

CHINA COURSE MAGNOLIA CLASS 2016

## International MBA Program in English

Magnolia Class - MBA Course 209-4997

## BUSINESS IN CHINA – POLICIES AND PRACTICES

Period 1, November - December 2016, Thursdays 15.00-18.00

**COURSE INSTRUCTOR: DR. GRAHAM I. JACKSON**

Meetings by appointment: Tel: 0544-418313 or E-mail: [gjackson@univ.haifa.ac.il](mailto:gjackson@univ.haifa.ac.il)

## SYLLABUS

### COURSE OBJECTIVE

The objective of this course is to enable students to understand the problems, opportunities and challenges of doing business in China and the Chinese market.

### COURSE BACKGROUND

The People's Republic of China (PRC) was founded by Mao Zedong, Chairman of the Chinese Communist Party (CCP) in 1949. The PRC's success over the past 67 years is due to its unique political structure, culture, demography, geography, and the economic reforms led by Mao's successor Deng Xiaoping. China's achievements are significant because it is a "third world" nation that has quickly risen to the pinnacle of world power. China has the world's largest population (about 1.4 billion) and its GDP has grown by an average annual rate of about 10% over the past 40 years. Its hard currency reserves are the largest in the world, now over \$3 trillion. Since Deng's reforms, nearly one-third of the PRC's citizens have been lifted out of poverty, and a modern socio-economic middle class of 300-400 million people has emerged. And while the PRC's economy is still growing annually by about 6% per annum that of most developed Western countries is growing by less than 2% p.a. The PRC is still nominally a Communist-led country, led by Xi Jinping, the General Secretary of the Communist Party of China. However, it now operates more like a market-led economy; for example, Mobile Telephone ownership is now the highest in the world (> 93%), more than 90% of homes in China are owned by individuals and on 11.11.15 on-line retail sales hit more than \$14 billion, stimulated by a "Singles Day" promotion led by Alibaba. Those 1-day on-line sales are bigger than the Annual GDP of 68 countries!

China is currently one of the world's most attractive markets for companies and investors. However, the wide cultural gap and the unique rules and patterns by which it works create high barriers and many difficulties for foreigners.

This course introduces the basic characteristics, structures, players and practices in China in order to enable Israeli businesspeople to make more informed decisions about entering the Chinese market and doing business there.

### **STUDENT ASSESSMENT**

Attendance is compulsory in all of the class sessions, and will be monitored. There will be TWO assignments (one team and one individual assignment):

**Assignment 1 (weight 50%):** Students will work in teams of 3 or 4. Students must read the case study material "L'Oreal in China – Marketing Strategies for turning round Chinese luxury brand Yue Sai" (INS291, 2013) and write an analysis according to given Assignment Questions. The work must be sent as an attachment to an E-mail to Dr. Jackson by 21.12.16 (before discussion in the final class session.) Each team assignment case analysis is to be submitted as a WORD document (2000-2500 words). Hard copy submissions are not necessary.

**Assignment 2 (weight 50%):**- Individual Report: The relevance of China to the student's place of employment, or a selected industry or the state of Israel. Each student should select aspects of China covered in this course that appears to her/him to be most relevant or interesting. Evaluation of this assignment will take into account to what extent the student shows evidence of reading appropriate background materials (book chapters, academic journal articles, popular magazine articles, on-line business data and news reports) and uses proper citations (at least five references). Length: 2000-2500 words. Submit by E-mail to Dr. Jackson by 31.12.16.

**Business in China – Policies and Practices:**

**Teaching Plan (subject to change)**

Session		Subject
1	3.11.16	<u>Introduction to China (Basic Facts)</u> <ul style="list-style-type: none"> <li>- Why study China</li> <li>- Geography</li> <li>- Population</li> </ul> <u>A Short History of China</u> <ul style="list-style-type: none"> <li>- The Dynastic system (its inception, development and eventual disintegration)</li> <li>- Traditional social norms in China</li> <li>- Religion and Philosophical belief in China</li> </ul> <u>China – The Revolutionary Period</u> <ul style="list-style-type: none"> <li>- The People's Republic of China</li> <li>- The Chinese Communist System</li> <li>- The Cultural Revolution</li> <li>- The legacy of Mao Zedong</li> </ul>
2	10.11.16	<u>China – The Modern Era</u> <ul style="list-style-type: none"> <li>- Reform and Opening Up</li> <li>- The legacy of Deng Xiaoping</li> </ul> <u>The Chinese Economy</u> <ul style="list-style-type: none"> <li>- Historical and Global context</li> <li>- GDP and Growth trends</li> <li>- The Balance of Trade</li> <li>- Manufacturing and Prices</li> <li>- Geographical segmentation</li> <li>- Regional Inequality</li> </ul>
3	17.11.16	<u>Chinese Society</u> <ul style="list-style-type: none"> <li>- "Guanxi" (Relationships)</li> <li>- "Mianzi" (Face)</li> <li>- The One-Child Policy</li> <li>- The Aging Population</li> </ul>
4	24.11.16	<u>Key issues in China Today</u>

		<ul style="list-style-type: none"> <li>- China's Strengths and Weaknesses</li> <li>- Corruption in China</li> <li>- Pollution in China</li> <li>- The Economy Today</li> </ul> <p> <u>TED Video: Eric X. Li (2013)</u>  <u>"A Tale of two Political Systems"</u>  <a href="https://www.youtube.com/watch?v=s0YjL9rZyR0">https://www.youtube.com/watch?v=s0YjL9rZyR0</a> </p>
5	1.12.16	<p><u>Marketing and the Media in China</u></p> <ul style="list-style-type: none"> <li>- Information Sources in China</li> <li>- Media Censorship in China</li> <li>- Demographic Market Segmentation</li> <li>- The Internet, Social Media networks and On-line Shopping</li> </ul> <p><u>Guest speaker: To be determined</u></p>
6	8.12.16	<p><u>Introduction to Doing Business in China</u></p> <ul style="list-style-type: none"> <li>- Key problems for Western companies in China (The competitive structure, cultural differences, protectionist policies, undervalued currency and theft of IP)</li> <li>- Chinese versus Israeli Business Characteristics (The cultural context of innovation, entrepreneurship and negotiation)</li> </ul>
7	15.12.16	<p><u>Copying and Creativity in China</u></p> <ul style="list-style-type: none"> <li>- The ethics and economics of counterfeiting</li> <li>- Innovation in China</li> </ul> <p><u>How to Succeed in China</u></p> <p><u>Guest speaker: To be determined</u></p>
8	22.12.16	<p><u>Case Discussion</u></p> <p>– "L'Oreal in China"</p> <p><u>Chinese Business Culture, Customs and Etiquette</u></p>

## **TEACHING MATERIALS**

Course materials including the syllabus, lecture slides, assignment notes, case study material and topical articles will be available on the course website.

## **COURSE INSTRUCTOR**

Dr. Graham Jackson

Dr. Jackson is Senior Adjunct Lecturer and previous-Head of the International MBA Program, Department of Business Administration, Faculty of Management, University of Haifa. He has B.Sc. and Ph.D. degrees in Management Sciences from the University of Manchester / UMIST (UK), and worked in Marketing in both IBM (UK) and Procter & Gamble (UK). At the University of Haifa has taught MBA courses in Marketing Management, Marketing Strategy, Marketing for High-Tech Companies and Doing Business in China. He also taught Marketing courses in MBA programs at the University of Tongji in Shanghai for the last seven years and supervised over 40 MBA projects in China. His hobbies include photography in China and learning to speak Chinese.

## **RECOMMENDED GENERAL READING ON CHINA**

- Ebrey, Patricia Buckley (1996), The Cambridge Illustrated History of China, Cambridge University Press
- Fairbank John King and Goldman Merle (2006), China – A New History, Harvard University Press
- Jung Chang (1991), Wild Swans – Three Daughters of China, HarperCollins / Flamingo
- Jacques Martin (2009), When China rules the World, Allen Lane (also available in Penguin paperback format)
- Halper Stefan (2010), “The Beijing Consensus”, Basic Books
- Kissinger Henry (2011), On China, Penguin Press; see on-line in PDF form:  
<https://www.google.co.il/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=2&cad=rja&uact=8&ved=0CCUQFjAB&url=https%3A%2F%2Fwww.uploady.com%2F%23!%2Fdownload%2FN8qAZhHovDx%2FCpX5wX7KCSbeskGv&ei=M00uVfjilOZPfa02RgNgM&usq=AFQjCNETiTeQPHJLhKc1IJdTLySyLqvOHQ&bvm=bv.90790515,d.bGQ>
- “China 2030: Building a Modern, Harmonious and Creative High-Income Society (2012), the World Bank

## **RECOMMENDED BUSINESS AND ECONOMICS BOOKS**

- Story Jonathan (2003), China: The Race to Market, PrenticeHall
- Zinzius Birget (2004), Doing Business in the New China, Praeger
- Clissold Tim (2005), Mr. China, HarperBusiness
- Naughton Barry (2007), The Chinese Economy: Transitions and Growth, MIT Press
- Fernandez, Juan A. and Underwood L. (2006), China CEO, John Wiley & Sons
- Xiaowen Tian (2007), Managing International Business in China, Cambridge University Press
- Herd Richard (2009), Another Crisis on the Long March, China Office, Economics Department, OECD, Paper presented at the Freiberg Center, Hebrew University of Jerusalem, 26.4.2009

## **USEFUL RECENT ARTICLES AND REPORTS**

- The "China Price" Continues to Rise (2010), Enterprise Resilience Management Blog, 22.6.10,  
[http://enterpriseresilienceblog.typepad.com/enterprise\\_resilience\\_man/2010/06/the-china-price-continues-to-rise.html](http://enterpriseresilienceblog.typepad.com/enterprise_resilience_man/2010/06/the-china-price-continues-to-rise.html)

- Choosing a China Investment Vehicle (2010), by Ross Lester in China Business Review September-October,  
<http://www.chinabusinessreview.com/public/1009/ross.html>

- Woetzel J., Xiujun Lillian Li, Cheng William (2012), 'What's Next for China?', McKinsey and Company

- Witt Michael A. (2012), "The Ten Principles for Doing Business in China", Forbes, 3/06/2012

- Barton Dominic, Chen Yougang and Jin Amy (2013), "Mapping China's Middle class", McKinsey Quarterly

- Magni Max and Poh Felix (2013), "Winning the battle for China's new middle class", McKinsey Quarterly

- Raynaud Christine and Eagan Annie (2013), "Company Culture in Building a Strong and Stable Workforce in China", Human Resources Management

- Orr Gordon (2014), "A pocket guide to doing business in China", McKinsey and Company

## **USEFUL WEBSITES**

<http://factsanddetails.com/china.php>

<http://www.xinhuanet.com/english/weekly/weekly01.htm>

<http://www.chinaeconomicreview.com/>

China Law Blog: <http://www.chinalawblog.com/>

<http://www.chinabusinessreview.com/>

<http://chinadigitaltimes.net/>

<http://www.eeo.com.cn/ens/>

<http://english.people.com.cn/90001/90776/index.html>

<https://www.conference-board.org/chinacenter/>

<http://www.chinadaily.com.cn/>

<http://www.shanghaidaily.com/>

## **CLASSROOM GUIDELINES**

1. Attendance is compulsory in all of the class sessions, and will be monitored. Students missing more than two classes will have to submit an extra assignment or have their course grade reduced.
2. Persistent late arrival to class will be noted. Students arriving late should take their seats as quietly as possible.
3. Prior Notification: a student who will miss class, arrive late or leave early for special reasons should inform the Course Instructor in advance.
4. Students' questions and classroom debate is encouraged. In order for all the students to hear all the lectures, students are requested not to chatter in class.
5. Mobile phones should be switched off or to silent mode. Any student who needs to take an urgent call or make an urgent call should temporarily leave the classroom and return quietly.
6. The use of laptops in class is allowed. It may help students follow lectures on the course website and/or record notes directly into the computer. However, in the classroom, laptops must not be used for private use, such as e-mailing, general web-browsing and game playing.