

CHINA COURSE nov-dec 2019v2

## International MBA Program in English

ORCHID CLASS - MBA Course 209-4997

### Culture, Economy and Business Development in China

Period 1, November - December 2019, Fridays 11.00-14.00

Eight 3-hour sessions

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

Meetings by appointment: Tel: 0544-418313 or E-mail: [tivon25a@netvision.net.il](mailto:tivon25a@netvision.net.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 70 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 ~ 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%) and more than 90% of homes in China are owned by individuals. On 11.11.18 Alibaba's "Single's Day" promotion gave them on-line retail sales of more than \$30 billion. That sum is higher than the Annual GDP of some 90 countries!

China is one of the world's most attractive markets for companies and investors. However, the growth rate of its economy is slowing down, the rate of domestic consumer spending has dropped, and the country is dependent on imports of oil, microcomputers and some foods. Added to that, the USA, led by its current President Donald Trump has initiated a mutually-damaging Trade War. Moreover, China's politicization of its economy, its unique culture, unfamiliar rules and patterns by which it works and lack of transparency 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. It is the first of four courses on China in our IMBA Program (which is unique in Israel to focus on China and prepare managers to cope with this huge market!).

### **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 2 or 3. Each student must view the documentary film "Last Train Home", (directed by Lixin Fan, 2009). See the assignment at the end of this syllabus and the film, posted on the course website. Students should then discuss the issues with their teammates. Each student team must submit an analysis of the issues according to the given Assignment Questions. The work must be sent as an attachment to an E-mail to Dr. Jackson by 20.12.19 (before its discussion in the final class session.) Each team assignment case analysis is to be submitted by E-mail as a WORD document (2500-3000 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 15.1.20.

## Culture, Economy and Business Development in China

### Teaching Plan (subject to change)

| Session | Date    | Subject   |
|---------|---------|---|
| 1       | 1.11.19 | <p><u><a href="#">China versus the USA – Place your bets!</a></u></p> <p><u>Introduction to China (Basic Facts)</u> (SLIDES C1)</p> <ul style="list-style-type: none"> <li>- Why study China</li> <li>- Geography</li> <li>- Population</li> </ul> <p><u>A Short History of China</u></p> <ul style="list-style-type: none"> <li>- The Dynastic system</li> <li>- Traditional social norms in China</li> <li>- Religion and Philosophical belief in China</li> </ul> <p><u>China – The Revolutionary Period (Mao Zedong)</u></p> <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> </ul> <p><b>Homework:</b> See the TED Video of Eric X. Li (2013), "A Tale of Two Political Systems", <a href="https://www.youtube.com/watch?v=s0YjL9rZyR0">https://www.youtube.com/watch?v=s0YjL9rZyR0</a></p> |
| 2       | 8.11.19 | <p><u>China – The Modern Era</u></p> <ul style="list-style-type: none"> <li>- Reform and Opening Up</li> <li>- The legacy of Deng Xiaoping</li> </ul> <p><u>The Chinese Economy</u> (SLIDES C2)</p> <ul style="list-style-type: none"> <li>- Historical and Global context</li> <li>- GDP and Growth trends (including Video)</li> <li>- The Balance of Trade</li> <li>- Manufacturing and Prices</li> <li>- Geographical segmentation</li> <li>- Regional Inequality</li> </ul> <p><b>Homework:</b> Read the article and see the video "Signs of Changes Taking Hold in Electronics Factories in China", by Keith Bradsher and Charles Duhigg, New York Times, 26.12.2012 and <a href="http://www.nytimes.com/video/2012/12/26/business/10000001974026/the-ieconomy-factory-upgrade.html">http://www.nytimes.com/video/2012/12/26/business/10000001974026/the-ieconomy-factory-upgrade.html</a></p>    |

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| 3 | 15.11.19 | <p><u>Chinese Society</u> (SLIDES C3)</p> <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> <p><b>Homework:</b> Read the article by - Oshaya, Yogev (2019), "What's life like in Shenzhen, according to an Israeli who sees himself as a local", Ha'aretz Weekend, 13.7.19.</p>   |
| 4 | 22.11.19 | <p><u>Key issues in China Today</u> (SLIDES C4)</p> <ul style="list-style-type: none"> <li>- China's Strengths and Weaknesses</li> </ul> <p><i>Video: "The 10 Craziest Engineering Projects in China", 2018.</i><br/><a href="https://www.youtube.com/watch?v=JmiKWTRoiMk">https://www.youtube.com/watch?v=JmiKWTRoiMk</a></p> <ul style="list-style-type: none"> <li>- Corruption in China</li> <li>- Pollution in China</li> <li>- The Economy Today</li> </ul> |
| 5 | 29.11.19 | <p><u>Marketing in China</u> (SLIDES C5)</p> <ul style="list-style-type: none"> <li>- Chinese buying behavior</li> <li>- Demographic Market Segmentation</li> </ul> <p><u>Media in China</u> (SLIDES C6)</p> <ul style="list-style-type: none"> <li>- Information Sources in China</li> <li>- Media Censorship in China</li> <li>- The Internet, Social Media networks and On-line Shopping</li> </ul>  |

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| 6 | 6.12.19  | <p><u>Introduction to Doing Business in China (SLIDES C7)</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> </ul> <p><i>The Five Biggest Challenges to Doing Business in China</i><br/><i>Kent Kedl, AsiaSociety, <a href="https://www.youtube.com/watch?v=lw7Q1LiNXig">https://www.youtube.com/watch?v=lw7Q1LiNXig</a></i></p> <ul style="list-style-type: none"> <li>- Chinese versus Israeli Business Characteristics (The cultural context of innovation, entrepreneurship and negotiation)</li> </ul> |
| 7 | 13.12.19 | <p><u>Copying and Creativity in China (SLIDES C8)</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 (SLIDES C9)</u></p> <ul style="list-style-type: none"> <li>- The Competitive advantages of Chinese companies</li> <li>- Recommendations for success</li> </ul> <p><u>Guest speaker: To be determined</u></p>   |
| 8 | 20.12.19 | <p><u>Class Discussion</u></p> <ul style="list-style-type: none"> <li>- Discussion of the documentary film, "Last Train Home".</li> </ul> <p><u>Chinese Business Culture, Customs and Etiquette</u></p> <p><i>20 Tips on Chinese Culture for Successful Business</i><br/><i>NettResults, 29.6.12, <a href="https://www.youtube.com/watch?v=H6g7tUcoF3I">https://www.youtube.com/watch?v=H6g7tUcoF3I</a></i></p>  |

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## **TEACHING MATERIALS**

Course materials including the syllabus, lecture slides, articles assignment notes, and videos will be available on the MOODLE course website.

For additional useful recent articles and reports see the links listed in the relevant sections below.

## **COURSE INSTRUCTOR**

### Dr. Graham Jackson

Dr. Jackson is Senior Adjunct Lecturer and previous-Head of the International MBA Program in the Department of Business Administration at the University of Haifa. He has a B.Sc. (in Management Sciences) and a Ph.D. degrees (in International Business) from the University of Manchester / UMIST (UK), and worked in Marketing in both IBM (UK) and Procter & Gamble (UK). He was a consultant to Singapore Telecom, Hewlett Packard (EMEA), Bank Hapoalim and many other companies in Israel.

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 ten years and supervised over 40 MBA projects in China. His hobbies have included Chinese cooking, photography in China and learning to speak Chinese.

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## **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=M00uVfjI0ZPfao2RqNgM&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

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## **USEFUL RECENT ARTICLES AND REPORTS**

- Knowledge@Wharton (2016), "China's Growing Debt: Are the Fault Lines Beginning to Show?", 6.7.16  
<http://knowledge.wharton.upenn.edu/article/chinas-growing-debt-fault-lines-beginning-show/>
- McKinsey Quarterly (September 2016), "The CEO guide to China's future"  
<https://www.mckinsey.com/global-themes/china/the-ceo-guide-to-chinas-future>
- Gough, Neill (2016), "As China's Economy Slows, a Look at What Could Happen", New York Times, 18.10.16  
<https://www.nytimes.com/2016/10/19/business/international/china-economy-slows-impact.html>
- Barboza, David (2016), "Inside China's iPhone City", New York Times, 29.12.16  
<https://www.nytimes.com/2016/12/29/technology/apple-iphone-china-foxconn.html>
- Bradsher, Keith (2017), "When Solar Panels Became Job Killers", New York Times, 8.4.17  
<https://www.nytimes.com/2017/04/08/business/china-trade-solar-panels.html>
- Mozur, Paul and Zhang, Carolyn (2017), "Silicon Valley Giants Confront New Walls in China", New York Times, 22.7.17  
<https://www.nytimes.com/2017/07/22/technology/in-china-silicon-valley-giants-confront-new-walls.html>
- Sharma, Ruchir (2017), "To Grow Stronger, China Has to Grow More Slowly", New York Times, 26.10.17  
<https://www.nytimes.com/2017/10/25/opinion/china-economy-slow-growth.html>
- Guo, Owen (2018), "Aiming at China's armpits: when foreign brands misfire", New York Times, 3.2.18  
<https://www.nytimes.com/2018/02/02/business/china-consumers-deodorant.html>
- Oshaya, Yogev (2019), "What's life like in Shenzhen, according to an Israeli who sees himself as a local", Ha'aretz Weekend 13.7.19

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## **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://english.people.com.cn/90001/90776/index.html>

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

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

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

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## **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 or smartphones must not be used for private use, such as e-mailing, general web-browsing and game playing.

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## ASSIGNMENT: ANALYZE ISSUES IN THE FILM: "LAST TRAIN HOME"

"*Last Train Home*" (2009), <http://www.youtube.com/watch?v=udVpkE0Mm2Y>

*Last Train Home* ([simplified Chinese](#): 归途列车; [traditional Chinese](#): 歸途列車; [pinyin](#): *Guītú Lièchē*; literally "Homeward Train") is a 2009 [documentary film](#) directed by [Lixin Fan](#) .

### Synopsis

Every spring, China's cities are plunged into chaos as over 100 million migrant workers travel back to their home villages for the [New Year's](#) holiday. This mass exodus is the world's largest human migration, an epic spectacle that exposes a nation tragically caught between its rural past and industrial future.

Working over several years in classic [cinéma vérité](#) style, director Lixin Fan travelled with one couple who have embarked on these annual treks for almost two decades. Like many of China's rural poor, the Zhangs have left their native village of Huilong in [Sichuan](#) province and their newborn daughter to find work in [Guangzhou](#) in a garment factory for 16 years and see her only once a year during the [Spring Festival](#).

Their daughter Qin, now a restless and rebellious teenager- bitterly resents her parents' absence and longs for her own freedom away from school and her rural hometown, much to the dismay of her parents. She eventually leaves school, against the wishes of her parents, to work in the city. Emotionally charged and starkly beautiful, *Last Train Home* examines one fractured family to shed light on the human cost of China's ascendance as an economic superpower.

### Characters in the film

- Changhua Zhang ... the father
- Suqin Chen .. the mother
- Qin Zhang ... their teenage daughter
- Yang Zhang ... their young son
- Tingsui Tang ... the grandmother

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## Assignment

Based on the documentary film "Last Train Home" plus the course lecture notes, recommended articles and videos and other background reading, analyze the following issues:

### Issue 1: The Mass Production of Consumer Goods in China

What was the existing pattern of mass production? What are the economic assumptions? How was the situation changing in 2013? What were the implications for the structure and of the Chinese economy?

### Issue 2: Migrant workers in China

Where do they come from? In which regions do they work? What do they do? In which industrial sectors do they work? What is their motivation? What are their lives like? What are their working conditions like? Was anything changing?

### Issue 3: Life in the Chinese countryside

How would you describe the lives of the peasants today in China? How does it compare with rural life say, 100 years ago? How do the peasants feel about their lives? What are their sources of income? What are their consumption habits? What are the current trends?

### Issue 4: Education in China

Why is education so important in China? How is this different from, say, 100 years ago? What does this issue look like from the point of view of a Chinese teenager today? What does it look like from the point of view of the teenager's parents?

Note the connections between the four issues above and the underlying driving forces and trends. What changes do you expect to take place over the next few years? Do NOT simply describe the film. In your analysis you must refer to the course lecture slides, and appropriate background reading.

Analysis to be submitted as a WORD document (minimum 2500 maximum 3500 words). Be specific when quoting source materials and provide detailed references.

## **Background Reading**

[http://www.nytimes.com/2013/02/17/business/in-china-families-bet-it-all-on-a-child-in-college.html?ref=keithbradsher&\\_r=0](http://www.nytimes.com/2013/02/17/business/in-china-families-bet-it-all-on-a-child-in-college.html?ref=keithbradsher&_r=0)

<http://www.nytimes.com/2013/01/25/business/as-graduates-rise-in-china-office-jobs-fail-to-keep-up.html?ref=keithbradsher>