

**National University of Singapore
NUS Business School**

MNO3313K–Managing the China Venture

Session: Semester 2, AY2014/15
Department: Management & Organisation
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Course Objectives

This module aims to expose students to the new role China plays in the global political/economic scene. China went through multiple stages in its nation building. China's enduring economic prosperity since 1978, its growing influence on global issues, and its endorsement of a socialist market economy, have in combination offered an alternative model of development that differ from the free market capitalist system adopted in the western world. In recent years, China reiterates its aspiration of a peaceful rise and has participated actively in various global organizations and international consortiums. Since 2008, the rising sovereign debts and huge unemployment rates of the developed world have placed higher pressure on China to spend and to take on a more active role in the global economy.

There are two areas of focus in the coverage of this course. The first focus is at the macro level, this module will address some domestic changes in China's political/economic domains. As illustrated by the country's 12th Five Year Plan and some government initiatives introduced since the 18th CCP Party Congress, China is developing new strategic plans that target at the country's long-term sustainable growth. Major economic restructuring was introduced that aims to advance in higher value-adding manufacturing, grooming of Chinese multinationals and incentives for bigger domestic consumption. Greater emphasis is directed to develop China's inland and rural provinces as new frontiers of high growth potential. The newly elected central government has openly announced its increased attention on people's livelihood and its serious fight against corruption. The module will also study a visible expansion in China's Outward Direct Investment (ODI) in the past decade, with activities ranging from resource seeking to the acquisitions of technology, brand name, market know-how, to distribution networks.

The second focus will be at the corporate level. As operation costs increase and competition intensifies, many Chinese and China-based foreign enterprises are venturing inland and/or overseas to explore new markets, and to tap on cheaper production sites. Discussions will address their glocalization efforts that include their choice of suppliers and venture partners; creation of distinctive products and appealing brands; development of unique distribution network; monitoring of business risks; and management of human capital.

Major References:

1. David Shambaugh China Goes Global: The Partial Power, Oxford University Press, 2013
2. Lowell Dittmer and George T. Yu (Ed.) China, the Developing World, and the New Global Dynamic, Boulder, Colorado: Lynne Rienner Publishers, Inc. 2010
3. Luciano Ciravegna, Robert Fitzgerald and Sumit K. Kundu. Operating in Emerging Markets, New jersey: FT Press, 2014
4. A compilation of journal articles and published reports of relevance to the course themes.

Other References:

5. Timothy Beardson, Stumbling Giant: The Threats to China's Future, New Haven: Yale University Press, 2013
6. South China Morning Post SCMP (Edited by Jonathan Sharp) The China Renaissance: The Rise of Xi Jinping and the 18th Communist Party Congress, World Scientific Pub., 2013

Teaching Methodology

The class sessions will be highly interactive in nature. Students are held responsible for their own learning with the facilitation of case studies, role plays, learning projects, buzz group discussions, videos, guest talks and lectures.

Assessments

Case Analysis: Oral & Written Presentation 30%
Mid-term Test (Open Book) 30%
Learning Project 30%
Class Participation 10%

Major Topics

1. China Leadership in Transition (Jan.14)

Readings:

- 1) Lowell Dittmer "China's rise, Global Identity, and the Developing World", in Lowell Dittmer and George Yu (Ed.) China, the Developing World , and New Global Dynamics, 2010
 - 2) SCMP The China Renaissance, Chap 3 "Change Agent or Steady as She Goes?", 2013
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2. The Rise of China: Opportunities and Challenges (Jan.21)

Readings:

- 1) Luo, Changyuan and Zhang, Jun, "China Trade Policy Review: A Political Economy Approach". World Economy; Nov2010, Vol. 33 Issue 11, p1390-1413
- 2) Bergsten, Freeman, Lardy and Mitchell. China's Rise: Challenges and Opportunities. Chap. 1 "China's Challenge to the Global Economic Order"

3. **China's Economic Restructuring (Jan.28)**

Readings:

- 1) Timothy Beardson, Chap. 3 "The Elusive Knowledge Economy" in *Stumbling Giant: The Threats to China's Future*, 2013
- 2) "China's economic restructuring to help reduce structural unemployment: economist" Xinhua 2012-11-06; "China's economic restructuring helps world growth" China Daily 2012-10-18

4. **China Goes Global: New Investors in Global Projects (Feb.4)**

Readings:

- 1) Bala Ramasamy, Matthew Yeung and Sylvie Laforet "China's Outward Foreign Direct Investment: Location Choice and Firm Ownership" *Journal of World Business*, 47 (2012) 17-25
- 2) David Shambaugh, China Goes Global: The Partial Power, Chap.2 "China's Global Identities", 2013

Case 1: China Rail Goes International

5. **China Goes Global: the Chinese Multinationals (Feb. 11)**

Readings:

- 1) Jean-Paul Larcon (Ed.) Chinese Multinationals, Chap.3 Li Zhaoxi, "China's Outward Foreign Direct Investment"
- 2) Luciano Ciravegna, Robert Fitzgerald and Sumit Kundu, Operating in Emerging markets. Chap. 8 "Multinationals Based in Emerging Markets: Features and Strategies".

Case 2: Alibaba's Reaching Out to Global Market

6. **Investment in China: New Growth Opportunities (Feb. 18)**

Readings:

- 1) Janamitra Devan, Stefano Negri and Jonathan R. Woetzel "Meeting the Challenges of China's Growing Cities" *McKinsey Quarterly*, 2008, No.3
- 2) Thomas Hout and Pankaj Ghemawat "China vs the World: Whose Technology is It?" *Harvard Business Review*, December 2010

RECESS WEEK

7. **Emerging Role of China in Global Supply Chain (March 4)**

Readings:

- 1) Christoph Bliss and Ronald Haddock, "Integrating China into your Global Supply Chain: Lessons Learned from Global Supply Chain Integrators" Booz Allen Hamilton Publications, March 2008
- 2) Pei, Xiaomein and Bloom, Gerald "Balancing Efficiency and Legitimacy: Institutional Changes and **Rural** Health Organization in China", *Social Policy & Administration*. Dec2011, Vol. 45 Issue 6, p662-677

Case 3: GE Healthcare China

8. Quality Control in Procurement and Production (March 11)

Readings:

- 1) “*Operating Environment*” Country Commerce on China, The Economic Intelligence Unit 2009
- 2) Industry Week, “Strategies for Strategic Sourcing”, January 2008

Case 4: The Shuanghui Group

9. China as Multiple Markets (March 18)

Readings:

- 1) Hyeon Jeong Cho, Byoung-ho Jin, and Hira Cho “An examination of regional differences in China by socio-cultural factors”, *International Journal of Market Research* Vol. 52 Issue 5, 2010
- 2) Francis Bassolina and Matthew Smith “Find First-tier consumers in Hundreds of Cities” *China Business Review.com*, November-December 2010

10. Sales and Distribution in China (March 25)

Readings:

- 1) James A. C. Sinclair “Reaching China’s Next 600 Cities”, *China Business Review*, November –December 2010
- 2) Knowledge @ Wharton “Marketing in China’s Digital Age: How to Win Customers’ Hearts?” December 11, 2010

Case 5: Samsung in China

11. Mid-term Test (April 1)

12. Managing Human Capital in China Operations (April 8)

Readings:

- 1) LU, Ming and GAO, Hong “Labour market transition, income inequality and economic growth in China”, *International Labour Review*. 2011, Vol. 150 Issue 1/2, p101-126
- 2) James Hookway, Patrick Barta and Dana Mattioli, “China’s Wage Hikes Ripple Across Asia”, *By The Wall Street Journal*, March 13, 2012
- 3) Audrey Tsui & Roy Goh Ee Jin, “Managing A Rapid Rise in China’s Labor Disputes”, Presented at the Academy of International Business 2012 Annual Conference, Washington D.C., June 2012

Case 6: Talent Management of P&G in China

13. Bridging the Gaps in China’s Social & Environmental Imbalances (April 15)

Readings:

- 1) Kin-Che Lam, Yongqin, David Chen and Jing Wu “Strategic Environmental Assessment in China: Opportunities, Issues and Challenges” *Journal of Environmental Assessment Policy and Management*, Vol.11, No.4, December 2009

Guidelines for Course Assignments

I Class Participation (10%)

Students will learn by engaging in active listening, idea contribution, and reflecting on critiques and comments made by peers with a positive mindset. Students will be recognized for their active participation in class discussion, and their raising of intelligent questions and insightful comments that contribute to the additional learning of the class.

II Case Study (10% for individual oral presentation and 20% for final group report)

The case study describes some contemporary issues we observe in China as a consequence of the nation's rapid industrialization, urbanization and international development; OR business opportunities and challenges companies face to succeed and sustain their performance in the China market. For more impactful learning, students in small teams (around 5 members) should place themselves in a certain managerial position (as described in the case scenario) and be responsible to justify decisions or propose actions in a scenario. The course instructor will create the case scenarios and assign roles of the presenting team and that of the audience for more dynamic exchanges.

Please use the case questions provided merely as general guidelines to capture some essential information and organize your thoughts and content coverage in the case presentation. The presenting team is expected to investigate further on the contextual background of the case rather than giving simple answers to the questions just based on the case description. The oral presentation of the presenting team and a written copy of its revised slides (to be submitted one week after oral presentation, upon incorporating inputs from instructor and classmates) will be the base for assessment.

III . Independent Learning Project (30%)

A learning project, to be undertaken by students in small groups of 2 to 3, is an exercise that involves an intensive and meaningful study on a topic of relevance to the course undertaken. China is a huge and complex country marked by regional diversities and historic dynamics. Since its opening up in 1978, China also went through the most dramatic transitions in recent human history, both in scope and in impact. In the past decade, China takes on a new path of development through its ambitious outward direct investments on resource, technology and brand acquisitions as well as in infrastructure building projects.

This learning project can be a conceptual paper that addresses an important business trend or a prominent management issue as China develops (e.g. Management Challenges in China's Outward Investments; Capturing China's Rural Markets; or Rising Call for Blue Sky in Chinese Cities etc.) The report can also be an industry or case study involving good library research and interviews with selected policy/decision makers in a particular sector

or a domestic/foreign enterprise with active operation in China. Industry or case reports should address some unique business and/or management issues in its China operation (e.g. Booming E-Commerce in China; International Collaborations in Chinese Entertainment Business; Managing Cross-border Mergers and Acquisitions of Chinese Multinational A etc.).

Every project report should cover a literature review on the chosen topic; background information of the issue/industry/company to be addressed; nature and source of the problems/challenges; research findings, and action recommendations. Final reports should not exceed 15 pages in total including the reference list and appendices, to be submitted by April 8.

IV Open-book Mid-term Test (30%)

An open-book mid-term test in the format of short essay questions will be conducted during class. It serves to assess students' level understanding of the business trends and investment patterns of the Asia MNCs, as well as their recognition of some effective management approaches in the overseas ventures of Asian MNCs. Tentative date for the mid-term will be April 1, 2015.