

## Corporate image, something foreign investors should uphold still in Chinese market

### Description

There are too many corporate scandals in Chinese markets, simply too many for any normal market in the world. You can label the Chinese market as the most corrupt and tainted one.

As a old Chinese proverb goes, he who touches pitch will be defiled. We see many international businesses degrading themselves after coming into China.

The latest example is KFC. The fast food giant has been exposed to use the “fast-grown chicken” that are fed with feed containing high antibiotic elements. It takes only around 45 days before the chickens are thrown into KFC fried pots. It is said that KFC has already learned that these chicken are problematic but instead of returning its stock of these chicken, it continues to serve those chicken products to its customers. Moreover, KFC has seemed to be so localized as their counterparts in China that it did not admit its mistake immediately but trying to conceal the truth from the public, a typical way of reacting to public crisis in both Chinese economic and political fields.

I am very upset to learn the KFC chicken scandal as I myself take my son to KFC quite often, and we dine there quite often indeed.

Of course, my experience with some of my foreign clients has proved to be very positive in this regard.

Recently, I helped my client, Hufcor, a company from USA, to restructure their Shanghai management team terminating a few people's employment contracts some of whom have been found to be engaged in conducts violating the company's disciplines. In negotiating economic compensation or severance pay, the representatives from their HK office have paid close attention to safeguarding of the company's reputation even at a bit cost which can otherwise be saved. As an integral company, it does not even want its employees, though dismissed, to have hard feelings or resentment.

Sure, it takes cost to keep a good corporate image. But very often, companies engaged in improper activities that may lead to devastating public crisis fail to do so not because of lack of money, but because of their greed for easy money in an immature market.

With so many scandals taking place in Chinese market, clean, reputable and respectful corporate image and profile becomes something rare and precious. While it pays price to keep good corporate image in the public, companies may pay much greater price if they the degrade themselves. Personally, I believe, in such a market, the efforts to keep integral, responsible and reputable corporate image will, once recognized by the market, pay off well in the end.

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