

**FIN 3585/INT 3281
China Business
Fall 2019, UMSL**

Instructor: Hung-Gay FUNG

**Class: MW 9:30am-10:45am/11:00 a.m.-12:15 p.m.
SSB 342/AB Hall 001**

Office: New Building (ABH) 234, University of Missouri-St. Louis

Email: fungh@umsl.edu

Office Hour: 9-10 am M and W or by appointment

Telephone: (314) 516-6374

Course materials (3 credit hours):

(1) Wall Street Journal (WSJ)- to subscribe, type in the following:

https://store.wsj.com/v2/shop/60616004?mbsy_source=09364539-f58a-4a82-9039-

(2) Journal articles (JA) and other materials for lectures

- lecture Materials in gateway
- *South China Morning Post* newspaper materials for China
[Business://www.scmp.com/News/Business/China.asp](http://www.scmp.com/News/Business/China.asp)
- On Reserve in library **and** gateway (**Reserve Ref # in library is: 828 RB**)

This 3-credit course introduces students some basic concepts of Chinese business. In particular, students will be introduced to the general economic and business environment in China. The course will also discuss issues related to the trade and foreign direct investment, banking, stock market, financing issues, and marketing in China.

The course adopts a diverse and innovative approach to familiarize students with an overall picture of doing business in Chinese. The approach used in the course includes lectures, cases analysis, student project presentation on Chinese business issues and companies, guest speakers, and others.

This course meets a requirement for both the UMSL International Affairs and International Business certificates (equivalent to minors). For more information, see your advisor, the Bulletin, or the International Studies website: www.cfis-umsl.com.”

Grade Determination:

2 Tests (25 points each)	50%
6 case assignments (best 4 cases to submit)	40%
Quiz and summary reports* (due right after lecture listed)	10%
Total	<hr/> 100%

* Under normal situation, no late reports or make-up quizzes are acceptable for grading.

Tentative Schedule

Date	Lecture	Topic
8/19	1	Introduction (power points slide) General Business Environment (lecture materials) Chapters 3, 4, 7 (FPZ)
8/21	2	continued
8/26	3	Continued
8/28	4	Continued
9/02		Labor Day Holiday
9/04	5	Business Culture Pitta, D., Fung, H.G., and Isberg, S. "Ethical Across Cultures: Managing the Differing Perspectives of China and the U.S.," <i>Journal of Consumer Marketing</i> , 1999, Vol. 16, Number 3, 240- 256.
9/09	6	continued
		continued
9/11	7	
9/16	8	Culture Continued
9/18	9	Means of Doing Business China Power point slides: different types of foreign investments in China
9/23	10	continued

- 9/25 11 Trade Payment/Financial Reforms
Power points
- 9/30 12 Banking, and Financial Institutions in China

Chapters 11 & 14 (FPZ)- banking and non-banking
Fung, H.G., "Chinese Banking: Challenges and Opportunity in the New Millennium," *Business Forum*, 2001, 2-6.
- 10/02 13 Speaker on trade conflict between China and the US by Dr. Kevin Zhang from Illinois State University
Venue: SSB 331 conference room
- 10/07 14 Continued
- 10/09 15 Privatization Issues
Fung, H.G., D. Kummer, and J.J. Shen, "China's privatization reforms: Progress and Challenges," *Chinese Economy*, 2006, 39(2), 5-25.
- 10/14 16 Test 1
- 10/16 17 Foreign Exchange Market
Chapter 3 (FPZ): FX market
Lecture article: Internationalizing RMB

Zhang, J., H.G. Fung, and D. Kummer, "Can *Renminbi* Appreciation Reduce the U.S. Trade Deficits?" *China and World Economy*, 2006 (14(1), 44-56.
- 10/21 18 Issues of Foreign Investment
Chapters 2 & 5 (FPZ)

Fung, H.G., J. Johnson, and Y. Xu, "Winners and Losers: Foreign firms in China's emerging market," *Chinese Economy*, 2004, May-June, 37(3), 5-16.
- 10/23 19 **Chinese Marketing**
Yan R. "To Reach China's Consumer's Adapt to Guo Qing," *Harvard Business Review*, September-October 1994, 4-10 (JA).
- 10/28 20 **Guest Speaker**, Dr. Song from University of Las Vegas,
Conference room: SSB 331.
- 10/30 East Asia Trade block of China

Power point slides.

Hendryx, S. "The China Trade: Making the Deal Work," *Harvard Business Review*, July-August 1986, 80-84 (JA)

Student Presentation Starts

- 11/04 22 **Case 1:** Parker's Biscuits, Inc: Venturing Into China
- 11/07 23 **Case 2:** Wang's Fortune Tea from China: Competing for a New Arena of the Beverage Market , Case A
- 11/11 24 **Case 3:** Wang's Fortune Tea from China: Competing for a New Arena of the Beverage Market, Case B
- 11/13 25 **Case 4:** PORTS: China's Walk in the Global Luxury Fashion Boulevard
- 11/18 26 **Case 5:** PING AN'S OVERSEAS EXPANSION: FINANCIAL UNCERTAINTIES AND RISK MANAGEMENT
- 11/20 27 **Case 6:** Minsheng Bank: Penetrating the US market Through Acquisition
- 11/23-30 Thanksgiving holiday Break**
- 12/02 28 *Test 2*
- 12/04 29 *Quiz on WSJ/Other issues/ Overall summary*

Project for presentation and write-up:

The project should be worked in a group with about 3 to 4 members. The members within a group will choose a topic related to Chinese business with the consent of the instructor (and see below topics) and present the result of their research efforts. In addition, the group members will submit the written report of their research at the time of presentation.

The report should be well written and self-contained. It should be typed with a double space. Proper citations and documentation are required.

All members in the group will receive the same grade under the assumption that the all members will contribute equally to the project. In case of a free rider, the members of the group should report to the instructor earlier so that proper measures can be taken.

Presenters should pay attention to the following:

- (1) A clear sense of direction (or road map) for the audience to follow
- (2) A logical presentation
- (3) Focus on the topics that of interest to the audience
- (4) Be aware of body language in front of the class

Home-work assignments

Each student should submit a written report for the required assignments such as the cases and other materials (as specified by the instructor).

Several cases are used in this course:

Case 1: Parker's Biscuits, Inc: Venturing Into China

Questions:

1. As Carol Wittenberg, what factors would you consider to be most important in choosing between joint ventures partners" With which partner would you recommend they form a joint venture?
2. Is there anything you can learn from Parker's competitor's experience in China or from Parker's own history in Asia that would help you make this decision?
3. What operations-related capabilities will Parker's need to develop to be successful in China? What capabilities, if any, have they developed so far?
4. What choices will Parker's management have to make regarding building their network of operations in China over time? What choices should they make now? How would their choices affect the relative attractiveness of the two partners?

Cases 2/3: Wang's Fortune Tea from China: Competing for a New Arena of the Beverage Market (A) & (B)

1. To discuss brand positioning - how a company can transform from a traditional & domestic image to innovate in brand positioning in order to enter and penetrate international markets.
2. To provide students with an understanding of product mix diversification – how to develop product lines to meet the requirements of different segments of consumers in domestic and international markets.
3. To discuss competitive analysis – how to maintain domestic brand equity and product differentiation in face of intense domestic & international competition
4. To discuss international & cross-cultural marketing – how to introduce a new product concept to international markets and capture market share outside of the company's home country.
5. To provide students with an understanding of profitability – how a company can take advantage of its core competencies and exploit domestic & global growth opportunities in order to increase profitability.
6. To discuss how companies can educate customers and cultivate the market to create a “blue ocean”. Sometimes, they can take advantages of consumers' irrationality and endorsement from famous persons.
7. To illustrate the five-forces model in the herbal tea industry.

Case 4: Ports Case

1. What are the characteristics of a luxury brand? How did marketers segment the luxury goods market, and what is the implication for PORTS?
2. How did Ports implement its strategy in the last two decades?
3. What accounts for PORTS's success in the China market? What are the risks that PORTS is exposed to?
4. a. Describe the luxury consumption behaviours in the Western developed countries (eg, US, UK) and Asia, particularly China.

- b. In view of the global luxury consumption pattern, what suggestions could be given to the management of PORTS?
5. Discuss the independent family brand management model and the multi-brand model adopted in the luxury goods industry. What can PORTS learn from these business models?
6. What are the profound social issues and critiques related to the luxury industry? What are their implications to PORTS?

Case 5: Ping An Case

1. What is the core business of Ping An in China? What are its competitive advantages in its peer group in terms of size, market share, profitability and strength?
2. Describe Ping An's corporate culture and corporate mission. What is Ping An's long-term goal both in the domestic market and for global expansion?
3. How is Ping An looking for growth outside China? Is the growth model that Ping An follows in global expansion a growth-cycle model or a diversification model? Discuss which is the most appropriate growth model for Ping An.
4. What are Ping An's opportunities and risks in international expansion? What are the key factors that Ping An should consider in assessing its expansion?
5. Should Ping An establish a crisis management strategy for facing risks and uncertainties in global investments? What factors should be considered and what kinds of objectives should be set up in its crisis management policies?

Case 6: The Minsheng Bank case:

1. How to evaluate the value creation and discusses the process of international expansion through acquisitions in the banking industry and how to position a bank in the global market.
2. Illustrate the impacts of government regulation and highlight the barriers of acquisition in the global banking industry.
3. Discuss the development of the banking industry in China and the opportunities associated.
4. Discuss the credit issue starting in mid-2007. Is Minsheng's investment in the US too risky?

Quiz

Students are expected to read the newspaper (e.g., WSJ) articles related to the Chinese business. Quiz will be used to test if students are reading the articles reported in the newspaper.