

INSTRUCTOR

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COURSE DESCRIPTION

From the newly minted Internet giants to the millions of street vendors, from the powerful state-owned enterprises (SOEs) to the nameless suppliers of Wal-Mart, Chinese firms are among the most dynamic players in today's global business landscape. They are also the lenses through which we can gain knowledge and insight about the unique business environment in China, and learn how to compete effectively in such an environment. This course provides students with an opportunity to conduct in-depth analysis of Chinese firms and the complex business environment that they represent. Instead of describing what is happening in China, which is futile given its fast pace of change, we will tackle the fundamental global strategy questions based on the deep-rooted political, economic, and cultural forces there.

We will use a combination of lectures, cases, and debates in class. The purpose is not to memorize the facts about China, but to develop the analytical skills and a global mindset that allow you to understand the nuances behind conducting business in China – and in emerging markets in general. To achieve this purpose, we will spend a substantial amount of classroom time debating on the different perspectives and strategies taken by various corporate players in China. At the end of the course, you will have the opportunity to apply the learning to an actual business scenario, and present your projects in class.

TEXT AND READINGS

A required course packet will be available for purchase from Study.Net. Supplementary readings, both required and optional, will be distributed in class or posted online before the relevant class sessions. This course does not use a textbook.

EVALUATION

Your grade will be based on the following components:

- An individual mid-term assignment (20%)

A written assignment will be distributed in class on Tuesday, October 7, and is due for online submission by 11:59pm on Monday, October 13. It is an open-book, take-home assignment, but must be completed individually without consultation with anyone else. Specifically, you will be given a list of terms discussed in the first six weeks of class. Please pick one of them and write down *your* understanding of the term in a brief essay. A typical essay will include answers to the following questions: What does it mean? Why is it important for business in China? How do you expect it to change in the next decade and how should firms prepare for such changes?

The essay should be no more than 3 pages (single-spaced on letter-sized paper, with 1” margin all around), including all references, tables, and figures. Demonstrate your understanding by incorporating your own observations, personal experiences, or comparisons with cases in other countries.

- Team project presentation (20%)

Teams will be formed randomly, conditional on similar distributions of students from different programs. You will be given a case in which a Chinese firm (or the Chinese subsidiary of a foreign firm) is considering the next step of its strategy. Your task is to use the concepts and frameworks discussed in class to

- Conduct a systematic analysis of the business environment faced by the firm;
- Assess the firm’s unique opportunities and challenges;
- Recommend the next strategic move; (Note that leaving China – or doing nothing – is a completely valid strategy as long as you back it up with good reasoning. In case you want to discuss a Chinese firm’s strategy overseas, please discuss it with me in advance to make sure that your project is closely related to the contents of this course.)
- Lay out the steps you will take to implement the strategy; and
- Discuss how your China strategy fits into the overall growth of the firm.

All presentations occur in the last few classes of the course, but preparations should start much earlier. I will be happy to go through your proposals during office hours or lunch meetings.

- Team project final write-up (20%)

The project write-up is expected to reflect the feedbacks you receive during and after the in-class presentation. The write-up should not exceed 20 pages (single spaced on letter-sized paper, with 1” margin all around), including all references, tables and figures. It is due for online submission by 11:59pm on Tuesday, December 16. Your grade in the team project presentation and final write-up will be based on a combination of team performance and peer evaluations.

- Essay on a current event (10%)

Pick a news article about a Chinese firm (or a foreign subsidiary in China) published in the last month of class. Send me a one-page essay commenting on what you read. Please do not repeat the facts; Instead, write the essay like a newspaper column or editorial piece where your opinion counts! Your essay will be evaluated based on logical clarity and your understanding of the complexities and nuances behind Chinese firms. The essay is due for online submission by 11:59pm on Tuesday, December 16, together with the team project final write-up.

- Class participation (30%)

You are expected to actively participate in discussions, case analyses and other exercises in class. Prepare to be “cold-called” on questions related to the readings. Good participation grades reward students who demonstrate good preparation, mastery of the materials, and an ability to build on the comments and contributions of others. Every student has an obligation to advance our collective understanding of the topics. If you are unable to prepare for a particular session, please put down

your name tent and I will make every effort to avoid calling on you. Please see me as early as possible if you encounter personal difficulties in participating spontaneously in class discussion.

Pre-class poll and post-class minute memo

At the beginning of each week, you will be asked to take an online poll on the case that we are to discuss in the upcoming class. This usually takes the form of a multiple-choice question or a question that requires a very short answer.

At the end of each week, you will submit a quick memo that should not exceed 1-2 short paragraphs. This is the direct channel of communication between us, especially for those too shy to talk in class. You can write a few lines about the most important take-away points from the class, questions that remain unanswered, concepts you do not fully understand, or applications you find particularly interesting. You may also suggest some current events that we should discuss in class. (Take advantage of the office hours if you want to engage in longer conversations on related topics.)

10 out of the 30 class participation points will accrue to simply completing the polls and memos. The specific answers will not be graded.

OFFICE HOURS AND FACULTY LUNCHESES

Office hours are Tuesdays 2-4pm. Please make an appointment if you need more than 15 minutes or if you prefer to meet at a different time.

I have also scheduled a number of student-faculty lunches throughout the semester. These are totally optional. You may sign up for lunch on the Canvas page.

CLASSROOM EXPECTATIONS

- You are expected to attend ALL class sessions. Please contact me immediately if you experience any emergency or schedule conflict that will prevent you from coming to class. Up to two absences with legitimate reasons will be forgiven throughout the semester. Any unexcused absences or more than two excused absences will negatively affect your participation grade. You will be asked to drop the class once you have more than three unexcused absences or six excused absences.
- We will start and end class on time. Late entries, reentries, and early departures are disruptive to class and are allowed only under exceptional circumstances.
- Please sit in the same seat as indicated by the seating chart and display your name tents in every class. (Put your name tent down if you do not want to be cold-called in class.)
- Unless the screen is the only way to display your readings, please turn off all phones and electronic devices before class starts.

COURSE OUTLINE

Part I Setting up the Stage

Aug 28 & Sep 2 The Political System

Reading: "The Operating Environment," Chapter 3 in *Managing the China Challenge*, by Kenneth G. Lieberthal. Brookings Institute Press, 2011.

Case: Kunshan, Incorporated: The Making of China's Richest Town (HBS 9-313-103)

Sep 4 & Sep 9 The Economic System

Reading: China Unbalanced (HBS 9-711-010)

Reading (optional): “Rags to Riches,” Chapter 1 in *China Shakes the World*, by James Kyngé. Houghton Mifflin Harcourt, 2007.

Sep 11 & Sep 16 The Players: The State-Owned Enterprises (SOEs)

Reading: Bremmer, Ian. 2010. “State Capitalism Comes of Age: The End of the Free Market,” *Foreign Affairs*, May/June: 40-55.

Case: Who runs China Unicom (HKU572)

Sep 18 & Sep 23 The Players: The Private Enterprises

Reading: “The Entrepreneurial Decade,” in *Capitalism with Chinese Characteristics*, by Yasheng Huang. Cambridge University Press, 2008.

Reading: [Shanzhai: A Chinese Phenomenon](#), by Booz & Co (now PWC)

Reading: “Xiaomi’s Phones Have Conquered China. Now It’s Aiming for the Rest of the World,” by Brad Stone. *BloombergBusinessweek*, June 04, 2014

Sep 25 & Sep 30 The Players: MNEs in China

Reading: KFC’s radical approach to China (HBR Nov 2011)

Case: Levendary Café (HBS Brief Case 4357)

Oct 2 & Oct 7 The Players: MNEs from China

Reading: [Emerging Best Practices of Chinese Globalizers](#), the World Economic Forum, 2014.

Reading: [Huawei Technologies: A Chinese Trail Blazer in Africa](#), Knowledge@Wharton, 2010.

Case: Haier: Taking a Chinese Company Global in 2011 (HBS 9-712-408)

Break; Midterm Assignment Due on Oct 13

Part 2 Analyzing Strategies

Oct 14 Summarize and Exercise (And Getting Ready to Strategize)

Take stock and debate on two topics

Relevant readings will be posted online during the break.

Oct 16 & Oct 21 Filling the Institutional Void

Reading: Khanna, Palepu, and Sinha (2005): “Strategies That Fit Emerging Markets.” *Harvard Business Review*, 83(6): 63-76.

Case: Soho China (HBS 9-703-011)

Oct 23 & Oct 28 M&As and Strategic Alliances

Case: Geely's Acquisition of Volvo (Ivy 910M57)

Case: Yahoo: Relationship Crisis with Alibaba in China (HKU 970)

Oct 30 & Nov 4 Managing the Supply Chain

Reading: Arruñada and Vázquez, "When Your Contract Manufacturer Becomes Your Competitor." *Harvard Business Review*, November 2006.

Case: Low-hanging Fruit? Apple in China (Wharton case)

Nov 6 & Nov 11 Internal Challenges: Pollution and Corruption

Web: Slide shows on nytimes.com/china

Reading: Economy and Lieberthal, "Scorched Earth," *Harvard Business Review*, June 2007.

Reading: DeWoskin and Stones, "Facing the China Corruption Challenge," *Far Eastern Economic Review*, September 2006.

Nov 13 & Nov 18 External Challenges: Currency and Trade Disputes

Reading: Seeing Red: What Are the Costs of China's Currency Policy? Knowledge@Wharton, January 2010.

Reading: Sun, Zhang and Chen. 2013. The challenges of Chinese outward investment in developed countries: The case of CITIC Pacific's Sino Iron project in Australia. *Thunderbird International Business Review*, 55(3): 313-322.

Case: Shaping the Future of Solar Power: Climate Change, Industrial Policy and Free Trade (Part B) (HKS780)

Nov 20 & Nov 25 The Next Step: Intellectual Property Rights and Economic Transition

Reading: Andreas Schotter and Mary Teagarden, "Protecting Intellectual Property in China," *MIT Sloan Management Review*, Summer 2014

Reading: "Planning Innovation?" Chapter 4 in *Can China Lead? Reaching the Limits of Power and Growth*, by Regina Abrami, William Kirby, and F. Warren McFarlan. Harvard Business Review Press, 2011

Case: GM in China (Ivey 905M07)

Nov 27 - Dec 9 Team Presentations

Final Write-up and Reflection Essay Due on Dec 16
