

**INSTRUCTOR**

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Office: Lauder Institute, room 209  
Office Hours: Thursdays 1:00-2:00pm (*unless otherwise noted*)

**COURSE DESCRIPTION**

Only by understanding the ways and means of Chinese business is it possible to understand the rise of China today as a global political and economic force. Underpinning China's remarkable economic transformation, after all, are millions of Chinese businesses and a multitude of non-Chinese companies that chose to do business in China and/or with China. In this class, we will focus on the opportunities and constraints facing these players which gives us a window into China's unique business environment, and provides us a space in which to roadtest leading ideas in strategic management, organizational behavior, and global competition. Students with general interest in the topics of doing business in emerging markets, the impact of national innovation systems, managing government-business relations, and the rise of emerging market multinationals will benefit from exposure to the ideas and case studies presented in this class.

China and its rise, in other words, is a laboratory for understanding the leading edges of global business today. What, if anything, distinguishes the China market? How do Chinese firms innovate? How does China's political system influence market strategy? Are China's state-owned enterprises similar to their counterparts elsewhere? How does business support government, or vice versa? How do private firms thrive in China, including foreign-owned businesses? Is there, in other words, a China model for success, and what are the implications for global competition today?

We will primarily rely on in-depth analysis of case studies to explore China's market environment and the expanding global footprint of Chinese enterprises. Students will not only acquire contextual intelligence related to the China market, but also a series of frameworks for thinking about competition in the Chinese market, and with Chinese businesses at home and abroad.

**COURSE MATERIALS**

A required course packet of case materials will be available via Study.net (see link in Canvas site). Supplemental readings, both required and optional, will be posted to the Canvas site or otherwise distributed in class. There is no required textbook. A listing of "best books" related to doing business in China will be posted to Canvas.

## COURSE EVALUATION AND REQUIRMENTS

Your grade will be based on the following components:

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. 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.

Post-Class weekly minute memo (10%)

- At the end of each week, you will submit a short memo on Canvas 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 future classes. (Take advantage of the office hours if you want to engage in longer conversations on related topics.) You will receive the points simply for submitting the memos every week. The contents of the memos will not be graded.

Mid-Term Assignment (15%)

- This will be a take-home, open-book short essay assignment. It must be completed on your own without consultation with others. You will be asked to select one of two essay topics, and to prepare your response in no more than 3 pages (single-spaced, letter-sized paper, 1” inch margins), including footnotes. Tables, figures, and bibliography should be appended to the end of your essay. Your footnotes and bibliography should be in Chicago style format. Your bibliography should appear on a page of its own, and after any tables or figures. Your essay will demonstrate your ability to apply concepts and examples from earlier classes and to conduct secondary source research in response to the essay prompt.
- The assignment will be distributed via Canvas on October 10, and is due via Canvas on October 18, 11:59pm.

Team Project Presentation (25%)

- Teams will be formed randomly, conditional on distributions of students from different programs or work histories. Team distributions will be posted on September 23.
- Elevator Pitch: No later than October 2, each team will submit via canvas an “elevator pitch” of no more than a 1 page (bullet points ok). Your pitch will include the names of your team members, the company opportunity or issue that your team is proposing to present, your team’s justification for this case selection (why not a similar company in this sector or facing this issue or opportunity?), and finally, describe your team’s competencies to present this case.
- You must select a real company (a Chinese company or the Chinese subsidiary of a foreign company of a multinational enterprise).
- 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 capabilities, opportunities and challenges;

- Recommend the strategic move; (Note that doing nothing is a completely valid strategy as long as you back it up with good reasoning. Please discuss with me in advance if you are not sure whether your idea is falling within the realm of this course.)
- Lay out the steps you will take to implement the strategy, indicating some understanding of the potential risks or challenges related to your proposed strategy and your response and/or solution
- Discuss how your strategy fits into the firm's overall growth in China.

All presentations occur during the last three classes of the course, but your preparations should start much earlier. I will be happy to go through your proposals during office hours or lunch meetings. Evaluation is based on the quality and rigor of your analysis, your team's presentation and a peer-to-peer evaluation.

Teams will be asked to upload the final version of their presentation no later than Friday, December 13.

#### Final Take-home Case Analysis: (20%)

- This will be a take-home, open-book case analysis. It must be completed on your own without consultation with others.
- Your case analysis should be no less than 8 pages and no more than 12 pages (single-spaced, letter-sized paper, 1" inch margins), including footnotes. Tables, figures, and bibliography should be appended to the end of your essay. Your footnotes and bibliography should be in Chicago style format. Your bibliography should appear on a page of its own, and after any tables or figures.
- Your analysis should do the following: (a) indicate a close reading of case materials; and (b) demonstrate your ability to (1) answer the question prompts in full; (2) apply concepts and examples from earlier classes, and (3) to conduct secondary source research.
- The case study and question prompts will be distributed via Canvas on Wednesday, November 20. Your analysis is due via Canvas no later than Thursday, December 5 11:59pm.

#### **WASHINGTON DC DAY TRIP (Optional)**

The Penn-Biden Center has offered to set up a Friday schedule of meetings with selected Washington-based government and non-government U.S. stakeholders with interest and influence on matters related to Chinese business. You will receive a poll regarding possible dates the week of September 9. Schedule content will be determined once we have a finalized travel date.

#### **CLASSROOM EXPECTATIONS AND PEDAGOGY**

Pedagogy:

- This class is rooted in case-based discussion. As such, students are expected to attend all classes ready to participate and having prepared the readings. Late arrivals, early departures, or re-entries are disruptive to the discussion and are allowed only in exceptional cases. Please plan accordingly.

Absences:

- Please email me in advance of any intended absence. Any unexcused absences or more than two absences will significantly affect your participation grade.

Schedule:

- We will start and end classes on time.

Electronics:

- We follow a ‘no electronics policy,’ meaning that phones should remain off and in your bag. Laptops should also remain down unless otherwise required to access case materials in the course of discussion. Bring a notebook or tablet for note-taking.

Slides:

- Class slides are not posted in advance of class. They are posted to the canvas site weekly.

## OFFICE HOURS AND FACULTY LUNCHES

Unless otherwise noted, walk-in office hours are Thursdays 1:00-2:00pm. Please email for an appointment if you think you need more than 15 minutes or you prefer to meet at a different time.

## ABOUT THE INSTRUCTOR

**Dr. Regina M. Abrami** is the Director of the Lauder Institute’s Global Program and Head of its International Studies faculty at the University of Pennsylvania. At the Lauder Institute, she is broadly responsible for interdisciplinary curricular development in support of the university’s joint-degree MBA-MA program in International Studies. She also holds appointments in the Departments of Political Science and Management as Senior Lecturer and Senior Fellow, respectively.

Prior to Wharton, Dr. Abrami served on the faculty of Harvard Business School for 11 years in various capacities. These include co-designer of its “Doing Business in China” course, inaugural faculty chair of its international immersion program, and faculty member in its “Business, Government, and International Economy” unit. HBS honors include appointment as a Hellman Faculty Fellow, awarded for distinction in research, and the Robert F. Greenhill Award, given in recognition of distinguished service.

Dr. Abrami has authored dozens of HBS case studies, and continues work on the political economy of economic governance, national innovation, and the geopolitics of national economic security, with special focus on China. Her published work has appeared in *Comparative Politics*, *Journal of East Asian Studies*, *Harvard Business Review*, *Marketwatch* (WSJ), the *China Policy Institute*, the *Oxford Handbook of Asian Business Systems*. In 2014, her book, *Can China Lead? Reaching the Limits of Power and Growth* (co-authored with William C. Kirby and F. Warren McFarlan) was published by Harvard Business Review Press (published in Chinese in 2017). In 2017, she won an Aspen Institute “Ideas Worth Teaching” award for her course of systems thinking and foresight strategy.

## CLASS SCHEDULE AND READINGS

### **MODULE 1: SETTING THE STAGE**

#### **Class 1: Seeing China and Chinese Business** (Wednesday, August 28)

Evan Osnos 2009. "Reds: The Creation of a Wine Loving Class." *The New Yorker*. November 15  
<https://www.newyorker.com/magazine/2009/11/23/reds>

David Kirkpatrick 2007. "How Microsoft Conquered China." *Fortune Magazine*, April 23.  
[https://archive.fortune.com/magazines/fortune/fortune\\_archive/2007/07/23/100134488/index.htm](https://archive.fortune.com/magazines/fortune/fortune_archive/2007/07/23/100134488/index.htm)

John F. Burns. 1986. "AMC's troubles in China." *New York Times*, April 11.  
<https://www.nytimes.com/1986/04/11/business/amc-s-troubles-in-china.html>

#### ***Optional:***

Gerald Segal 1999. "Does China Matter?" *Foreign Affairs*, Volume 78, Issue 5. Pages 24-36.

#### **Class 2: The Political Economy of China** (Wednesday, September 4)

##### Case Study:

The Chongqing Model & the Future of China (HBS 9-713-028)

Elizabeth C. Economy 2019. "The Problem with Xi's China Model." *Foreign Affairs*, March 6.  
<https://www.foreignaffairs.com/articles/china/2019-03-06/problem-xis-china-model>

Elizabeth C. Economy 2018. "China's New Revolution: The Reign of Xi Jinping." *Foreign Affairs*, April 17.  
<https://www.foreignaffairs.com/articles/china/2018-04-17/chinas-new-revolution>

### **MODULE 2: MANAGING INSTITUTIONAL UNCERTAINTY**

#### **Class 3: Building China in Every Way** (Monday, September 9)

##### Cases:

Sohu China (HBS 9-703-011)  
Sealed Air China (HBS 9-308-051)

#### **Class 4: Making Money through Financial Services** (Wednesday, September 11)

##### Cases:

China Risk Finance (HBS-9-912-417)  
Ant Financial (A case) (HBS-9-617-060)

**Class 5: Law of Rules or Rules of Law: Corporate Governance** (Monday, September 16)

No author 2018. "Vanke: Fending off a Hostile Takeover." Knowledge@Wharton. July 17.

Zhu Liangtao & Leng Cheng 2018. "Failed Hostile Takeover for Vanke Leaves Baoneng in a Fix." Caixing. April 9.

Edward Tse et al. 2016. "Battle for Corporate Control with Chinese Characteristics." Gaofeng Advisory (Unpublished)

**Class 6: Got Guanxi? Managing Networks, Avoiding Jail (or not)** (Wednesday, September 18)

Case:

JP Morgan: Hiring China's Princelings become a Royal Pain (HK #1053, Asia Case Research Centre, University of Hong Kong)

Peter Humphrey 2018. "I was locked inside a steel cage: Peter Humphrey on his life inside a Chinese prison." *Financial Times*. February 15.

Francis Sun 2016. "How to Manage Client Entertainment in China." *Business Horizons*. Issue 16. Pgs 401-410.

Laura Burkitt 2014. "Sex Video of GSK China Executive Led to Hiring of Private Sleuths." *Wall Street Journal*. June 29. <https://www.wsj.com/articles/sex-video-of-glaxo-china-executive-led-to-hiring-of-private-sleuths-1404070620>

Keith Bradsher & Chris Buckley 2014. "China Fines GlaxoSmithKline Nearly \$500 Million in Bribery Case," *New York Times*, September 19.

**Class 7: Enterprising Families: Past, Present, and Future** (Monday September 23)

Cases:

CP Group: Balancing the Needs of a Family Business with the Needs of a Family of Businesses (HBS 9-312-059)

The Rong Family: A Chinese Business History (HBS 9-308-066)

Susan Greenhalgh 1994. 'De-Orientalizing the Chinese Family Firm'. *American Ethnologist* 21(4): 746-775.

**Class 8: Going Global with Chinese Characteristics** (Wednesday, September 25)

Case:

China Construction America (HBS 9-911-408)

Ian Bremmer 2009. "State Capitalism Comes of Age: the End of the Free Market." *Foreign Affairs*. May 1.

**Class 9: Module I Wrap** (Monday, September 30)

No assigned readings

**MODULE 3: MANAGING MARKET UNCERTAINTY**

**Class 10: Sharing Economies: Alliances and Frenemies in China** (Wednesday, October 2)

Cases:

Uber in China: Driving in the Gray Zone (HBS 9-316-135)

Danone & Wahaha: A Bittersweet Partnership (IMD #IMD367 v.14.08.2008)

William C. Kirby 2016. "The Real Reason Uber is Giving Up on China." *Harvard Business Review*

David Barboza 2009. "Danone Exits China Venture after Years of Legal Dispute." September 30.

**Class 11: Manage Information Flows** (Monday, October 7)

Case:

Foxconn vs. BYD: Commercial Espionage or Learning by Hiring (A case) (HKU #908, Asia Case Research Centre, University of Hong Kong)

Sinovel vs. American Semiconductor (readings to follow)

Marissa Anne Pagnattaro 2012. "Preventing Know-How from Walking Out the Door in China: Protection of Trade Secrets." *Business Horizons*. Volume 55, pp. 329-337.

**Class 12: Assess the Value of Platform-Building** (Wednesday, October 9)

Cases:

JD.com: Envisioning the Future of Retail (HBS 9-615-049)

Wechat: A Global Platform? (HBS 9-618-051)

**Class 13: Know Your Audience** (Monday, October 14)

Case:

McDonald's China: The Expired Meat Scandal (HK #1055, Asia Case Research Centre, University of Hong Kong)

Yuhan Xu 2018. "Dolce & Gabbana Ad (with Chopsticks) provokes public outrage in China." National Public Radio, Goats and Soda program, December 1.

<https://www.npr.org/sections/goatsandsoda/2018/12/01/671891818/dolce-gabbana-ad-with-chopsticks-provokes-public-outrage-in-china> (*be sure to watch the short videos*)

Anita Chang Beattie 2013. "How Chicken Poetry is helping KFC Recover from China Scandal." **Ad Age**. March 13. <https://adage.com/article/global-news/chicken-poetry-helping-kfc-recover-china-scandal/240319>

Elizabeth Paton 2012. "Versace, Givenchy, Coach apologize to China after T-Shirt Row." New York Times. August 12. <https://www.nytimes.com/2019/08/12/fashion/china-donatella-versace-t-shirt.html>

**Class 14: Innovate with Chinese Characteristics** (Wednesday, October 16)

Case:

Wanxiang Group: A Chinese Company's Global Strategy (A Case) (HBS 9-308-058)

Loren Brandt and Eric Thun 2010. "The Fight for the Middle: Upgrading, Competition & Industrial Development in China." *World Development*. Volume 38: Issue 11. Pgs 1555-1574.

Edward Tse et al. "Shanzhai: A Chinese Phenomenon." Booz & Co. (now PWC), not dated.

Optional:

No author. "China's Copycat Manufacturers are now pushing the Boundaries of Innovation." *South China Morning Post*, not dated. <https://www.scmp.com/native/business/topics/invest-china/article/1802238/chinas-copycat-manufacturers-are-now-pushing>

**Class 15: Innovate from Within** (Monday, October 21)

Case:

Haier: Incubating Entrepreneurs in a Chinese Giant (HBS 9-318-104)  
Chairman Zhang and Broad Group: Growth Dilemmas (HBS 9-412-095)

**Class 16: Innovate through Acquisition** (Wednesday, October 23)

Cases:

Blue Star Acquisition of Adisseo (A Case) (Tsinghua SEM #TU0070)  
Blue Star Acquisition of Adisseo (B Case) (Tsinghua SEM #TU00710)

**Class 17: Signal Your Commitment** (Monday, October 28)

Case:

ABB: 'In China, For China' (HBS 9-711-044)

**Class 18: Module II Wrap** (Wednesday, October 30)

No Assigned Readings



## **MODULE 4: MANAGING GLOBAL UNCERTAINTY<sup>1</sup>**

**Class 19: Navigating the Politics (and Optics) of China in Africa** (Monday, November 4)

Case:

China in Africa: The Case of Sudan (HBS 9-308-060)

**Class 20: The Promise (or Peril) of New Partnerships** (Wednesday, November 6)

Case:

Chinese Infrastructure Investment in Sri Lanka: A Pearl or a Teardrop on the Belt and Road? (HBS 9-719-046)

**Class 21: Pushing for Market Access** (Monday, November 11)

Case:

Lattice Semiconductor & the Future of Chinese Tech Acquisitions in the US (HBS 9-719-059)

**Class 22: The Challenges of Existing Partnerships** (Wednesday, November 13)

Case:

The U.S.-China Trade War (HBS 9-719-034)

**Class 23: Lessons of Huawei** (Monday, November 18)

Readings to follow

**Class 24: Module III Wrap** (Wednesday, November 20)

No Assigned Readings

**Class 25: A Fine Balance: Managing in America** (Monday, November 25)

Video Assignment: American Factory (美国工厂) (2019) available on Netflix

**Classes 26-28: Team Presentations:**

December 2, 3 and 9

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<sup>1</sup> Additional readings to follow in this module.