

**FIN 3585/INT 3281
China Business
Spring 2022, UMSL**

Instructor: Hung-Gay FUNG

Class: 11:00 a.m.-12:15 p.m. (TT) F2F, AB Hall 04
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Welcome:

Let me warmly welcome you to the face-to-face *China Business class*. This is the first time we implement this online class from the face-to-face (F2F) format. I will work with you closely to get through this course. If you have questions for the on-line components, please read the following questions to be addressed.

Teaching Philosophy:

As an FTF/online course, please bear with me for some the added efforts required from you. So, please read the syllabus carefully and follow the specified requirements. I will work with you all the way until we finish this course. If there is any questions, please do not hesitate to contact me directly (email) so we can work together for the journey!

Required 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) Power points slides and other materials for lectures

- All lecture materials will be available in *canvas*

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 requires **5-6 hours** of work in addition to the time for the lectures per week; it also 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 or 20%) on an <i>individual basis</i>	50%
2 case assignments in a <i>group</i> (among 6 cases below)	40%
<ul style="list-style-type: none"> • Groups (with assigned members) will be formed randomly by the instructor • Each group responsibility: <ul style="list-style-type: none"> ○ presents one case for presentation + write-up (20%) ○ Each group writes up <u>another</u> (different) case w/o presentation (20%) 	
Home work-- Quiz and summary reports are on <i>individual basis</i> *	10%
Total	100%

* Under normal situation, no late reports or make-up quizzes are acceptable for grading.
 Grading Scale: The UMSL Grading System is based on a four-point scale. The grade value for each letter grade is as follows:

- A = 4.0; A- = 3.7
- B+ = 3.3; B = 3.0; B- = 2.7
- C+ = 2.3; C = 2.0; C- = 1.7
- D+ = 1.3; D = 1.0; D- = 0.7
- F = 0
- EX = Excused
- DL = Delayed
- FN = Failure/Non Participation

Tentative Schedule

Date	Lecture	Topic
1/18	1	Business Background in China -- an introduction <i>Intro: Modules 1-2</i>
1/20	2	<i>Intro: Modules 2-3-4</i>
1/25	3	<i>Intro: Module 3-4-5</i>
1/27	4	<i>Intro: Module 5-6-7</i>
2/01	5	<i>Culture: Module 1</i>

Reference:

Pitta, D., Fung, H.G., and Isberg, S. "Ethical Across Cultures: Managing the Differing Perspectives of China and the U.S.," *Journal of Consumer Marketing*, 1999, 16 (3), 240-256.

2/03	6	<i>Culture: Module 2</i>
2/8	7	<i>Culture: Module 3</i>
2/10	8	<i>Culture: Module 4</i>
2/15	9	Investing Options (<i>InvestOption</i>) in China <i>InvestOption: Module 1</i>
		Power point slides: different types of foreign investments in China
2/17	10	<i>InvestOption: Module 2</i>
2/22	11	International Payment (<i>Intpayment</i>) Modules 1-3 (Power points)
2/24	12	<i>Finance related to Banking, Institutions & Markets</i> <i>Finance: Module 1A&B</i>
3/01	13	<i>Finance: Modules 2-3</i>
3/03	14	<i>Finance: Module 4</i>
3/8	15	Finance: Module 5
3/10	16	Review
3/15	17	Test 1
3/17	18	Foreign Exchange Market, <i>FXmarket</i>
3/22	19	Foreign Direct Investment, <i>FDI</i> <i>FDI: Modules 1-4</i>
3/29	20	Chinese Marketing, <i>Marketing1</i> <i>Marketing2Double11 shopping: click a button in power point slides for the video show</i>

3/31	21	Trade blocks, <i>tradeblock</i> (power points slide)
4/05		Review
		<u>Student Presentation Starts</u>
4/07	22	Case 1: Parker's Biscuits, Inc: Venturing Into China Case due for the group responsible for presentation & write-up
4/12	23	Case 2: Wang's Fortune Tea from China: Competing for a new arena of the beverage market , Case A Case due for the group responsible for presentation & write-up
4/14	24	Case 3: Wang's Fortune Tea from China: Competing for a new arena of the beverage market, Case B Case due for the group responsible for presentation & write-up
4/19	25	Case 4: PORTS: China's Walk in the Global Luxury Fashion Boulevard Case due for the group responsible for presentation & write-up
11/22-28		Thanksgiving holiday Break
11/29	26	Case 5: PING AN'S oversea expansion: Financial uncertainty & risk Management Case due for the group responsible for presentation & write-up
12/01	27	Case 6: Minsheng Bank: Penetrating the US market through acquisition Case due for the group responsible for presentation & write-up
12/06	28	<i>Test 2</i>
<i>12/08</i>	<i>29</i>	<i>Other topics & assignment</i>

Home-work assignments

- A written report for an article in WSJ or a summary report for the speaker topic
- **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 in the last class.

Project requirements 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.

Case write-up guideline:

- The page required for each case write-up is about 10-15 pages. Your selected case should contain proper citation, which follow a standard citation style that provides credits to the source.
- For the cases posted, there are suggestive questions to be considered. See below. You need to incorporate these questions into your solution/analysis in the written report, but please DO NOT answer these questions directly.
- In case analysis, you need to present different sections with subtitles such as background of the case, analysis of problems and alternatives, solution, and conclusion part.

Presenters should pay attention to the following:

- A clear sense of direction (or road map) for the audience to follow
- A logical presentation
- Focus on the topics/issues that are of interest to the audience
- Be aware of body language and eye-ball effect in front of the class

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: Wang's Fortune Tea from China: Competing for a New Arena of the Beverage Market (A)

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** markets.
3. To discuss competitive analysis – how to maintain domestic brand equity and product differentiation in face of intense domestic competition
4. 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.
5. 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.
6. To illustrate the five-forces model in the herbal tea industry.

Case 3: Wang's Fortune Tea from China: Competing for a New Arena of the Beverage Market B

1. **Assume** you want to launch this product in St. Louis market, how you address the *branding and product differentiation* issues to promote this product (Wang's tea in Missouri)! Provide a feasible plan.
2. 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.
3. Discuss how companies can educate customers and cultivate the market to create a “blue ocean” in international market. Sometimes, they can take advantages of consumers' irrationality and endorsement from famous persons.

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 (e.g., 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?
7. Should Ports be considered to set up a retail store at the St. Louis Premiere Mall? Justify the pros and cons.

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?