



Universidad  
Politécnica  
de Cartagena



FACULTAD DE  
CIENCIAS DE LA  
EMPRESA

# **CORPORATE REPUTATION CRISES IN CHINA: COMPARISON AND RECOMMENDATIONS**

**Master Thesis**

**Master in Administration and Business Management**

**Author:** Na Dai

**Supervisor:** Isabel Olmedo-Cifuentes

2021



## Table of Contents

ABSTRACT.....	4
1. INTRODUCTION .....	5
2. LITERATURE REVIEW .....	8
2.1 Crisis management.....	8
2.2 Corporate Reputation .....	9
2.3 Corporate Reputation Crisis.....	12
3. CASE STUDY 1: HAIDILAO REPUTATION CRISIS.....	17
3.1 Haidilao and its Sector in China .....	17
3.2 Corporate reputation outbreak .....	19
3.3 Haidilao after the crisis .....	23
4. CASE STUDY 2: XIABU XIABU REPUTATION CRISIS.....	26
4.1 Xiabu Xiabu and its Sector in China.....	26
4.2 Corporate reputation outbreak .....	26
4.3 Xiabu Xiabu after the crisis .....	28
5. CASE STUDY 3: QIA QIA REPUTATION CRISIS.....	30
5.1 Qia Qia and its Sector in China.....	30
5.2 Corporate reputation outbreak .....	31
5.3 Qia Qia Food after the crisis.....	34
6. DISCUSSION.....	36
7. CONCLUSIONS.....	40
8. REFERENCES.....	45

## ABSTRACT

Corporate reputation is a valuable intangible asset for the development of enterprises. More and more Chinese companies have begun to pay attention to avoid the consequences of a reputation crisis. The objective of this master dissertation is to identify, describe and analyze different reputation crises of Chinese companies and draw general conclusions from their experience. In particular, it is analyzed the crises suffered by the Chinese restaurant Haidilao, Xiabu Xiabu and China Qia Qia Food Co. Ltd.

This can help to draw conclusions on how to manage it or even avoid other possible similar crises by other Chinese companies. Then, this study tries to provide crisis strategy guidance for and improve the public relations ability of enterprises to assure their long-term prosperity and development.

## 1. INTRODUCTION

Corporate reputation is of great importance for enterprises to attract talents, resist development risks and achieve long-term development. However, for a long time, corporate reputation has not attracted the attention of enterprise managers. The managers usually think that financial practice is the most important aspect, and reputation management does not occupy the main position.

However, with the progress of science and technology, as well as the development of network, many world-famous enterprises, such as KFC, Haagen Dazs or Wal Mart, have fallen into a corporate reputation crisis, which has impacted in the development of enterprises to a certain extent. Chinese companies are not an exception in these cases. For many domestic enterprises, corporate reputation crisis has also brought a fatal blow to their progress. For example, due to the impact of the melamine incident in Sanlu milk powder in 2008, the milk powder industry suffered the worst winter in a hundred years. The development situation of the industry has turned sharply, and even the domestic milk powder has been ignored for a time. Then, some enterprises begin to pay attention to the management of reputation and the possible crisis, but there are still many Chinese companies that ignore the importance of building a corporate reputation which are in the state of unconsciousness and no management.

Management experts have considered different views to address corporate reputation. From the resource-based view, strategic academics believe that corporate reputation is a basic resource in competitive advantage, and also an asset of an enterprise, that can form barriers to resist the entry of competitors. The school of semiotics holds that corporate reputation is the symbol of an enterprise. Marketing academics believe that corporate reputation is related to information and how the company communicate it, because customers can establish an overall relationship with the enterprise based on its corporate reputation, producing the preferences for companies according to the good business history of them (Zucker, 1986).

In the new media era, with the acceleration of information dissemination speed and the deepening of their breadth, enterprise crises management must be control in an urgent and focused way to avoid triggering situations that affect the continuity of the company. However, some enterprises, in the face of a sudden outbreak of crisis, often in a hurry, miss the best processing time or make frequent processing errors, eventually causing damage to the corporate

image, and even threatening the survival and development of enterprises in the future. In recent years in China, the crisis outbreak of catering enterprises is particularly frequent, so the government and consumers have begun to pay more attention to food safety and other issues, and the media have taken the means of investigation, covert interview and undercover to supervise catering enterprises. Thus, the government and the public are very concerned about food safety. Facing the media exposure of emergencies, how to deal with a reputation crisis, how to minimize the loss, how to quickly restore public trust in the brand, can be said to be a required course for every enterprise (Sztompka, 1999; Kreps & Wilson, 1982).

Looking back on the numerous crises events in recent years, some enterprises have been in a state of failure after being exposed; and some enterprises have been able to quickly calm down the incident and retreat completely; others even grow against the trend and use the crisis to rebuild their brand image. Then, the same crisis in different companies generate different outcomes. The decisive role in reputation crisis is public relations. How to resolve various crises and seek survival and development in such a fiercely competitive environment has become an important issue for all companies. Therefore, research on corporate strategies to flexibly and efficiently adopt public relations measures to resolve crises and reverse the situation in today's public opinion field has relatively strong academic theory and practical significance.

A good corporate reputation helps strengthen the relationship between the company and customers, guides customer behavior, and establishes and maintains a lasting competitive advantage. Through literature review, it is found that existing studies mainly focus on multiple stakeholders and also the impact of corporate reputation on financial performance (Fombrun, 1996, 2012). Although several research has been developed from the perspective of consumers, including groups from US, Europe, Asia and Latin America (Carrera et al., 2013), they have not formed a comprehensive understanding of the role of consumers' corporate reputation perception and customer relationship. Moreover, due to the differences between Eastern and Western cultures, it is not advisable to copy the corporate reputation model and empirical research established by western academics. They should be adapted for Chinese enterprises according to China's socio-economic and cultural background, so as to provide theoretical guidance for China's corporate reputation management. One way to do this is analyzing case studies of Chinese companies that faced to reputation crises and learn from their responses (Kreps et al., 1982; Milgrom & Roberts, 1982).

For that reason, the objective of this master dissertation is to identify, describe and analyze different reputation crises of Chinese companies and, from their experience, obtain conclusions on how to manage these situations and avoid other possible similar crises. This will be of great theoretical and practical significance to strengthen the research on corporate reputation management, specifically in China. To do this, a literature review will be developed first, and, after that, it will be identified and selected three Chinese companies that suffered corporate reputation crisis in the last years. The situation and crisis suffered by the selected companies will be described, as well as their responses. What they must be done according to the theory will be compared in a discussion section. Finally, some conclusions and general recommendations about how to deal with similar crisis are provided not only to the specific companies analyzed, but also to all Chinese companies that face similar situations.

## 2. LITERATURE REVIEW

### 2.1 Crisis management

Scholars define crisis from two perspectives: “event” and “situation”. Some scholars believe that crisis is a kind of “event”, such as waiting. They proposed that crisis is a serious threat to the basic value and behavior structure of a social system, and critical decisions must be made under strong timely and uncertainties. It is also suggested that the crisis is an uncertain event that causes potential negative effects, which may cause enormous damage to the organization and its workers, products, services, assets and reputation. Therefore, the crisis is defined as the future profitability but also potential threats to growth and even survival because a crisis is a special, unpredictable, unconventional event or a series of events that can bring high uncertainty and high threat. Zhang Yongjun (2012) defines a crisis as an emergency, unexpected event that has significant or potentially significant damage to personnel, organizations, and other resources. A crisis is considered to be an event that can potentially negatively affect the reputation or credit of the organization, government or enterprise, and even the economy (Jianjun Li, 1980; Kandori, 1992; Bolton et al., 2013).

Some scholars also define crisis from the perspective of “situation”, defining it as certain circumstances in which the fundamental goal of the decision maker is threatened, the time for reaction is limited, and the occurrence of the situation is beyond the decision maker’s expectations. As well as this, environmental changes have a high degree of uncertainty. It can be seen from the definition of crisis that it is a kind of incidents that bring negative impacts and their occurrence is sudden and uncertain. If no measures are taken or improper measures are taken, it may lead to very serious and disastrous results.

Many Western scholars have defined “crisis management” from different research perspectives. A well-known American consultant believes that (Sapienza et al., 2013): “Crisis management refers to the actions taken by organizations to predict, analyze, resolve, and prevent all factors of a crisis. It includes political, economic, legal, technical, and natural aspects. Japanese business management consultant Masami Tokai believes that crisis management is managing before and after events that cannot be predicted when they will happen, but once they happen, they will cause extreme danger to business operations (Meng, 2015; Sapienza et al., 2013; Butler et al., 2015; Engelen & Essen, 2013).



The research of modern crisis theory started late in China, but the classical theory of crisis management was born in it. The crisis management thoughts in ancient China are mainly expounded from the perspectives of philosophy, military affairs, history, and governance. At present, governments and scientific research institutions at all levels are beginning to realize the importance of crisis management research and pay attention to it. The School of Public Administration of Tsinghua University has set up a crisis management research group, and the China Institute of Modern International Relations has established a crisis management research center. In recent years, a large number of scholars have conducted research on crisis management from different fields and in different ways obtaining some achievements (Li Zhixiang et al., 2014).

Crisis management refers to how organizations and/or individuals monitor, control, make decisions and manage an event to avoid or reduce the harm caused by it, and even turn it into opportunity. Scholars emphasize the importance of crisis management and discuss measures to improve its quick solution. Through literature review, it can be found that although there is no unified definition of crisis management, it basically includes the identification and control of uncertain factors, the handling of crises to reduce losses, etc. Therefore, this work defines crisis management as the organization's prediction, control, and handling of the factors that may occur in a crisis, so as to minimize the uncertainty and reduce the negative impact of the crisis on the organization (Tanimura & Okamoto, 2013; Arena et al., 2015; Sefcik & Thompson, 1986; Campbell et al., 1998).

## **2.2 Corporate Reputation**

Corporate reputation is formed naturally in social interactions with stakeholders (mainly customers, employees, investors, collaborators, government, the media, communities, etc.), and is the result of the interaction between corporate behavioral capabilities and public perception. It is a comprehensive evaluation based on the stakeholders' cognition of various factors of the enterprise. In the modern market economy, a good corporate reputation is a unique resource

owned by an enterprise. It can improve the competitiveness of the enterprise and improve the overall value of the enterprise, and therefore is an intangible asset of the enterprise.

Corporate reputation is different from corporate goodwill. Corporate reputation is an indicator of whether a company can fulfill its promises and reflects the public's evaluation of corporate integrity (Kong Hui,2018). When an enterprise is honest and trustworthy and can fulfill its promises at all times, it must have a good reputation (Wang Ruo, & Liu Yanwei, 2018). The creditworthiness of a company directly affects its reputation. Although corporate credit is an important part of corporate reputation, the difference between the two is that corporate credit is only an evaluation of a certain aspect of the company, while corporate reputation is a comprehensive evaluation of the entire company. As for corporate goodwill, there is still a lack of a clear and unified definition in the business world and the theoretical world. Most of the existing research define it from the perspective of accounting. It refers to the difference between the total value formed by various factors of the enterprise during the transfer process and the value of the separate sale (Xiao Ning, & Liu Jie, 2018). Expressed by the formula: corporate goodwill = overall corporate value - various individual tangible assets - identifiable intangible asset value. It can be seen that the essence of corporate goodwill is the performance of the commercial value of corporate reputation (Kong Hui, 2018; Wang Ruo, & Liu Yanwei, 2018; Xiao Ning, & Liu Jie, 2018; Sun Tuwei et al., 2020).

The reputation is also one of the important elements of human capital of service firms. It is based on the capabilities and integrity of their employees, as well as the external manifestation of honesty (Tang Guiyao et al., 2019). In fact, corporate reputation cannot be formed overnight. It is gradually formed and accumulated by companies in their long-term management, becoming known and understood by the stakeholders. It is not only the result of the enterprises' long-term successful operations, but also an important proof of the ability to manage the enterprise. The success and ability of companies in running the business is reflected by its performance. In the process of operating and managing the enterprise, various resource elements are integrated by

using the human capital which combines them (material and intangible resources). In this process, the enterprises gain credibility gradually through their own continuous efforts, and entrepreneurs and managers also contribute to it with their excellent management. They also gradually win the stakeholders' recognition and respect to trust in the enterprise. It should be said that without the trust of the company's stakeholders, even if the companies are highly capable, they may not be able to form a good reputation due to the lack of recognition and support from them (Tang Guiyao et al. 2019; Wang Yaru, & Liu Shulian, 2020; Yu Donggen et al., 2019; Wang Li, & Ge Kaili, 2019; Ma, 2019; Ma Degong et al., 2019).

It should be considered that corporate reputation is a comprehensive evaluation of the public on the company. All aspects of the company, such as social status, product or service quality, management level, operating conditions, employee quality, responsibility to the community and the environment, participation in social welfare undertakings, and concern for corporate employees, will affect the public's evaluation. It can be seen that corporate reputation is a positive "spillover effect" produced by various factors of the company playing a comprehensive synergy, rather than the result of a single factor acting alone. It is a comprehensive reflection of all aspects of an enterprise's behaviors and capabilities, and the condensation of all social and commercial behaviors of an enterprise (Wang Jinyan et al., 2019).

Some characteristics of corporate reputation are described below.

The *non-competitiveness of corporate reputation utility*. As a company's unique resource, corporate reputation can be developed on different occasions and used at the same time (Jin Kangwei & Wang Shuinen, 2004). For example, in the product market, a good corporate reputation enables its products to occupy a larger market share and obtain greater profits. At the same time, in the capital market, a good corporate reputation enables the company to be sought after by investors and that its stock price rises. In the talent market, a good corporate reputation can attract talents to the company. The property of corporate reputation as an intangible asset that

can be used simultaneously without affecting its utility is the non-competitive (i.e., non-exclusive) utility of corporate reputation.

The *long-term nature of corporate reputation*. A good reputation is gradually accumulated by a company in its long-term contacts with stakeholders. Its formation is a long-term process achieved through the company's accumulated efforts, not through commercial hype and media promotion, as some companies believe. An enterprise can spread its information through intensive advertisements and increase its popularity in a short period of time. Nevertheless, the media can only increase the public's awareness of the company, but not the recognition and reputation. On the contrary, having high reputation not based on solid facts that underpin it is a curse rather than a blessing because high visibility brings high risks. Companies such as Giants, Sanzhu, Qinchi, and Aiduo grew rapidly in a short period of time and had a high reputation, but they died under their prestige. To obtain a good reputation, an enterprise must start steadily, little by little, after the accumulation of long-term hard work (Shi Ruiyong, 2019; Yao Gongan, 2019).

The *instability of corporate reputation*. Corporate reputation is a singular intangible asset because it is not as stable as other assets. The reputation a company has earned is not something that can be done once and for all. It requires constant efforts and careful care of the company. Corporate reputation is "hard to lose" and damage is of short-term nature. Once damaged, reputation assets will quickly depreciate, and it may not be able to recover after ten or a hundred times of effort. As Davis-Young (1997) said in "creating and maintaining a good corporate reputation doesn't have to be taken lightly because all your painstaking efforts made can come to naught". (Yue Jia et al., 2019; Song Fengsen, & Chen Jie, 2019).

### **2.3 Corporate Reputation Crisis**

With the continuous development of the markets, after experiencing price, quality and service competition, corporate development has come to today's reputation competition. The

public is paying more and more attention to corporate reputation. because it directly affects the company's product sales and even the efficiency of the company. However, any enterprise may have a crisis in the development process, and this is inevitable. Therefore, companies must be prepared for danger in times of peace and be able to manage crises correctly when they arise. Today, when market competition is becoming increasingly fierce and information is becoming more transparent, once a crisis breaks out, the scope and degree of harm are usually unbearable for enterprises. Therefore, enterprises are required to carry out early warning, prevention and management of crises.

Corporate reputation is of great significance for attracting outstanding talents, resisting development risks, and achieving long-term development. However, with the advancement of technology and the development of the Internet, many world-renowned companies, such as Haagen-Dazs, KFC, or Wal-Mart, have suffered a corporate reputation crisis which has impacted in the development of the company to a certain extent. For many Chinese enterprises, the corporate reputation crisis has also brought a fatal blow to their development. For example, due to the 2008 Chinese milk scandal which involved milk and infant formula that were adulterated with melamine and affected 6 babies who died from kidney stones and other kidney damage, and around 54,000 babies that were hospitalized, milk powder companies had encountered a really difficult situation for unattended the development of the industry.

For now, some Chinese companies have begun to attach importance to corporate reputation crisis management, but there are still many companies that ignore the construction of corporate reputation, leading to a state of unconscious and unmanaged corporate reputation management. (Li Caicai et al., 2019; Shi Ruiyong, 2019; Li Cuimei, & Liao Dahua, 2019; Zhu Wei et al., 2019; Liu Xuexin et al., 2019).

Nowadays, the use of Internet data to conduct public opinion research and judgment has become an important task in the management of corporate reputation management. Public opinion evaluation can help companies grasp the real-time emotions of netizens in crisis events and the trend of public opinion, which can reflect the corporate crisis public relations effects and further improve the public relations capabilities of catering companies (Liu Fang, et al., 2018; Li Gang, & Lu Yanqiang, 2018; Niu Liangyun, & Wu Linhai, 2018).

Public opinion research and judgment mechanisms can help the organizations to prevent and/or detect in time possible crises, so they should be a part of the corporate crisis public relations. Especially with the emergence of digital media, where everyone has the opportunity to become the first disseminator of information, the anonymity of the Internet and the large amount of garbage and harmful information that can create problems to the company. Therefore, the screening of public opinion information is particularly important for companies. After the outbreak of a crisis, if hot issues such as “food safety”, “medical health”, and “employment income” are involved, it will inevitably lead to public criticism and even rumors (Zeng Jing, 2018; Ji Dan, & Guo Zheng, 2018; Ji Dan, & Guo Zheng, 2018; Zhao Zhenjie, & Lu Hongxian, 2017; Liu Mingxia, & Meng Xiangjie, 2015).

The characteristics of network communication make rumors spread more widely and have greater impact than ever before. Therefore, at the beginning of online public opinion research and judgment, rumors should be distinguished from public opinion information, and strong evidence should be sought to dispel rumors as soon as possible to avoid them becoming large-scale public opinion incidents. At the same time, legal weapons are actively used to combat online rumors. Essentially, the boundary between freedom of speech and online rumors is very clear. The content of rumors does not belong to the scope of freedom of speech. Fighting online rumors is not only to protect citizens from being misled by illegal and bad information, but also to purify the online environment and protect citizens of fake information.

After the enterprise has screened and judged public opinion, it needs to classify and summarize it. All types of online public opinion have their commonalities and their individual characteristics. Different types of online public opinions have different methods and skills when dealing with them. According to different standards, case databases are constructed according to different types of online public opinion. When an emergency occurs, the experience of similar cases can be found according to classification as a reference for response and guidance. Based on the collected public opinion information, through systematic analysis, basic judgments about the development trend and direction of public opinion are made. Through targeted excavation of public posts, network links and other forms of participation, it is possible to explore the true psychological appeals of the public. Actively use big data technology helps to provide targeted services to meet the needs of the public in a timely manner and provide targeted psychological

counseling to them to avoid a situation in which public opinion is collapsed and generate unnecessary conflicts and excessive emotional reactions.

At the practical level, select a series of indicators that can quantitatively measure the spread of public opinion, such as the number of nodes, cluster coefficient, degree of aggregation, subtopic embedding and other index parameters, is adequate for conducting quantitative analysis and research on network public opinion, as well as building a dynamic public opinion communication model (Peng Yatong et al., 2014).

In fact, Peng Yatong et al. (2014) consider that “different individuals or groups in public opinion events form different nodes in the network. With the development of public opinion, the expansion and extension of the node network is realized, and an infinite public opinion space is formed through linkage and nesting”.

The clustering coefficient and compactness can reflect the degree of aggregation between network nodes. There is a mapping relationship between them, which can indirectly reflect the changes in public opinion through the changes in the relationship between network users. The compactness reflects the connection with the node. If the overall compactness of the network is high, it means that the node is very active, indicating that there are many active node users. By calculating the closeness of node users and the average clustering coefficient to reflect the topic's popularity and degree of aggregation, the public opinion evolution cycle can be accurately judged (Miao Jianhong et al., 2014; Miao Jianhong et al., 2014; Yao Weihao, 2013).

Finally, based on the results of the research and the specific characteristics of online public opinion, predict the future trend of public opinion and determine whether the public opinion will be further fermented or will gradually shift in focus, and finally calm down. The analysis and research of online public opinion should also pay attention to the increase of new elements in time, so as to find the key nodes of the development of the situation and accurately predict the direction of the situation. In addition, the prediction of the trend of public opinion is also conducive to enterprises to carry out timely crisis warning. Once it is discovered that public opinion has a tendency to further ferment or even cause a blowout in the later period, it is necessary to immediately pay attention to the crisis and adopt certain public relations behaviors to stop it, such as actively setting up new public opinion topics and diverting public attention. In accordance with the trend and direction of the growth of online public opinion, we will provide

early warning of the crisis, and promptly put forward targeted proposals for enterprises' reference. Countermeasures and suggestions should be timely, effective, and actionable, and should mainly include: a) how to release information, b) timing of information release, c) information publisher, d) information release channel, e) information release tone (apology, confession, or clarification of the truth), among other aspects. In addition, early warnings are given to those negative public opinions that may cause public opinion to criticize and focus their attention, and then trigger group incidents. Online public opinion early warning is the result of analysis and research of the media and is a precursor to response and guidance.

In the Internet age, the diversity of public opinion subjects dominates the depth and breadth of its evolution, complexity and its effective handling. In order to further improve the efficiency of public opinion handling, enterprises need to fully mobilize the enthusiasm of all their members to participate in public opinion governance, actively use big data tools, and efficiently design governance coordination rules for all parties that tries to reduce possible conflicts in the process of responding to public opinion. In addition, the degree of participation and cooperation between various departments should be improved through effective social public opinion handling tools and guiding decision-making plans, including media communication channels that should be provided in coordination.



### 3. CASE STUDY 1: HAIDILAO REPUTATION CRISIS

#### 3.1 Haidilao and its Sector in China

Sichuan Haidilao Catering Co., Ltd., in general Haidilao, was found by Zhang Yong in 1994 in Jianyang, Sichuan.



It is a Sichuan-style hot pot restaurant that focuses on the characteristics of large hot pots. Hot pot, called “antique soup”, is named after the sound of “gu Dong” when food is put into boiling water. It is an original Chinese food with a long history, and it is a kind of food right for all ages. Generally speaking, hot pot is a cooking method in which food is boiled with water or soup with a heat source, and it also refers to the pot used in this cooking method. It is typical cooking and eating on the pot itself because it has the effect of heat preservation, when eating food is still steaming.

Haidilao is the brand of a retail chain restaurants with hundreds of restaurants placed in Jianyang, Beijing, Shanghai, Shenyang, Shijiazhuang, Tianjin, Wuhan, Xi'an, Zhengzhou, Nanjing, Guangzhou, Hangzhou, Shenzhen, Chengdu, Chongqing, South Korea, Japan, Singapore, the United States and other countries. According to its official website, Haidilao has settled in more than 110 cities and more than 590 stores in China.

When customers come to Haidilao, people first think of its services. After the recent “boarding gate” incident, the unprecedented popularity of Haidilao has evolved into a cultural phenomenon. It is not only a hot pot restaurant, but also synonymous of fashion and good service. Haidilao regards employees as the cornerstone of the company's development, and the attitude of employees directly determines the attitude of customers. Only by treating employees kindly and as family members, Haidilao can be perceived as home, so employees should treat customers with the owner's consideration and care. Therefore, Haidilao made great efforts to

create one kind of “family” atmosphere among employees each year and provides benefits that many companies do not provide, such as insurance plans, paid holidays and subsidized housing. The company not only provides staff with good accommodation, which ensures the standardization of staff housing, heating and equipped with air conditioning, free wifi and near from work place (only 20 minutes walking distance at most). At the same time, there are dedicated cleaners to clean the staff rooms and change the sheets. As well as this, the company take the initiative to take care of employees’ family conditions. It has established a boarding school in Jianyang City, Sichuan Province, to solve the problem of children’s education. Part of the bonuses of outstanding employees are sent to parents in their hometown every month. From the perspective of management mode, Haidilao’s success largely lies in the perfect combination of front-end “humanized management” and back-end “standardized management”, making management more and more “simple”. From the perspective of “standardized management”, Haidilao has a professional and mature production chain from the procurement, production, and distribution of hot pot bottom materials, raw materials and auxiliary materials to dishwashing. This is the basis for Haidilao’s rapid replication and expansion, but it is also the disadvantage of other traditional Chinese catering companies. Haidilao not only regards employees as family members, but also has its own industrial chain in store operation. The operation of the whole enterprise management is more humanized and standardized. These are the disadvantages of other catering enterprises, which are not perfect enough.

From the perspective of “humanized management”, first of all, Haidilao is not stingy in terms of authorization. Employees can make their own decisions. They have the right to decide whether to give a free fruit plate or provide it for free when necessary. If the cost is less than 300,000 yuan, the director of the restaurant can be the manager and each production line worker is a customer service manager. Second, the evaluation of Haidilao only focuses on employee satisfaction and customer satisfaction. This evaluation method is unique and easy to understand. It not only subverts the traditional “finance” as the center of the complex standard evaluation mechanism, but also ensures the evaluation of fairness and justice. Third, Haidilao adopts a flexible promotion mechanism. There are no hard indicators such as education and qualifications used in promotion, as long as any employee’s hard work can be promoted. Finally, word of mouth marketing is important for the company. Marketing no end by flying advertising, it is also necessary good food and quality service that left in the minds of customers an indelible

impression which lead them to talk favorable about the restaurant. Other customers rely on word of mouth to be attracted which makes popularity quickly spread across the country.

### 3.2 Corporate reputation outbreak

At 10:23 am on August 25, 2017, the Law Evening News' published an article titled "Disgusting!" on its news client "View News" section, as well as at Sina official Weibo @View News. A reporter broke the news that he had made an unannounced visit for nearly 4 months and found that Haidilao's Beijing Jinsong Store and Taiyanggong Store and he had found rats scurrying on the back kitchen floor and bad hygiene conditions observing how dirty dustpans and tableware was mixed in the sink, thick oil stains accumulated in the dishwasher and, in general, a lack of kitchen cleanliness for a long time.

Soon after the news was released, Sina.com, Raid News, China Youth Network, and Xinhuanet carried out reprint reports, which aroused the attention and heated discussion of netizens. In the afternoon of the same day, Haidilao's official Weibo @海底捞火锅 posted a response, apologized and promised to rectify. At the same time, @View News exposed related videos. In the video that broke the news, several Haidilao workers in work clothes were busy cleaning. In order to clear the greasy sewers, one of them set up the metal leaking plate hanging on the sewer in the kitchen, directly picked up a hot pot colander and dredged it in the sewer, and then put the colander into the pot and sent for cleaning. Another video shot in the dishwasher a thick layer of yellow oil adheres to the surface, and the staff on the side said: "*Look at the oil on it, but it can't be cleaned and it can make dishes stinky. You can crawl inside and smell it. It's too big*". According to reports, although the dishwasher in the Haidilao Jinsong store is opened every day for cleaning, it only does surface work every time and does not thoroughly clean the oil inside. The interior of the dishwasher had been cleaned only once in two or three months.

When the task volume of the dishwashing room is not particularly large, the staff will choose to clean the kitchen and wash the dishes at the same time. But the brooms and dustpans they use to clean dishwashers and lockers are the same as the tools they used to clean floors, walls, and sewers. Individual employees will put dirty dustpans and rags in the sink for washing after finishing the cleaning work, and the brooms will be placed on the conveyor belt of the

dishwasher to drain. The video of just 3 minutes and 5 seconds exposes the hygienic chaos of Haidilao's back kitchen to the general public. The "dirty, messy" back kitchen is in sharp contrast with the bustling dining "prestige" front hall. According to reports, the reporter has been trained internally by Haidilao and conducted unannounced visits to the Jingsong Store and the Sun Palace Store in Beijing. On the first day of work, the reporter saw rats in the cup-washing room. In the next few days, in the back-kitchen compartments such as the ingredients room, the vegetable room, and the fruit room of Haidilao's Beijing Jingsong store, the reporters all saw the rat scurrying and recorded it with a camera. In the video and at the end of the article, the media stated that "the reporter has reported the matter to the Chaoyang Food and Drug Administration" in China. The video and the article quickly caused an uproar on the Internet.

After the Haidilao sanitation problem was exposed, the Food and Drug Administration of Beijing opened an investigation into the two stores involved and expanded it to central kitchens and other branches in Beijing. During the inspection of the back kitchen of the Beijing Jingsong store, it was seen from the opened dishwasher that the bottom had been cleaned, but when he leaned down, serious red oil stains still existed above the sink. The person in charge of the store said that they would clean up immediately. Regarding the hygiene problems exposed in the back kitchen, Mr. Gong, the manager of the Haidilao Beijing branch, said that they would ask a pest control company to kill the rodents within a fixed period of time. The reporter added that in the months he spent at the Haidilao Jingsong shop, he did see that they asked the pest control company to remove the rats once, but within a few days, the rats were still rampant. For a time, public opinion was in an uproar.

At 14:46 on August 25, 2017, Haidilao issued a letter of apology through its official Weibo @海底捞火锅, acknowledging that the media reports were true. In the letter of apology, Haidilao first expressed its apology to the majority of customers and friends, described the problems using words such as "very sad and distressed", and "very ashamed and self-blame" for the photos and videos provided by the media; finally, Haidilao expressed the willingness to assume corresponding economic and legal responsibilities, indicating that such things will be eliminated. It also announced how to check the results of previous similar incidents through Haidilao's official website and WeChat public account. Then, once again stated its attitude

towards hygiene and the confidence that the problem solves as soon as possible, showing a attitude of rapid rectification of all Haidilao stores.

At 17:16 on August 25, 2017, Haidilao distributed a notification on the handling of Beijing Jinsong Store and Sun Palace Store through its official Weibo @海底猎火锅 and WeChat public platforms and announced specific renovation measures.

The specific rectification measures included interesting aspects, such as:

- At the end of all rectification measures, the person responsible of each one was indicated.
- In the statement on “inviting customers, media friends and management departments to inspect and supervise the Haidilao store”, the contact number was clearly marked.
- The store involved took the initiative to shut down for rectification and hired a third-party company to clean up the kitchen. Check blind spots and remove rodents, introduce new technologies, and carry out rectification in conjunction with research directions such as store design
- It was stated that the main responsibility of the incident is borne by the company’s board of directors, and the store employees involved do not need to panic, but only need to rectify in accordance with the system and assume corresponding responsibilities.
- There will be organized investigations in all stores to avoid similar situations, and the company will take the initiative to report incidents to the government authorities and suggestions for handling.
- Upgrade the monitoring equipment of all stores across the country to achieve networked monitoring and cooperate with government departments to carry out sunny catering work. Brighten the kitchen to achieve visualization and information.
- Overseas stores would be rectified according to local laws and regulations. At the end of the statement, it was emphasized again that the rectification of each store must be based on the laws and regulations of the country and region and the relevant regulations of the company.

In response to Haidilao’s health issues exposed by the media, the Beijing Food and Drug Administration immediately initiated investigations into the two stores involved in Jinsong and

Sun Palace. At the same time, it also investigated all Haidilao's stores in Beijing, including the central kitchen. A comprehensive food safety and hygiene inspection was carried out. Duan Yongzhi was the main person in charge of the Food and Drug Administration Department of Food and Drug Administration. According to reports, their inspections mainly focus on the following three aspects (Zhang Chunxiang, & Zhang Baige, 2018).

- The food preparation area, including rough food processing, cooking and meal preparation, where the sanitary conditions of places were checked, specifically that tableware, food warehouses and other areas was cleaned, disinfected and cleaned.
- Whether the food processing operation is strictly carried out in accordance with the requirements of the "Food Safety Operation Regulations for Catering Services".
- Check the cleaning of tableware. The sanitary conditions and cleaning and disinfection effects of equipment and facilities, as well as protective facilities and disinfection measures.

After strict inspections, the Beijing Food and Drug Administration notified Haidilao's sanitation problems such as incomplete disinfection records, misplaced dining utensils, and staff were not wearing work caps and masks. The relevant person in charge of Haidilao was required to implement and carry out food safety rectification as soon as possible within a limited period, actively disclose the effect of the rectification to the society at any time and accept social supervision. Subsequently, the Beijing Food and Drug Administration once again held an interview with the relevant person in charge of Haidilao. They said that the Haidilao store's problem detected had been registered in the Beijing's corporate credit information platform and will be released in the second year. In the quantitative grading of catering service units, they were punished by point reduction and downgrade, and they were ordered to complete the overall rectification of the visualization and informatization of the back kitchen within one month.

At 15:04 on August 27, 2017, @海鳥經 issued a statement on actively implementing rectifications and actively accepting social supervision with the help of the Weibo platform, and expressed full acceptance of the content of the interview with the Beijing Food and Drug Administration, including improving various work systems, comprehensively sorting out management systems, and strengthening employee training, actively making corrections, and sincerely inviting the public to supervise the correction process with the visual supervision of the

back kitchen of various stores across the country; actively participating in the Sunshine Catering Project being advocated by Beijing.

### 3.3 Haidilao after the crisis

When Haidilao is facing a sudden crisis, it often makes a statement and announces detailed handling measures within a few hours. In general, enterprises must undergo careful research and discussion before finally forming a decision. Haidilao was able to have enough time for this process thanks to the public opinion monitoring mechanism or the negative early warning mechanism. It allows Haidilao to obtain the information in the first time, and then can get the head start in speed.

When a crisis comes, the media power will be terrible. Conversely, when dealing with a crisis, the power of the media is also the most important thing to consider. In the Haidilao "Mouse Gate" incident, after Haidilao issued a public statement and handling plan, many media followed up and reported the incident. Haidilao had an accident, and their public relations were on fire.

However, Haidilao admitted its mistakes and say that they will carry that pot, they will correct that mistake, and they will keep the employees. The company was able to shift public's attention from the negative itself to the public relations measures of Haidilao with the control of the media. Articles such as "100 points for public relations in this crisis", "Why so many people choose to forgive Haidilao", among others, have been published showing the reason why many media are willing to issue these articles with clear guiding significance is due to the long-term good media relationship maintenance of Haidilao. After the crisis, the company's immediate apology and the courage to take responsibility are the most critical (Liu Ruizhi, & Zhang Luxiu, 2018; Tong Penghui, & Zhao Dezhi, 2018).

Haidilao's chairman Zhang Yong immediately sent out a Weibo after it was exposed that the kitchen had bone broth blending, staff, and stolen products that were not weighed. "The root causes such as unweighted dishes and stealing food are not in place in the implementation of the process. I also sadly tell everyone that I have never really eliminated these phenomena. The responsibility lies with the management not in the Qingdao store. I will not pursue the

responsibility after the crisis occurs. I have sent a psychological counselor to Qingdao to prevent the store's employees from getting too stressed. I fully guarantee the legality of the beverage and the white soup base. Although I dare not promise that the agricultural products of each unit will be inspected before being served, I am responsible. It must be my responsibility". The study of crisis studies has shown that an apology immediately after a crisis event is more likely to cause public understanding than an explanation. After the incident, Zhang Yong's attitude of taking responsibility and sincerely admitting his mistakes played an important role in establishing Haidilao's overall high-level image. This public relations technique is also regarded as a "classic work" by some public relations people and is frequently used in the industry to promote cases.

At the same time, in the "Haidilao Foreign Body Incident in Shenzhen", the store manager apologized and explained to the customer as soon as possible after the incident and proposed to lead Ms. Ni to visit the back hall and the factory. In addition, Haidilao refunded Ms. Ni's more than 800-yuan meal expenses the day before when the customer did not issue the payment voucher. After the incident, Haidilao still actively communicated and negotiated with Ms. Ni. Until the police finally announced the enquiry results and created a farce for customers, Haidilao also appealed to the external people not to put too much pressure on the people involved, and ultimately did not pursue any responsibility. From the above on-site public relations response measures, it can be seen that when Haidilao has disputes with consumers, it often first needs to maintain professional ethics, explain patiently, and communicate sincerely. If there is an error at the time, take the initiative to admit it, be sincere when there is no error, and actively communicate to avoid unpredictable risks caused by the intensification of conflicts. In the era of networking media, the amount of information has increased exponentially, and the trend of multi-source and diversification of information is noticeable, along with the interaction between new and old media continues to increase. Once there are negative events associated with more sensitive topics such as food safety, it is easy to turn out into the focus of public attention and opinions. Haidilao often takes the initiative to set up new topics to divert public attention. For example, in the handling of this crisis, the biggest highlight of "Haidilao" is "playing the emotional card" to divert the public's attention. On the one hand, it was stated in the official statement that each rectification should name and implement the responsible person (all high-level), and also not forget to appease the grass-roots employees, the store employees involved do not need to panic, the responsibility lies on managers and the company's board of



directors, which is perfect Created a responsible and responsible image. Gained the empathy of netizens, which is in line with the public's expectations of Haidilao's humanistic feelings.

In the past crisis public relations of Chinese companies, such an attitude is quite rare, and it has attracted more attention. On the other hand, Haidilao has also taken advantage of the public's national brand pride and consumers' goodwill towards the Haidilao brand itself, so that the public's attention is no longer Haidilao's food safety. It became a hot topic, and it quickly became evenly matched with the topic of "Mouse Gate", preventing further fermentation of the incident.

## 4. CASE STUDY 2: XIABU XIABU REPUTATION CRISIS

### 4.1 Xiabu Xiabu and its Sector in China

Xiabu Xiabu is a chain restaurant, which initiated in Taiwan, founded in Beijing in 1998. It is recognized by the perfect combination of novel bar table dining style and traditional hot pot, forming a new business format of stylish bar small hot pot.



Through 16 years of incessant efforts, Xiabu Xiabu has successfully opened more than 400 restaurants in Beijing, Shanghai, Tianjin, Heilongjiang, Liaoning, Hebei, Shandong, Jiangsu, Shanxi, Henan and other provinces. Since 2009, Xiabu Xiabu has been ranked among the “Top 100 Food and Beverage Enterprises in China”. Since 2011, Xiabu Xiabu has been awarded as the “Beijing Top Ten Commercial Brands”, “Beijing Top Ten Catering Brands”, “Beijing Top 50 Catering Enterprises (Groups)” and many other honorary titles (before 2015).

Hotpot is a fiercely competitive business in China where very familiar brands compete, such as Haidilao, Xiaolongkan, Malakongjian, among other brands.

### 4.2 Corporate reputation outbreak

Xiabu Xiabu offered a special dish that is called duck blood because it is made from duck’s blood like jelly.

On March 15, 2015, CCTV News Channel’s informed in the “Common Concern” column that 90% of duck blood sold in Beijing markets was fake, or even poisonous, because it contained formaldehyde. The CCTV report took samples of duck blood of different restaurants to do their study. Streetside hot boss directly told reporters that duck blood in his restaurant was actually pig blood. The journalist also went to Xiabu Xiabu and Mala Tang. In this case, the test report showed that all duck blood samples were found to contain pig-origin components as well as high levels of formaldehyde.

The same day, March 15th (World Consumer Rights Day), which is a sensitive time node for all merchants, Xiabu Xiabu answered in a very short period of time and made clear its attitude.

At 20:40 on March 15, Xiabu Xiabu released its first response through the social network Sina Weibo (similar to Facebook):

*“Hello everyone,  
According to the news broadcast on the CCTV program, 90% of Beijing duck blood is fake and the duck blood sold from a store of Xiabu Xiabu contains pig-derived ingredients. Our company attaches great importance to this incident.  
Adhering to quality and being responsible for consumers is the foundation of Xiabu Xiabu management. We will conduct an immediate investigation in conjunction with the news media, government departments and third-party testing agencies.  
We will release further information in due course.  
Thank you”.*

Twenty-five minutes later, Xiabu Xiabu posted a second response:

*“Hello everyone,  
In line with the attitude of being responsible for consumers, we have now suspended the sale of duck blood products in all stores, pending inspection and confirmation. At the same time, in order to timely communication, the person for company's media contact and information is Mr. Zhang, 13801189595.  
Thank you”.*

At 4:34 am on March 16, Xiabu Xiabu provided a third response though Sina Weibo where they showed how in the evening of March 15, Xiabu Xiabu actively cooperated with relevant law enforcement personnel of Beijing Food Safety Monitoring Center to check and sample the duck blood purchased by them:

*“On the night of March 15, our company actively cooperated with relevant government departments in the inspection and sampling, provided the qualification certificate and testing report of the product supplier, and promptly shipped all the duck blood that had been removed from the shelves and stopped sale to the headquarters for storage as required. We will confirm the facts as soon as possible and inform them in a timely*

*manner. We would like to offer our sincerest apologies for the concerns and inconvenience this incident has caused to consumers”.*

At 7:00 a.m. the next day, all the duck blood that had been sealed in the stores, left the store and placed in the company’s logistics center and sub-warehouse to wait for the test results.

On March 27, Xiabu Xiabu’s duck blood received the results of the strict tests developed by the Beijing Food Safety Monitoring Center to Beijing Entry-Exit Inspection, Quarantine Bureau Inspection and Quarantine Technology Center. It determined that that no pig origin ingredients were detected in the duck blood submitted by Xiabu Xiabu and the duck blood of this restaurant can be safe to eat.

Yang Shu-Ling, chief executive officer and executive director of the company, said:

*“The food crisis has improved the company's alertness and response ability. We will further strengthen food safety management in the future to ensure that the company has a very complete control procedure at different stages”.*

In the early days of the reputation crisis, many consumers had heated discussions on social media platforms, and most of the comments by consumers in response to the first two statements of the companies involved were criticisms. Chinese consumers attach great importance to food safety. After the relevant tests that proved the quality of the product, most consumers expressed confidence that they would continue to consume duck blood. At the same time, Xiabu Xiabu launched a gift of duck blood for any consumption in the store, which greatly improved the goodwill among their customers. But a few consumers say they were afraid to continue eating this dish, although the test proved the quality of the ingredients used by Xiabu Xiabu. In the view of this, Xiabu Xiabu had to continue working on recovering the trust of customers.

### **4.3 Xiabu Xiabu after the crisis**

From the perspective of stock market feedback, Xiabu Xiabu’s share price fell 3% the day that CCTV report was issued, falling a total of 8% during the crisis. However, after March 27, Xiabu Xiabu’s stock rose up, not only 4% of that day, but also up 33% in the following weeks.

After 2015, looking back at the rapid growth of Xiabu Xiabu in the past few years, the number of stores has exceeded 1,000, but the revenue failed to achieve the target of 10 billion yuan. In 2020, Xiabu Xiabu's revenue was 5.55 billion yuan, and its net profit was less than 2 million yuan. For 2021, Xiabu Xiabu originally planned to open 100 new stores in China, but currently has fewer than 20.

Although the crisis management was relatively successful, with the strong verification of the good quality of the dish, the majority of consumers back. However, duck blood is not the only crisis in the company's business. When consumers decide to which restaurant to go, they take into account experience and value. Following the experience, some studies have showed that most people choose Haidilao as first option to enjoy a meal. According to the value, customers are not always satisfied with the taste of the Xiabu Xiabu's food and the service attitude that is assess as poor.

So how will Xiabu Xiabu develop in the future? Chairman of Xiabu Xiabu He Guangqi said (2015):

*“In addition to the launch of personalized decoration, Xiabu Xiabu future greater change from the package model will become the flagship. The core of the package is that customer satisfaction is higher, and consumers can choose the package freely in the future”.*

He made two important remarks:

1. Personalized decoration of stores.
2. The main recommended set meal mode (such as set meal A, set meal B, etc., each set meal contains different dishes, of course, there are different prices, where customers can choose according to their preferences and the number of people). Now the package model is very popular.

No matter how an enterprise wants to develop well, it must innovate at any time according to the change of consumption. Keeping up with the new consumption trend is key for the success of the company. Thus, public relations can not only resolve the crisis, but also take the chance to turn the crisis into an opportunity.

## 5. CASE STUDY 3: QIA QIA REPUTATION CRISIS

### 5.1 Qia Qia and its Sector in China

Qia Qia Food Co., Ltd. (Qia Qia Food Company Limited) was established on August 9, 2001, with its headquarters located in Hefei National Economic and Technological Development Zone, Anhui Province.



Their main activity is the production of nuts and fried goods, baked goods, potato chips and other snack food. Qia Qia Food was listed in Shenzhen Stock Exchange on March 2, 2011. It is deeply loved by consumers and has become a leading brand in China's nut and roasted food industry. Its products are sold in more than 30 countries, as well as different regions at the domestic market. Other well-known nut companies (competitors of Qia Qia) include Dahaoda, Liangpinpuzi, Sanzhisongshu, Baicaowei, among other popular brands.

In 2006, the brand value of Qia Qia was as high as 1.822 billion yuan according to China Brand Research Institute. It is the only large enterprise in the food industry whose sales scale exceeds one billion yuan, far surpassing other enterprises in the food industry, and its comprehensive market share ranks first in the food industry.

On June 1, 2011, Qia Qia Food launched the brand-new image "more fashion, happier" in order to "create delicious products and spread happy taste" as mission of the company. This was the result of nearly 10 years of development to increase its product line, which includes fragrant sunflower seeds, melon seeds, cob cheep crisp, and other salad and sweet nuts.

## 5.2 Corporate reputation outbreak

When it comes to traditional Chinese festivals, such as the Spring Festival, every family likes to buy some sunflower seeds, peanuts, melon seeds, pistachios and other roasted snacks. A well-known and preferred brand and manufacturer for these products in China is Qia Qia.

On December 15, 2012, a reporter entered as an applicant the high-grade nut and melon seed production factory of Hefei Qia Qia Food Co., Ltd. at Anhui Province. The reporter was impressed by the rigor of the whole production and packaging process of melon seeds, but found some shortcomings in the management:

1. Health certificates were not required to employees by the company.
2. The cooking water of melon seeds was not be replaced after one use.
3. The use of artificial flavor ingredients.

### **Do not apply for health certificate.**

“Production line staff, year-round employment”, proclaims a bold red billboard outside Qia Qia Foods.

On November 26, 2012, the reporter dialed the telephone on the recruitment advertisement, but the personnel department staff told him that the most needed at that moment was a female worker.

On November 29, 2012, the reporter dialed this telephone again, the other side lets the reporter took ID card photocopy to wait until the next day company doorway collection.

After successful recruitment, the company did not require the journalist and other employees to apply for health certificates, nor did it conduct a unified physical examination. However, a regulation posted in the workshop reads: “Employees should apply for a health certificate and must not have contraindications unsuitable for participating in food production”. The reporter consulted personnel department staff later, and the answer was “the company the company will find the adequate moment to all employees to develop the unified physical examination, sending a notice”. However, for more than 10 days, the reporter did not receive a notice requiring him to apply for a health certificate.

### **Recycling of cooking water in the production process of melon seeds.**

Reporter saw workers filling jars with melon seeds but not changing the water for boiling them. “It takes 0.7 tons of sunflower seeds to cook in one pot. Will it not affect the water quality?”.

The reporter asked the staff, and a staff member told him that cooking sunflower seeds all kinds of ingredients are in the pot and pour a pot is a waste of water. Additionally, there were pipes inside the pot through which water can flow.

After cooking, part of the water will be drained, and then part of the water will be added, which can save water and ensure that the concentration of the ingredients will not be too low. When the concentration is low to the specified standard, new water is added again.

### **The use of flavor with essence.**

On December 13, 2012, the reporter applied to the production workshop, responsible for the production of melon seeds with nylon bags, and into the storage area.

Before bagging the melon seeds, the reporter smelled a special taste, fragrant some choking. The reporter saw a small airbrush spraying a white mist. The same group of colleagues told him that this is the essence. “You have to keep an eye on this nozzle, and if you run out of it, go and get a bucket of essence”. Reporter just noticed that the machine put three milky white bucket, next to a brand, written above the “essence place”.

### **Qia Qia’s response**

The report was published by the media on December 24, 2012, but Qia Qia Food made the following statement regarding the incident on the same day.

#### ***Consult with the Food Fact Sheet regarding media coverage***

*Today, the media have published relevant reports on our company. According to the content of the report, the company immediately carried out a comprehensive investigation. At the same time, leaders of quality supervision units in Anhui Province, Hefei City and the opening area also visited the company in person for understanding the situation at first hand, inspecting and eliminating food safety hazards.*

*According to the company’s investigation, the specific situation is as follows:*

#### *1. About the use of flavor:*

*The edible flavors used in the company’s products fully comply with the provisions of the national standard GB2760 and are also labeled in accordance with the national standard*



*GB7718. The supplier is the most excellent edible flavor supplier in China, and the products meet all the national standards.*

*2. On the recycling of cooking water in the production of melon seeds:*

*Company is the first domestic "boil" instead of "fire" for melon seeds production enterprise. Qia Qia fragrant seeds production technology has obtained national invention patent (ZL 00 1, 12018.2 about many kinds of processing technology of sunflower). Melos seeds are cooked in soup of liquid; not only add water to boil, but also licorice, fennel and other herbal, beneficial to human health. In the process of cooking, a pot of melon seeds cannot fully absorb the Chinese herbal ingredients in the soup liquid, according to the process specification of the enterprise. For that reason, the soup liquid can be recycled. In the production of the soup liquid, quality indicators such as pH value and the characteristic ingredients are checked to ensure the quality of the melon seeds, in line with the national standards.*

*3. Regarding the employee health certificate:*

*The personnel system of the company clearly stipulates that employees in the production workshop must hold health certificates before taking up their posts. The human resources headquarters of the company regularly inspects the implementation of the personnel system of the factory. In the process of implementing the system, due to the negligence of management, 5 employees failed to timely handle the health certificates according to the requirements of the company's system. As for this, the human resources headquarters of the company has found this matter in the monthly work inspection and completed the reissue of the health certificates on December 17, 2012. We seriously dealt with the relevant personnel.*

*Qia Qia has always adhered to the concept of "quality is the life of an enterprise", and this is applied in the company from the production and operation process, like raw materials, production, inspection, and transportation, until sales and other activities that are strictly abide by the national and industry standards.*

*We welcome and thank the social supervision and put forward valuable opinions and suggestions. Qia Qia will always strive to "create delicious food and spread happy taste" for the vast number of consumers!*

*Qia Qia Food Company, Limited.*

### 5.3 Qia Qia Food after the crisis

In writing after the declaration, Qia Qia timely forward the statement to financial media and other influential media. They choose the most influential media to distribute their statement, like Sina Finance and Economics, because once statement released by the media, you will get positive transfer of numerous media; that means, achieving better results with half the effort.

At the same time Qia Qia Food response to the crisis, they also made full use of the power of authority about the use of essence. Qia Qia Food replied:

*“The edible flavors used in the company’s products fully comply with the provisions of the national standard GB2760 and are also labeled in accordance with the national standard GB7718. The supplier is the most excellent edible flavor supplier in China, and the products meet all the national standards”.*

In this answer, two national standards were used and disclosed in direct detail: national standard GB2760 and national standard GB7718. So, the idea that this text tries to transmit is that the food is totally implemented according to the national criteria of doing things correctly. Therefore, this also explains that the “use of essence” issue accused by the media is completely unreasonable.

In addition, in the statement, Qia Qia also mentioned that *“the flavor supplier is the best food flavor supplier in China”*. In the eyes of the average consumer, the best supplier often offers the best products, so the fragrance supplied by that supplier should be also safe. With a brief paragraph of words, easy to understand, where the "authority" effect (for the standards) is reflected, the essence problem was solved.

In response to the issue of employee health certificates mentioned by the media, Qia Qia Food’s public relations were also in place. When ordinary consumers read the news that employees do not have health certificates, they tend to take it for granted that the whole company’s employees may not have health certificates, which will increase the impact of negative news on the company’s image.

Qia Qia’s statement specifies that:

*“In the process of implementing the system, due to the negligence of management, 5 employees failed to timely handle the health certificates according to the requirements of*

*the company's system. As for this, the human resources headquarters of the company has found this matter in the monthly work inspection and completed the reissue of the health certificates on December 17, 2012”.*

By minimizing the issue that in general employees did not apply for the health certificate, the consumers realized that only 5 people did not apply for the health certificate, which helped to reduce the impact and perception of the situation.

At the end of the public relations statement, Qia Qia did not forget to advert itself. The sentence about the spread and creation of delicious food and happy flavor concept, its part of it marketing campaign. Qia Qia spend hundreds of millions of dollars advertising and take seriously its brand concept. So, it was a good strategy to put in the statement their brand concept to make consumers who see its voluntary statement to contact and be aware of Qia Qia's brand concept, “*create delicious food and spread happy taste*”.

To sum up, Qia Qia's crisis did not have much impact. First of all, the following year of the crisis (2013), the company achieved operating income of 2,984,779 yuan, an increase of 8.68% over the same period last year.

In 2020, Qia Qia Food has achieved operating income of 5.189 billion yuan, with a year-on-year growth of 9.35%; operating profit of RMB 908 million, up 30.74% year on year; and its total profit was 982 million yuan, up 28.23% year-on-year. Then, although the COVID-19 pandemic of 2020 has created a crisis for many industries, the company's performance is still profitable. The company said that after taking appropriate measures to prevent and control the pandemic, it will carry out production and operation in an orderly manner and eventually achieve growth. Thus, compared with last year's turnover, the company is still profitable. After excellent crisis management, Qia Qia is still the favorite brand of Chinese consumers.

## 6. DISCUSSION

In this section, first is discussed the case of Haidilao, second the case of Xiabu Xiabu, and finally the case of Qia Qia.

After the crisis, Haidilao immediately verified the problem. After corroborating that the problem was true, Haidilao took admit the mistake and thanked the media for their supervision. This attitude won wide public support for this restaurant. In fact, the health conditions of the catering industry have been complained several times, which is not only a problem of Haidilao, but also of many catering enterprises that may have similar problems. Haidilao did not evade the responsibility, they had the courage and responsibility to shoulder and decisively admit mistakes, which is very rare.

After the crisis, the assumption of fault is only the first step. Then, it is key to solve the problem to deal with it and take responsibility. An important reason why many enterprises do not want to admit mistakes is that they do not want to take responsibility. After the occurrence of Haidilao crisis, instead of throwing the pot to the employees or stores like many enterprises, the board of managers came forward to actively assume the faults for the employees, and effectively achieved the change. At the same time, Haidilao also released the position of the person in charge of the follow-up rectification, the name, the telephone number, and the information access channel of the latest progress of the incident, making the whole crisis more transparent.

The attitude not only quickly achieved widespread trust and goodwill of Internet users, and also to conciliate the company internal employee, let all employees feel part of the company, and be responsible for themselves, Haidilao successes not only saving the enterprise reputation, but also reorganizing the enterprise internally and its processes, killing two birds with one stone.

With the objective of eliminating the concerns and doubts of fans and parties, Haidilao hired a professional third-party company to develop a comprehensive investigation on the health of each corner of its company, and entirely eliminate the second occurrence of analogous problems. Further, Haidilao also carried out transparent kitchen activities, previously hidden behind the kitchen, using camera equipment to take real-time shots and broadcast to the restaurant customers supervision. This correction of putting oneself under the extensive supervision of the masses greatly strengthens the trust of diners in Haidilao.

After the crisis, Haidilao is still crowded. Many diners admit that compared with other hotpot restaurants, Haidilao's overhauled transparent kitchen is more comforting. Thus, Haidilao was not meaningfully affected by the crisis but succeeded in taking advantage of the crisis and won the approval of netizens, the trust of customers and the trust of internal employees.

About the case of Xiabu Xiabu, the three micro blog posts form a complete response. The first microblog post showed and informed the media, relevant departments and consumers that the company would maintain a positive and open attitude and disclose information about this event in time. The second microblog post provided information for the public to comprehend the dynamics of the event and, at the same time, a way of gaining the dominant right of public opinion of the event, avoiding rumors spread by other media. Finally, the third microblog post showed the deployment of the enterprise and the progress of the matter, stop retailing duck blood, and hand over the duck blood to a professional organization for examination.

After the release of the above three microblog posts, the public opinion was successfully retaking by Xiabu Xiabu, and then kept silent and waited for the announcement of the test results to avoid any further problems. Enterprise crisis public relations statement is the most able to reflect an enterprise's outlook on life, world view and values, if the outlook of the enterprise is correct and its properly operated, even if the temporary crisis, it can be overcome smoothly. Based on the corporate values of Xiabu Xiabu, it chose the crisis public relations strategy of "declaration first and cooperation with investigation".

On March 26, 2015, Xiabu Xiabu was informed by the government that the duck blood products tested for inspection by authorities had not been found pig-derived ingredients in their tests. From now on, Xiabu Xiabu would resume selling duck blood products and the official written inspection report was released by the government department later.

In this way, Xiabu Xiabu fake duck blood incident fell curtain, and a public relations crisis was successfully resolved. Objectively speaking, crisis marketing planning of Xiabu Xiabu work satisfactorily because the event itself was classified as "mistake incident", and there was no problem with the duck blood products of Xiabu Xiabu. But we can also see from this face of sudden corporate crisis public relations events, that Xiabu Xiabu did not act disorderly, and they deal with it in a correct way from the beginning to the end.

Finally, Qia Qia food crisis was generated by a report published in the media that created doubts about the processes of the company among consumers.

The report was published on December 24, 2012, but Qia Qia Food made a statement about the incident on the same day. After the declaration was completed, Qia Qia will forward the statement to the financial media and other influential media in a timely manner. But in terms of media selection, it mainly chooses influential media such as Sina Finance, because once the statement is released by this specialized media, it will be transferred by many media to achieve the effect of a twice result with half the effort.

At the same time Qia Qia uses more powerful authority than Haidilao. In the use of flavor, Qia Qia Food replied mentioning two national standards (national standard GB2760 and national standard GB7718), showing that their food was completely in accordance with the national requirements, the right way to do things. Therefore, the accusation of the media about the use of inadequate ingredients was not based on solid facts, being completely unreasonable.

In addition, Qia Qia said in the statement that “the fragrance supplier is the best food flavor supplier in China”, with the objective to impact in the opinion of ordinary consumers who associate the best supplier with the best products provided.

Countless cases have proved that publicly available effective information can calm people’s psychological fluctuations in the first place, and at the same time quell unwarranted speculation and wanton dissemination caused by time. To a certain extent, it can reverse the passive situation and actively guide. Therefore, companies should stand up for the first time and “voice” to announce the facts of the incident and the recent progress of that incident to the media and the society. The three cases of Haidilao, Xiabu Xiabu and Qia Qia are perfect in this regard. They show a positive attitude towards the crisis.

At the same time, they set the agenda reasonably and follow the progress of the crisis taking into account that the media should actively play a leading role of public opinion. Reasonable and targeted frequency of news releases, actively conduct public opinion guidance, minimize the generation of rumors, and avoid untrue spread are basic steps. As far as the media is concerned,

in crisis communication, regardless of the angle of reporting, it should be based on the true intentions of the subject of the incident and spread from a fair and true standpoint.

Additionally, there is necessary a objective and ethical media that don't bent their head for the sake of money to help companies cover up the truth, but also don't make exaggerated reports for eyeballs and reading. It is necessary to seek truth from facts, have a thorough understanding of the nature of the crisis and the extent of its harm, follow the law of communication, and adhere to the correct guidance of public opinion.

The three companies analyzed followed in their crisis the theory of persuasive communication effects, developing a process of re-convincing the audience. Through the control of crisis public relations methods, a better persuasive communication effect is formed (Lin Zhonggao et al., 2018; Wang Shuaidong, 2018).

To sum up, three companies of the catering and food industry have been chosen because, in modern society, consumers pay more attention to food safety, and this industry is becoming more and more transparent. From my point of view, three are the elements for the good management of the analyzed crisis. First of all, I think the success of the crisis management of the three companies is based on "not touching the basis of principle issues". Second, an important crisis public relations point is the timely. What all three did was respond timely to the crisis, as soon as it broke out. This lays a good foundation for the successful crisis public relations management in the follow-up. Finally, the use public media platforms are basic. In today's network era, the crisis is mainly exposed and fermented by network media, and the media can be also used to solve the crisis. The success of positive response in the cases of the three companies using public platforms depends on the positive attitude and how the content of response can be understood easily, convincing consumers. Two of the elements include in the responses were "meeting national testing standards" or "proposing a more transparent way of doing business".

These are the main factors that I consider as key to successful manage a reputational crisis.

## 7. CONCLUSIONS

The main objective of this master dissertation is to identify, describe and analyze different reputation crises of Chinese companies and extract conclusions about how to manage these situations or even avoid other possible similar crises.

To reach this objective, a literature review has been conducted and there are several conclusions that can be obtained:

- Crisis management refers to the actions taken by the organization to predict, analyze, resolve and prevent all factors of the crisis. It is to try to avoid or reduce the harm caused by certain situations and even turn crisis into opportunity through crisis monitoring, crisis pre-control, crisis decision-making and crisis management.
- The enterprise goodwill is the overall value of the enterprise which includes the various individual tangible assets as well as the identifiable intangible assets value. The process in which business operators manage the enterprise and create performance for the enterprise is also the process in which the reputation of business operators is gradually accumulated and formed. In this process, through their own continuous efforts, business organizations' ability to operate and manage the enterprise and the quality of emphasizing on credit are gradually recognized and understood by the stakeholders of the enterprise. By virtue of their excellent management ability, business organizations have gradually won the recognition and respect from the stakeholders of the business, and then gradually have trust in them. Therefore, the reputation of business organizations is gradually generated and formed in this trust process.
- The public is paying more and more attention to corporate reputation. It has a direct impact on product sales, corporate image, and ultimately corporate profit. However, any enterprise can suffer a crisis in the development process of its reputation. Therefore, enterprises must be in peace of mind when the crisis appears to be able to correctly manage it. In today's more and more fierce market competition and increasingly high degree of information transparency, once the crisis breaks out, the scope of the crisis and the extent of the damage are usually unbearable for enterprises. Therefore, it is necessary for enterprises to warn, prevent and manage the crisis



because corporate reputation plays an important role in attracting outstanding talents, resisting development risks and realizing long-term development.

- There are four stages in the crisis management: 1) The early warning period of crisis events: it mainly refers to the early stage when the crisis signs have already appeared. During this period, firstly, risk assessment and secondly, protective measures should be taken to prevent the occurrence of crisis and control the development of crisis as much as possible. 2) Outbreak phase: it mainly refers to the emergency phase after an event has occurred. At this stage, the key is to respond quickly and control the spread of the crisis in a timely manner. 3) Mitigation period: it mainly refers to the stalemate stage when the event enters, and its function is to preserve the effectiveness of emergency measures and restore the “status quo” as soon as possible. 4) Aftercare period: mainly refers to the clean-up of the outstanding problems after they have been effectively solved. During this period, the first function was to conduct investigation, evaluation and monitoring of the whole crisis and the second was to attach importance to psychological recovery and aftermath.

After the literature review, it has been described three cases of Chinese companies that suffered reputations crises: Haidilao, Xiabu Xiabu, and Qia Qia.

The crisis reputation suffered by Haidilao was a story was published in Legal Evening News on August 25, 2017. A reporter broke the news that he secretly visited Beijing Jinsong and Sun Palace stores of Haidilao for nearly 4 months, he found that rats were running around on the kitchen floor, sanitary conditions were very poor, observed how dirty the dustpan and tableware were in the sink, the dishwasher accumulated thick grease stains, and, in general, the kitchen needed a deep clean that hadn't been done in years.

About Xiabu Xiabu, CCTV News Channel's “Common Concern” column (abbreviated as "CCTV 315") reported on March 15, 2015 that 90% of Beijing duck blood was fake. CCTV also pointed out that many duck blood products on the market containing pig-derived ingredients, or even formaldehyde that can be poisonous. The news caused an immediate uproar.

About Qia Qia Food, in the report published on December 24, 2012, a reporter introduced at the company as a worker and found three important problems: the staff did not apply for a health certificate; the cooking water of melon seeds is not replaced after each process; and the use of

possible inadequate ingredients (essence). As soon as this was raised, it caused a great stir in the society because the products of this company are well known at the Chinese market.

At the discussion section, it is offered a comparison between what theory says and what these companies did at their crisis. Haidilao immediately verified the problem. When they confirmed that the problem was true, Haidilao took the initiative to admit the mistake and thanked the media for their supervision. This attitude won wide public support for this restaurant. After a high standard of rectification, the transparent kitchen activity was actively carried out, and the hidden kitchen was recorded in real time with camera equipment and broadcast in screens at the restaurant in order to be supervised by the customers in any moment. This correction of putting oneself under the supervision of any people greatly strengthens the trust of customers in Haidilao.

About Xiabu Xiabu, after the news, they gave a positive response immediately and stopped selling all the duck blood products. In addition, the publication of an effective way to understand the dynamics of the event (they would investigate the incident and authorities would make reports public) gained the dominant right of public opinion and avoided the spreading of rumors by other media. Three public platforms responded with positive cooperation and made the incident public and transparent.

Finally, the case of Qia Qia Food issued a statement about the media questioning in the first time, timely forward the statement to key media, and respond with authority (based on law). Qia Qia managed the crisis in an adequate way and the impact was small, so the crisis died down quickly.

Then, it can be highlighted that the most important thing in Haidilao crisis is its immediate apology and attitude of taking responsibility. This is the first and most important step in successful crisis management. It can be concluded that when we encounter a reputation crisis, one of the most important things is also the timeliness of the answer on the correct moment.

An enterprise should attach importance to crisis management. In the absence of a crisis, it is necessary to prepare a perfect crisis emergency plan in advance. When the crisis occurs, as far as possible to forecast and control the crisis in the early stage, to minimize the high risk of uncertainty. Then, it is necessary to make a detailed analysis of the possible or existing crisis of your company.

In the case of Xiabu Xiabu, the most special point in crisis management lies in that in the second response on the public platform, where the company's official and effective way to understand the dynamics of the event was provided. It showed the sincere and transparent attitude of the company and won the dominant opinion of the event, avoiding rumors and using media as an “allied”.

Qia Qia’s quick release of the statement and forwarding it to key media outlets and the quick resolution of the reputational crisis proves that: now it is the network information society to actively use the power of media to resolve the crisis when the crisis occurs.

As a conclusion, we can learn from this work about how to manage reputation crises or even avoid them, according to three main aspects:

1. Not touching the basis of principle issues. That means to analyze the problem and if it is based in real facts. If it is, assume the responsibility and don’t blame third parties. If it is no, offer a justified answer about the facts (as in the case of Qia Qia).
2. The timeliness of the answer on the correct moment. It is important to answer the crisis as soon as possible to avoid rumors and the crisis become bigger. This is also a way to show the transparency of the company.
3. Use of public media platforms. Network media is basic today. They can generate a crisis but also help to solve it. The media selected according to the content of the respond that we want to transmit and maintain a positive attitude are fundamental. Another point is to be clear in the message that the company wants to transmit.

Choosing the most transparent and acceptable approach and standards to respond to a crisis will not only improve every aspect of our company, but also it will be an important way to restore the public’s trust.

This work also has some limitations. This is a review of cases and the conclusions should be tested with empirical data and analysis. As well as this, the companies analyzed are from the catering and food industry. Maybe it would be necessary to pay attention to the reputation crisis of other sectors. However, the conclusions are very general, and they may be apply to other companies that are in similar circumstances.



## 8. REFERENCES

- Arena, M., Azzone, G., Conte, A., Secchi, P., & Vantini, S. (2015). Measuring downsize reputational risk in the oil & gas industry. In *Advances in Complex Data Modeling and Computational Methods in Statistics* (pp. 37-51). Springer, Cham.
- Bolton, Gary, Ben Greiner, and Axel Ockenfels. (2013). Engineering trust: reciprocity in the production of reputation information. *Management Science*, 59(2), 265-285.
- Butler, J. V., Giuliano, P., & Guiso, L. (2015). Trust, values, and false consensus. *International Economic Review*, 56(3), 889-915.
- Campbell, J. Y., Lo, A. W., MacKinlay, A. C., & Whitelaw, R. F. (1998). The econometrics of financial markets. *Macroeconomic Dynamics*, 2(4), 559-562.
- Cao Liyuan, & Gao Wenqi. (2018). The influence of media mechanism on corporate reputation. *Shandong Textile Economy*, 6.
- Di Jiarui, Luo Yunxuan. 2018 Research on governance of heterogeneous debt financing of Chinese enterprises from the perspective of social responsibility [J]. *Business Accounting*, (24):50-53.
- Davis Young, 1997, *Creating and maintaining a good business reputation*.
- Engelen, P., & Essen, M. (2013). Reputational penalties on financial markets to induce corporate responsibility: a literature review. 2013-01-05][2015-04-08]. <http://ssm.corn/abstract=2197101>.
- Fan Yong, & Zhao Jinmei. (2018). Corporate reputation, political relations and private SME financing availability. *Social Scientist*, (12), 62-71.
- Guan Kaolei, & Zhang Rui. (2019). Corporate Reputation and Earnings Management: Effective Contract View or Rent-seeking View. *Accounting Research*, 1.
- Hu Yu, & Zhang Chu. (2018). Corporate Communication: Cognitive Dimensions and Analysis Framework. *Economic Tribune*, 6.
- Jianjun Li the Fama E. Agency Problems and the Theory of the Firm [ J ]. *Journal of Political Economy*, 1980, 88(2): 288-307.

Ji Dan, & Guo Zheng. (2018). An Empirical Study on the Impact of Product Crisis Response Strategies on Consumers' Purchase Intention——Based on the Moderating Effect of Corporate Reputation. *Journal of Shanghai Jiaotong University*, (2), 247-252.

Jin Kangwei&Wang Shuinen, (2004). On corporate reputation management.

Kreps, D. M., Milgrom, P., Roberts, J., & Wilson, R. (1982). Rational cooperation in the finitely repeated prisoners' dilemma. *Journal of Economic theory*, 27(2), 245-252.

Kreps, D. M., & Wilson, R. (1982). Reputation and imperfect information. *Journal of Economic Theory*, 27(2): 253-279.

Kandori M. Social Norms and Community Enforcement [J]. *R & I eView of Economic Studies*, 1992, 59 (1): 63-80.

Kong Hui. (2018). Looking at the corporate brand crisis public relations in the new media era from the "Mouse Gate" incident in Haidilao. *Collection*, 11..

Li Caicai, He Ruijuan, Han Yanxiong, & Lai Yan. (2019). An Empirical Study on the Impact of E-commerce Platform Service Quality on Corporate Reputation. *Business Economic Research*, 9.

Li Cuimei, & Liao Dahua. (2019). An Empirical Study on the Establishment of Reputation and Brand in the Dark Tea Industry in the "Internet+" Era. *Fujian Tea*, 3.

Liu Xuexin, Kong Xiaoxu, & Sun Mengyu. (2019). Does the disclosure of corporate social responsibility information enhance corporate reputation?-Media attention as a test of the mediating effect. *Financial Theory Research*, (1), 87-95.

Liu Ruizhi, & Zhang Luxiu. (2018). Corporate reputation, R&D investment and corporate performance. *Research on Financial Issues*, 8, 105-111.

Lian Chunhui, & Wang Yuetang. (2018). An Empirical Study on Corporate Social Responsibility Information, Corporate Reputation and Investment Intention. *Journal of Southeast University: Philosophy and Social Sciences Edition*, (3), 53-59.

Liang Xinmeng. (2018). *Rupert: Reputation Management-A Revelation of Corporate Public Relations*. *International Public Relations*.

Lin Zhonggao, Ding Maohuan, & Chang Qing. (2018). Effectiveness of Internal Control, Relationship Transaction and Corporate Reputation. *Financial Research*, (2), 25-37.

Liu Fang, Xiao Dan, Zhang Juncheng, & Huang Man. (2018). WeChat recruitment characteristics and employer attractiveness from the perspective of signal theory: the moderating effect of corporate reputation. *Journal of Guangzhou University: Social Science Edition*, 17(3), 72-77.

Li Gang, & Lu Yanqiang. (2018). Research on Intangible Assets and Reputation of Mobile Internet Business Model. *Modern Management Science*, (3), 24-26.

Liu Mingxia, & Meng Xiangjie. (2015). Research on the Spillover Effect of Corporate Reputation Crisis: A Cognitive Theoretical Perspective. *Modern Finance: Journal of Tianjin University of Finance and Economics*, (10), 70-79.

Li Zhixiang, Liu Tiezhong, Chen Yan, Peng Xuejun, Li Mingxiang,(2014). Edited by The Crisis Management Monograph, published January 1, 2014.

Milgrom, P., & Roberts, J. (1982). Predation, reputation, and entry deterrence. *Journal of economic theory*, 27(2), 280-312.

Meng, X. (2015). Analyst reputation, communication, and information acquisition. *Journal of Accounting Research*, 53(1), 119-173.

Ma Degong, Lei Chun, & He Kang. (2019). Corporate Reputation and Tax Avoidance: Inhibition or Promotion. *Finance and Economics*, 9.

Miao Jianhong, Feng Junwen, Xia Ziran, & Zhou Liliu. (2014). Research on the Early Warning of University Reputation Crisis Based on BP Neural Network. *Technology Economy and Management Research*, (9), 37-41.

Miao Jianhong, Feng Junwen, Qian Ming, & Shao Junhua. (2014). Evaluation of University Reputation Crisis Management Based on Grey Clustering. *Technical Economy*, 33(5), 125-130.

Miao Jianhong, Feng Junwen, Zhou Liliu, & Qian Ming. (2014). "Four Dimensions" Model of University Reputation Crisis Management Strategies. *Technology Economy and Management Research*, (4), 38-42.

Nieken, P., & Sliwka, D. (2015). Management Changes, Reputation, and “Big Bath” — Earnings Management. *Journal of economics & management strategy*, 24(3), 501-522.

Niu Liangyun, & Wu Linhai. (2018). The regulatory game of collusion between the government and food production enterprises. *Journal of South China Agricultural University: Social Science Edition*, 17(2), 107-117.

Sztompka, P. (1999). *Trust: A sociological theory*. Cambridge University Press.

Sapienza, P., Toldra - Simats, A., & Zingales, L. (2013). Understanding trust. *The Economic Journal*, 123(573), 1313-1332.

Sefcik, S. E., & Thompson, R. (1986). An approach to statistical inference in cross-sectional models with security abnormal returns as dependent variable. *Journal of Accounting Research*, 316-334.

Sun Tuwei, Luo Nanfeng, Shi Wei, & Li Hongyang. (2020). Psychological mechanism of the negative effects of high corporate reputation. *Advances in Psychological Science*, 28(3), 497.

Shen Pengyi, & Wan Demin. (2019). Can online retail corporate social responsibility promote online customer loyalty? ——A moderated mediation effect model test. *Journal of Harbin University of Commerce: Social Sciences Edition*, (5), 89-100 .

Shi Ruiyong. (2019). Analysis of the basic connotation of corporate reputation management. *Economic Research Guide*, (21), 10-11.

Song Fengsen, & Chen Jie. (2019). Research on the Influence of Supplier's Corporate Reputation on Distributor's Extrinsic Altruism: The Intermediary Effect of Trust. *Economic Survey*, 4, 110-117.

Shi Ruiyong. (2019). Analysis of the current problems and countermeasures of corporate reputation management. *Corporate Reform and Management*, (8), 19-20.

Tanimura, J. K., & Okamoto, M. G. (2013). Reputational Penalties in Japan: Evidence from Corporate Scandals. *Asian Economic Journal*, 27(1), 39-57.

Tang Guiyao, Chen Lin, & Yuan Shuo. (2019). The impact of ethical leadership on corporate reputation: a moderated mediation model. *Management Review*, 31(12), 170-180.



Tong Penghui, & Zhao Dezhi. (2018). A Review of Research on the Impact of Corporate Social Responsibility on Employees. *Technical Economy and Management Research*, 6.

Peng Yatong, Gong Qingqing, & Tian Mengqian. (2014). Analysis on the Causes of my country's Fund Managers' Reputation Crisis and Countermeasures. *Hainan Finance*, (11), 46-52.

Wang Ruo, & Liu Yanwei. (2018). Haidilao' s successful response to emergencies. *China Management Information Technology*, 21(17), 82-83.

Wang Xiaoqi, & Hu Guoqiang. (2020). Green innovation, corporate reputation and earnings information content. *Journal of Beijing Technology and Business University (Social Science Edition)*, 1, 50-63.

Wang Li, & Ge Kaili. (2019). Research on the Influencing Factors of Trust Between Enterprises in the Business Ecosystem. *Logistics Technology*, 11.

Wei Feng, & Zhu Qianlin. (2019). CEO Integrity and the Growth of Small and Medium-sized Enterprises: A Study on the Effectiveness of Organizational Climate and Enterprise Scale. *Science of Science and Management of Science and Technology*, 2.

Wang Xuhui, & Guo Yifan. (2018). Research on the influence of platform-based e-commerce reputation on platform seller performance: based on the perspective of customer relationship quality. *Journal of Southwest University for Nationalities (Humanities and Social Sciences Edition)*, 11.

Wang Shuaidong. (2018). Conceptual cognition and multi-dimensional evaluation of corporate reputation. *Modern Management Science*, 12.

Wang Wei.2018.*Public Relations World*,2018(11):46-47. (in Chinese) . The success or failure of reputation management of Benz cars "losing control and hitting people" [J].

Wang Shuaidong. (2018). Standards and norms: On the scientific construction of German corporate reputation. *Collection*, 5.

Wang Shuaidong. (2018). Competition and innovation: On the cultural construction of American corporate reputation. *China Business Review*, (8), 159-161.

Xiao Ning, & Liu Jie. (2018). Crisis Communication Management in the Era of New Media Taking the “Haidilao” store sanitation incident as an example. *News and Communication*, 15.

Xu Tongtong, Guo Longjian, Yu Qinhui, & Yu Qing. (2018). Research on the measures to deal with the reputation crisis of small and medium-sized enterprises in the new era. *Collection*, 36.

Yu Donggen, Zhao Wenqing, & Qiao Ruihong. (2019). Research on the Relationship between Corporate Reputation, Social Responsibility Information Disclosure and Safe Production Costs——Based on Empirical Data Analysis of Listed Food Companies. *Price Theory and Practice*, 8.

Yang Hailan, Lin Xinrong, & Wang Shuo. (2019). Research on the impact of board diversification on CSR and corporate reputation. *Finance and Accounting Newsletter: Zhong*, (8), 20-25.

Yao Gongan. (2019). The mechanism of how experience and corporate reputation affect consumers’ trust in e-commerce companies. *Soft Science*, 7.

Yao Weihao. (2013). A Preliminary Study of Reputation Crisis Management in Universities. *Journal of China Institute of Labor Relations*, (6), 105-108.

Zucker, L. G. (1986). Production of trust: Institutional sources of economic structure, 1840–1920. *Research in organizational behavior*, 8:53-111

Zhang Chunxiang, & Zhang Baige. (2019). Research on the Factors Influencing the Reputation of Newly Created High-tech Enterprises. *Economic System Reform*, 3.

Zhu Wei, Sun Yuxing, & Tang Qian. (2019). Substantive or selective disclosure: The impact of corporate environmental performance on the quality of environmental information disclosure. *Accounting Research*, 3, 10-17.

Zhang Zhe. (2019). Research on the Influencing Factors of the Reputation of New Ventures —A Literature Review from the Perspective of Embeddedness. *Financial Theory Research*, (1), 25-33.

Zhang Shuangpeng, & Zhou Jian. (2019). Is the CEO-Board Social Capital Gap and the Form of Resignation. *Economic and Management Research*, 40(1), 115-132.

Zhang Chunxiang, & Zhang Baige. (2018). The influence of the reputation of new high-tech companies on the acquisition time of venture capital - An empirical analysis based on the Cox proportional risk model. *Technology Economy and Management Research*, 9.

Zhang Yuyao, Zheng Shenyu, & Zhong Ying. (2018). A literature review of the relationship between environmental accounting information disclosure and financial performance. *Farm Staff*, 12, 258.

Zeng Jing. (2018). Research on the Factors Affecting the Initial Trust of Brands. *China Management Information Technology*, 5.

Zhao Zhenjie, & Lu Hongxian. (2017). Analysis of reputation management of newly-built undergraduate colleges after de-administration. *Journal of Pingdingshan University*, 32(4), 111-116.