MGMT 550

Doing Business with China - a case based course

Course Description

It is increasingly becoming impossible to do business in the World without taking China into account. China is not only effecting businesses in the world through threat/opportunities of low cost import and outsourcing activities, and impact on resource prices, but more importantly through its huge domestic market for goods and services; as well as its direct investments in other countries.

The goal of the course is to provide students with an understanding of the cultural, organizational, institutional, political, demographic aspects of doing business in/with China and China's effect in their business even if they do not directly deal with this country. The students are exposed to “China Business” through lectures and business cases focusing on specific industries and aspects of doing business. The choices of cases are adjusted according to the background and interests of the students.

Grading

Participation 30%
Midterm 30%
Final 40%

Topics by week

1- Land, Language, People, and Culture
   The geographic setting; historical and cultural factors effecting economy and business; life and business environment in today's China.

2- The Political Setting
   Political and administrative structure; internal politics; role of the Party and government in economy and business; decision makers and decision processes; a brief introduction to pre-reform China.

3- Market Reform Process and the Current Macroeconomic Structure
   The reform process that took the Chinese economy to the rank of global number two; the distinguishing characteristics of the Chinese Economy today; the State Sector restructuring process and its effect on the economy today.

   Case: Developing Governance Mechanisms in a Joint Venture between a State Owned Enterprise and a Foreign Investor

4- International Trade and Finance
   Organization, regulation, actors, and performance in import-export sectors; regulation, environment, returns on, and sources of Foreign Direct Investment in China.

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5- **The Retail Market**
The geography and demographics of retail demand in China; the distribution system; organization of the industry; foreign investment in the retail industry.

**Cases:** Comparative analysis of a French, an American, and a Chinese Retail Chain.

6- **The Socio-economic Setting and Business Implications**
The social policies; rural-urban differences; income distribution and inequality; population and policies; customer segments by geography and income levels; impacts on the structure of demand; the luxury goods market in China (number 2 in the world)

**Case:** A Chinese luxury goods producer

7- **Midterm**

8- **Labor Market and Human Resources Management**
The composition of the work force; labor laws, regulations and practice; wage levels, geographic variation, international comparisons; HR management issues; the migrant worker phenomena.

**Case:** Management of Human Resources in a foreign auto parts company.

9- **Cultural Aspects of Doing Business**
The cultural factors in business relationship: The concepts of "guanxi" and "face"; the holistic world view; historical and philosophical roots of Chinese conflict management; negotiation styles and strategies.

**Case:** A Joint Venture Negotiation in the Chemicals Industry

10- **Science, Technology, and Industry**
The inputs, outputs, and performance of the Science and Technology sector; an assessment of the technologic capabilities by industry; government policies and incentives in the high technology industries.

**Cases:** Two cases of technology acquisition, in motorcycle and Semiconductor industries.

11- **e-Business in China**
Internet penetration and usage, user profiles; importance of e-advertising and sales.

**Cases:** A Chinese search engine and a B2B e-commerce company

12- **Financial Markets and the Financial Services Industry**
The sources of financing; the structure of the banking sector; foreign investment in the Financial Services Industry; the Stock Exchanges, rules and regulations concerning foreign participation.

**Cases:** Two American banks in retail banking services in China.
13- Chinese Direct Investment Abroad
The regional and sectoral destinations of Chinese direct investment abroad; the policies and approach to targeting investments; problems in mergers and acquisitions.

Cases: A successful case in auto-parts industry; an unsuccessful one in petrochemicals.

14- China and the World Economy
The current financial crisis and China; the value of the RMB; the build up of Chinese official foreign currency reserves; impacts on monetary policy and inflation; the limits of the current export/investment based growth model; rebalancing of the Chinese economy and its effects on the rest of the world. The future role of the Chinese Economy in the world.

Optional Topics
Depending on the background and interests of students, other topics may be substituted for weeks 11, 12, and 13, such as:

• Outsourcing from China
• Information Technology Industry in China
• Chinese Auto Industry and alternative Auto Technologies
• Meeting with people who do business in/with China
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