation and Entrepreneurship*. Ma (2017) once said that the world can never have one model. Leaders always search for initiation and innovation. Whatever the verdict may be, they are tempted to explore and discover ways to further global civilization. Leaders think big and see what others commonly imagine. Ma, in his 2015 speech at the World Economic Forum, emphasized that to create a global ecosystem for e-commerce, they do not hesitate to delegate and decentralize. He does not like empire games, indirectly using the connotation for Amazon.com as is it Win-Lose strategy. Their success on global leadership fundamentally depends on "Global Intelligence" (GQ), which encapsulates elements like adaptability, awareness, curiosity, empathy, alignment, collaboration, and integration.

But, what makes these leaders shape their vision and their organizational transition in-between their points? It is undoubtedly the strategic resources, i.e., human resources. Among the resources the organization holds (financial, physical, informational, technology, et cetera), the most important and essential is human capital, as it can control and optimize the use of the remaining resources effectively and efficiently. As of 2017, Alibaba.com employs 50,092 employees and Amazon envelopes 541,900.

Jack Ma has been quoted saying that he might have a smart face, but that he has got very stupid brains (Clark, 2016). Ma can be characterized as a funny and humble human who is down to earth. Stating himself as Chief Education Officer (CEO) of the company, he wants to

open doors to create a learning opportunity for the overall organization. He inspires and enriches the job of his employees by periodically rotating them across products and regions irrespective of their knowledge. Ma's emphasis is that we should learn from failure (Duncan, 2016). Further, every employee is given a nickname and are allowed to make suggestions in the management decisions if they like. He prioritizes his customers first which is then followed by the employees and shareholders. Ma's philosophy about his employees as shared by him in World Economic Forum, 2018 is that they come not only for the job, but they also come with their dreams to share with the company. He has emphasized that each company should believe in their employees. In Alibaba.com, most of the employees are as per "Theory Y" as Ma makes the work environment great and motivating.

Bezos (1997) in his very first annual letter to his employee stated that "failure and invention are inseparable twins, to invent we have to experiment, and if we know in advance that what may happen, it's not an experiment" (Mullaney, 2017). From the very beginning, he has focused on making bold decisions, even if they do not work out, he believed he would learn something for the next session. Richard Branson, the founder of Virgin group, has emphasized the risk of stopping and has prioritized walking slowly rather than halting the movement. Bezos's persuasion goes beyond traditional marketing tactics, and rather than focusing on the competitors, he focuses on the customers. This is probably the reason for which in each meeting he separates an empty chair for the customers. Equally and inevitably important is the delegation of authority, it not only makes employees responsible but they also feel valued.

Similarly, Bezos in his 2015 annual letter to his employee, mentioned empowering his employees by letting them conclude "Type 2 decisions", which the business can reverse if the things go wrong. On the one hand, higher management saves their strategic time and on the other hand, pushing power down in organizations keeps scopes for innovation and motivation. Mankin (2017) in the magazine "FastCompany" stated that an engaged employee is 44% more productive than a satisfied worker, but an employee who feels inspired at work is nearly 125% more productive than a satisfied one. Undoubtedly, a successful leader always tries to motivate and inspire his employees.

In both cases above, leaders are open-minded, they highly value their employees as crucial strategic resources, are innovative, and assume risks. Both of them give an opportunity to leverage the skills and expertise of their employees, and foremost they track and keep pace with customer trajectory. Companies following market expectation have won; they innovate either dynamically or disruptively, and this leads to motivating employees. Nokia Inc. and Kodak, the market leaders of the time, lost their dominance due to their arrogance of previous wins (Sull, 1999). This not only leads to the closure of much-hyped businesses of the time but also to lambasted employee motivation.

The aforementioned business tycoons will be remembered for their contributions not only in the field of business and corporate philosophies but also for the undisputed wonder they have endowed to the global civilization, which is the reason they are called "Global Leaders." Their companies have crossed beyond the doctrine of employee mechanization and have worked on understanding the human dimension and motivation factors for the employee. These two are the disruptive innovators who have dramatically changed the way people use to purchase products or do businesses.

A drive to excel beats them; they are not shattered by the competition and always drive to move ahead. In 2018, at the conference organized by the World Economic Forum, Ma informed the community that his company had already invested \$15 billion in Research and Development for the newer model of technologies aiming to make life more comfortable. Similarly, Amazon is right now in the position of developing the "Alexa assistant" which will be toe-to-toe with Google's assistant system. Their invaluable contribution to marginalized people is mesmerizing and appealing. Ma has a philanthropic trust that is funded by 2% of Alibaba's equity (Fortune, 2015).

Amazon is ranked as the most innovative company of 2017 (Fastcompnay, 2017). This was only possible due to the strong vision of Bezos and his ability to test new models of business. Unlike the iPhone or the Dell computer, Bezos has never stuck his company on singularity. He was equally innovative and never hesitated to dismantle previous business models. Amazon Prime, a deviation from brick-and-mortar stores, epitomized the need of

online books to that of daily humankind requirements like the need for groceries. This has made people seriously think about Bezos's legacy of business skills.

The more global you go, the more you are responsible. You cannot only communicate inside your organization; you must be unequivocally proactive to the recipients of those outside of your organization. This is where the risk increases exponentially as the chances of the message being decoded negatively are high. For example, Dove might have never thought that their soap advertisement featuring a black woman would be treated as an act of racism. Undoubtedly, internet technology has become a ubiquitous platform for the global shapers to communicate, which they are using to gain support for their ideas, but equally, there are risks too.

Whether Jack Ma or Jeff Bezos, it could be inferred that they have always set high-performance expectations aligning with the Goal Setting Theory, these motivates and necessitates leaders to think about their employees as well as their customers. Disruptive innovation in artificial intelligence, robotics, and space technology has become possible because of their skills to inspire their stakeholders. Jack Ma in 2018, at the World Economic Forum requested to not only focus on "Emotional Intelligence (EQ)" and "Intelligent Quotation (IQ)" but appealed all to seek "LQ" in their employees where "L" stands for love. Ma shared that women, are naturally high in "L" factors which make them more affectionate and caring towards the customer. Indeed, Ma was talking about women empowerment.

Their communication skills are exceptional and inspiring. As mentioned above, Bezos, in his company meetings always allots an empty chair for his customers. He follows the consumers and suggests all his employees make decisions with the betterment of customers in mind. Elon Musk, CEO of Tesla, Space X, and Hyperloop and Richard Branson, founder of Virgin Group, Late Steve Job, and co-founder and chairman of Apple communicated that motivating their stakeholders compelled them to think about the benefits of the transition that lead to groundbreaking transformations since every innovation betters civilization.

Problems are inevitable, the differences are it can be structured or un-structured, systemic or un-systematic, and diversifiable or un-diversifiable. Problems, if appropriately analyzed, can lead to a future opportunity. Albert Einstein once said, if he was given an hour to

examine an issue, he would spend 59 minutes in defining and looking for the problem (Cooper, 2014). Bezos and Ma both fundamentally are looking for the problem, and their decisions are data-driven. It could be said that their decision-making processes are evidence-based and technically enhanced. As mentioned earlier, Alibaba.com has already invested \$15 billion in R & D to configure technology that the humankind might need ten years down the line. "Big data," the much-hyped terminology in data analytics is a business opportunity but also comes with risk through artificial intelligence (AI). These breakthroughs have become the milestone for global companies to make decisions. They perform scientific, analytical, and collaborative approaches to solve a problem.

Amazon, owned by world richest person, has enough net worth to build a second headquarter for its company. Its brand opulence is enough to create tectonic movement in the global market. If Amazon and Alibaba accept cryptocurrencies, the value of virtual currencies in the stock exchange can escalate. But having said all above affirmations, these companies never make ad-hoc judgments. Amazon announced its plan for a second headquarter on the 7th of September 2017 (BBC, 2017). Amazon received applications from more than 100 cities, and evaluated all applications based on its requirements and resources available (like skills, state facilities, et cetera). Amazon has now deduced the sample size to twenty (Kennedy, 2018). We could easily infer that Amazon is following the systematic process of problem recognition, alternative evaluation, decision making, implementation and learning (PADIL) as enlisted by (Baldwin, Bommer, & Rubin, 2013) which is shown in the diagram below.

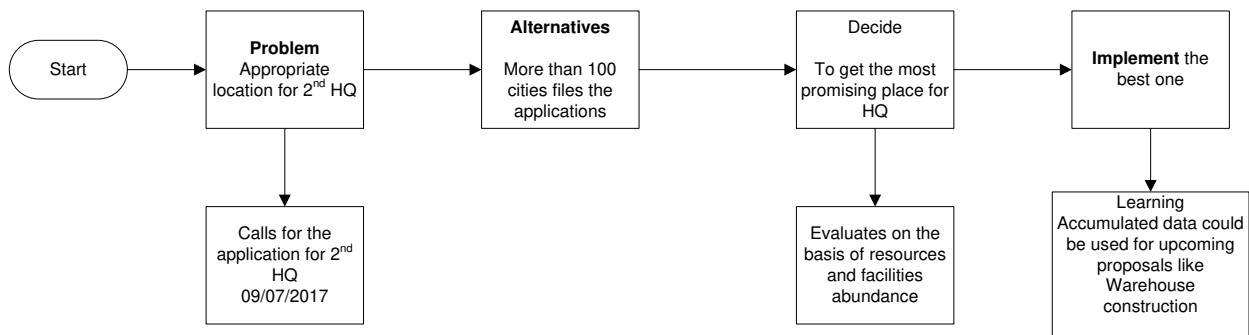


Figure 1. Amazon decision-making process for finalizing the location for the second headquarters.

Similarly, the same goes with Jack Ma. He has also emphasized evidence-based decision making and has stated in World Economic Forum (2018) that data is human behavior. But he

also cautioned that though technology is more advanced than human beings, they cannot beat the wisdom a human possesses. Biases delude the decision makers, and these biases could be due to various internal factors that an individual learns from his environment. It dilutes the predisposition and makes decision makers often gloomed with negativity. Jack Ma, in his company, gets rid of these biases regularly as he rotates his employee across departments and regions. In doing so, they learn and start to respect cultural and individual differences.

Conclusion

Jack Ma and Jeff Bezos are market leaders in the 21st century. Jack Ma is a humble and humorous guy. He is a great motivational speaker, whereas Bezos, an American guy, is straight and direct. Except for their fundamental cultural differences which impacts the way they were brought up; these leaders mostly share the same approach to decision making. They follow evidence-based approaches, are opportunity seekers, believe in their employees, have the drive to excel, and are "Global Leaders." They both will be noted for their contributions to business as well as to society. Just consider Amazon prime, the parcel in your post box, the gift sent to you by your loved ones in front of your apartment doors, the machine that you purchase from Alibaba.com to resale in your country. Ma has a list of failures, from university enrollment to his job application at KFC, and Bezos started a business from his garage. Fail big, strive for your dreams, but dreams without goals are worthless. Be effective and efficient with your resources and sack away from biases. You will definitely win down the line, perhaps not in a year but after ten years it is possible. Leadership is about learning; it is not about your genes or the skill you have inherited.

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