SHADOWS IN THE MANAGEMENT OF ALIBABA AND THE 40…PIRATES?

Posted on 29/06/2015 by Naider

When you look at any list, report or article about the world's most innovative companies, the world's largest Chinese e-commerce company appears in all of them: Alibaba Group. And as such, every day we find a lot of information about her in all kinds of publications. In September 2014, it went public on Wall Street, where in just 3 hours after its departure, it reached a value of about 230,000 million dollars (around 180,000 million euros). Its shares, which were initially going to trade in a range of between 60 and 66 dollars, went on the stock market at 68, reaching 100, finally falling to 90 dollars. Last May, it broke a new sales record. During the first quarter of 2015 the firm obtained a turnover of 2,811 million dollars (about 2,480 million euros), 45% more than the same period of 2014. And so, many other news.

But below, we will focus on the multiple complaints and criticisms it has received for alleged bad practices, which cloud its brilliant growth and development throughout the 16 years since its creation.

The most recent case is the complaint filed by the French company Kering Group (owner of brands such as Gucci, Yves Saint Laurent or Puma). Kering accuses Alibaba of "encouraging, assisting, and taking advantage of the sale of pirated products." In fact, it is the second lawsuit filed by the French company in less than a year against Alibaba, after it withdrew the first by agreeing to "work together and in good faith" to create a "healthy ecosystem" for consumers and luxury brands. . But this time is different, as according to Kering, Alibaba has not only failed to stop sales of counterfeit merchandise but has allowed trademark infringers to operate, even knowing that the latter openly admit to offering pirated products.

Another high-profile case was the 2011 scandal involving Alibaba's CEO at the time, David Wei. Mr. Wei resigned (along with chief operating officer Elvis Lee) after it emerged that sales staff had approved 2,300 fraudsters "negligently or intentionally". Although these two executives were not implicated in the frauds, the company explained that it took both executives at least nine months to take action after learning of the irregularities and that this attitude represented a systematic breach of Alibaba's culture of integrity.

Apart from complaints, there are also criticisms regarding the concealment of information from its own investors. This same February, several lawsuits were filed against the Chinese company in the United States, for allegedly concealing information from investors. Alibaba received a letter from the US regulator (SEC) in which he was being asked for information about his problems with the Chinese regulator. Immediately, the Asian company responded to these accusations, stating: "although Alibaba Group has no obligation to acknowledge receipt of SEC correspondence, we have proactively chosen to proceed with the request because we value transparency with our investors. and we feel this can help prevent false rumors and speculation."

Not only does he have problems in the United States, but problems are also arising in his own country. China's antitrust regulator recently said it would launch an investigation into price-fixing tactics in the e-commerce sector.

As you may have seen, Alibaba is a clear example of a leading company with great management, full of qualities and good intentions that have led to commercial success, but which still has many aspects to improve.

There are no comments yet.