

Doing Business in Emerging Markets

(MNGT-E2001, 6 cr)

SYLLABUS

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Note: This is a draft and subject to change.

Instructor's contact information	Course information
<p>Professor Carl Fey, carl.fey@aalto.fi Teaching Assistant, Xiaoshi Xu, xiaoshi.xu@aalto.fi International Business Unit Department of Management Studies</p> <p>Carl is always glad to meet with students to discuss any questions you have with the course or broader questions about your studies or career. Please contact him any time via eMail at carl.fey@aalto.fi to set up an appointment or Carl is normally available to talk just after classes. Carl's office is Y203.</p>	<p>Management and International Business Course</p> <p><u>Location:</u> The course will be delivered in hybrid mode. All sessions can be attended virtually via zoom at: https://aalto.zoom.us/j/68455935410 Most sessions can be attended in person. See the heading of each session for details including room location.</p> <p>Academic Year: 2021-2022, Period II Schedule: 01.11.2021-08.12.2020; Mondays and Wednesdays, 9:15-12:00, also note some special session timing on the syllabus. Language of Instruction: English Course Website: Please consult the course website in mycourses for much useful information on a regular basis.</p>

OVERVIEW

This year Doing Business in Emerging Markets will focus on Doing Business in China. China is now the world's second largest economy and despite some slowdown in its growth compared to past years continues to grow at rates that most countries can only dream of. As such, it is clearly a very important market for international managers to understand. However, China is also a country that is quite different from the West and has proven perplexing and hard for many international managers to understand. This course seeks to help participants to develop an understanding of how to do business in and with China effectively and efficiently and provides participants a comparative advantage as a result. The course will discuss how to deal with the fact that China is quite diverse and rapidly changing. For example, the course will discuss implications of the Chinese government's one belt one road strategy (a policy to encourage Chinese firms to internationalize) and the Chinese government's push to change from only produced in China to also invented in China.

Broadly speaking the course will focus on what management practices and strategies work best in China. More specifically, the course will cover how to negotiate with Chinese, how to enter and operate in China, the role of government in business in China, the role of family in business in China, the role of networks in doing business in China, what management practices work best in China, what leadership styles work best in China, and what strategies work best in China. The course will also discuss different entry modes and strategies to enter China. Finally, the course will help participants to better understand the increasing number of Chinese firms which have significant international operations. The course will have guest lecturers from business and academia. The course aims to teach material in a way that it can be readily applied to practice.

Learning Objectives

This course will teach students key aspects of how to do business in and with China including:

- How to negotiate effectively with Chinese
- What management practices work best in China
- What leadership styles work best in China
- What entry strategies work best in China
- What business strategies work best in China
- The role of government in business in China
- What strategies and management practices are commonly used by Chinese firms as they internationalize
- How firms can be innovative in China
- How to build a brand in China

The course will include guest lecturers who will share their industry and academic experience and illustrate practical applications of the material discussed during the course. The course is designed to help students forge links between theory and practice. Material in the course is taught in a way that it is useful in practice.

PREREQUISITES

The course does not have specific prerequisites.

ASSESSMENT AND GRADING

The course assessment and grading consist of three parts:

1. Live case assignment (group work) 39%
2. Final course report (individual work) 49%
3. Forum posts (individual work) 12%

For successful completion of the course, you are expected to take part in at minimum 5 of 9 sessions of the course sessions.

The instructor reserves the right to give different grades to individuals in one team if it is determined that group members are not contributing as they should to the group work. Final grade (0 to 5) is based on cutoff points below:

0-49 points	= 0
50-59 points	= 1
60-69 points	= 2
70-79 points	= 3
80-89 points	= 4
90-100 points	= 5

Actively Participating in the Class

Unlike in past years, class participation will not be graded this year as many students have indicated they do not like the concept of grading class participation. However, this course is very much based around active class participation and students are expected to actively participate. Students can miss up to two classes without it affecting their grade. If a student misses more than two classes their overall class grade will be lowered by 2% for the third class a student misses and 3% for the fourth class missed. If a student misses more than four classes, it is not possible to pass the course. **It is mandatory to take part in the first two class sessions.** This class will be delivered in hybrid mode. Students are encouraged to attend class in person, however, they are allowed to attend a or all classes virtually without any penalty.

Forum Posts (individual work) (12% of the final grade)

You are also supposed to make one post to the general forum on mycourses about current issues in Doing Business in/with China that you have learned about from the news and which in some way relate to the content covered in our course. The post counts for 6% of your course grade and should be about 5-10 sentences long (they can be longer though if desired) and should include a link to a news article, website, etc. where you read or heard about the news item. You should also provide some analysis of the news item. This post should be made by November 15th. By November 22nd you should make two comments about other posts about 3-8 sentences long (but can be longer). You are welcomed to comment on more than two posts if you want to as a goal is to stimulate discussion, but only two posts count towards your grade (if you write any extra posts please start them with “do not grade” so that we know which are the posts you want graded). Each of your two comments counts for 3% of your overall course grade. The posts should help to link the material in the course even more with the real world and allow people different options in addition to in-person interaction to interact. The forum posts are made under the general discussion section in MyCourses.

Live Case Assignment (39% of the final grade)

An important part of the course will be a live case which is sort of like a consulting project. Students will work in groups to provide advice to senior leadership from a firm on a real market entry/expansion issue that they are facing. The grade for this component of the course will be based on a presentation (including Q&A) on a 12-minute presentation December 8th, 2021. The instructor reserves the right to assign different grades for individuals if all group members do not

fully contribute to work on the project. Additional information will be provided in class about the live case. Each group will have a live case meeting with Carl on November 11th to have an opportunity to ask questions and get feedback. You are also welcomed to reach out to Carl at any time to set up another meeting or ask questions.

Final Course Project (individual work) (49% of the final grade)

The final course project should be returned through the Aalto University MyCourses system by December 17th, 2021. The final project should have two parts. In the first part, you should look back and reflect on your learnings during the course. In this section you should discuss all the topics covered in this course. Describing key content learnings is important, but also having some reflection on factors you think are most important and why this is the case for you will make your paper stronger. The report should be written in business style, i.e., be brief and concise in your conclusions and arguments. The report should be 4-5 pages long 12-point font. You should reference at least 12 articles (you are welcome to discuss cases, but they do not count as one of the twelve articles, you can use an additional page for the reference list which does not count in the page count) from the course when discussing your key learnings. You are not expected to reference articles not assigned for the course to support your points although you can if you wish. However, they do not count in the 12 articles from the course which you need to reference. It is also totally fine to discuss key learnings you have had which do not relate to any article. You should have a reference list for the key learnings part. You can use whatever accepted referencing style you prefer as long as you are consistent, but the American Psychological Association reference style is preferred.

In the second part of the final project which is a video you should make, you should select one topic from the course to focus on. It can be from the readings, cases, guest speakers or any other course component, or any combination of them. In the video you should explain this topic, what it is about and why it is interesting, important, and useful. Consider this as a sales pitch for your topic. You can consider master students who have not taken the course Doing Business in Emerging Markets as your audience, i.e., students who will be interested but not yet have your knowledge. The video should be 5-7 minutes long. You can choose the format of the video, bearing in mind that the technical quality or special effects are not decisive for the grading. Focus should be on the content and the clarity of the messages you want to convey. The video is individual work, but other people can assist you in shooting it, e.g., if you are talking on it. The video could be of you talking or you may choose to have PPT slides in the video and just your voice. It is also possible for you to involve other people in the video if you want to have a role play which you designed yourself in the video. Include a URL link to the video under a separate heading at the end of your written report (do not send us video files!). The video and the key learnings report are each worth 24.5% of the overall class grade. The key learnings and the video each have equal weight in determining your overall grade for the final course project.

ACCESSING READING MATERIAL

Cases are placed in the material section of the course's mycourses page--look materials then the session's date, and then Readings and Cases. Links to articles are placed in the syllabus. Depending on how you access these the links may not work. If they do not work, you can access the material by entering the reference information into the library's general search engine: (<https://primo.aalto.fi/>). Unfortunately, university policy mandates that I cannot download articles and place them in a folder on mycourses. Sorry. Book chapters are placed in the session's material folder under materials on the course's mycourses page.

CONTACTING FACULTY

Carl and Xiaoshi encourage students to contact them with any questions they may have at any time. In general, please write eMails with questions re the course to Carl or Xiaoshi with a copy to the other person. Carl is responsible for the course content, Xiaoshi can help you with technical/organizational issues. Carl is happy to set up a meeting to meet with students at any point and he will also normally stay after class to address questions. Carl is happy to meet with students to discuss the course or other issues related to their studies or career.

TEACHING PHILOSOPHY

In a word, the philosophy of this course is interaction because we are convinced that interactive teaching is the most effective way for participants to learn. However, the drawback of interactive learning is that your preparation not only affects how much you learn but also how much your fellow course participants learn. Therefore, it is essential that you thoroughly prepare for each class session, and our assumption going into every class session is that you have all prepared thoroughly by reading the assigned readings and/or cases and reflecting on them. Please note that completing the readings / cases is not enough you need to analyze and reflect on them prior to coming to class to be prepared for class discussions.

Listening, communicating, and persuading are important general management skills which become even more important in an intercultural context. Active class participation, therefore, is an important component of this course and strongly encouraged and graded. In addition to being an important management skill, active participation facilitates learning. Each of the readings / cases has been carefully selected for its quality and for the focus it provides to your learning. Therefore, it is extremely important that you come to class prepared to discuss the cases and readings.

We believe that responsible challenge and debate are very important to discovery and understanding, and we appreciate the willingness of individuals to engage in such activities with their classmates and with us. However, using airtime involves an obligation to really contribute to class learning and not just say something for the sake of saying something. Thus, you should strive to make quality comments. By quality we mean that your comments contribute in a manner such that:

- They provide good insights to the class discussion
- They help us sort through ambiguous issues as we analyze the case
- It integrates other participants' ideas into a coherent framework

METHODS OF INSTRUCTION

A wide variety of teaching methodologies will be used in this course including cases, lectures, discussions, simulations, and group work. Regardless of the methods used, however, significant participant interaction is expected. It is our belief that participants learn more effectively when they are active participants in the learning process and not just sitting and listening to the professor speaks.

PREPARING FOR CLASS

Please find below a schedule describing what we will do at different times during the course. Please make sure that you have read and reflected on all cases and readings prior to coming to the relevant class session. Discussion questions to guide your preparation for each case will be listed with each case. Please take time to reflect on them prior to coming to class so that we can have a good case discussion. All reading is important, but carefully reading and analyzing the readings / cases prior to coming to class is what is most important.

COURSE WEBPAGE

During the course much material for the course can be found on the course's webpage in mycourses: <https://mycourses.aalto.fi/course/view.php?id=33727>

ZOOM LINK

It is possible to take part in any session virtually. The zoom link for these sessions as well as the live case feedback meetings with Carl will be:

<https://aalto.zoom.us/j/68455935410>

Meeting ID: 684 5593 5410

One tap mobile, +496950502596,
68455935410# Germany

COURSE WORKLOAD

Classroom hours	34 hours
Class preparation	54 hours
Assignments	72 hours
Total	160h (6 op)

ETHICAL ISSUES

We expect adherence to highest standards of scholastic honesty by participants in this course including all items discussed in the Aalto University Code of Academic Integrity and Handling there of which can be found at:

<https://into.aalto.fi/display/ensaannot/Aalto+University+Code+of+Academic+Integrity+and+Handling+Violations+Thereof>

Among other things this includes avoiding plagiarism and using proper citation practices.

SCHEDULE

November 1, Session 1, 9:15-12:00, Introduction, Doing Business in China, and Managing Chinese Subsidiaries, Business School room V002

In this session we will introduce the course, we will learn about how to manage market entry and a foreign subsidiary in China, and we will discuss some key elements about doing business in China. An important part of the session will be discussing the **Levendary China Case which it is critical you read before coming to class** as well as considering the questions about the case listed below (you don't have to write down answers to these questions).

Readings:

1. Levendary China Case (see in the folder for this date under materials on the course's website on mycourses)
2. KPMG. 2018. China Outlook 2018. Hong Kong: KPMG.
3. Hamden-Turner, C. and F. Trompenaars. 2002. A mirror image world: Doing business in Asia. In M. Warner and P. Joynt. *Managing across borders*. London: Thompson.

Background Reading (Assumed knowledge)

4. Hill, C. 2012. Mode of Entry and Strategic Alliances, Chapter 14, pages 512-539. *International Business*. Singapore: McGraw Hill. (note: This reading will be covered in my International Strategy class for anyone taking that)

Questions for the Levendary Cafe China Case

1. What is your evaluation of the way Levendary Cafe has entered the China market?
2. What changes (if any) should Mia Foster Make? Specifically, what should she do about Louis Chen? And what changes (if any) would you propose at headquarters?
3. Prepare a specific action program for Foster to help her deal with the need for continued growth in China. What should be on the agenda for her meeting with Chen?

November 3, Session 2, 9:15-12:00, Key Commandments of Doing Business in China + Live Cases Introduction, School of Arts and Design (attached to the business school) Room Q201

In this session we will learn about the live cases we will work on in this course. Live cases are consulting projects you will do in teams aiming to solve real issues that senior managers in firms are working on. This year our live case will be helping the firm Myllyn Paras

(www.myllynparas.ru/en) to expand in the Chinese market. Artur Surov, Director of Asia for Myllyn Paras will be our key contact. He will join us for the second part of this session to discuss the live case projects with us. **Please look at the website of the firm to become familiar with the firm and its products prior to coming to class.** You will want to be prepared to ask questions about the firm to have the information you need to do the live cases. Carl will explain more about the live cases in class on November 1st and 3rd. The exact focus of the live case will be explained on November 3rd. Please also see below some industry information reports, which while optional readings, you will find very useful for your live case projects. Please also note that Myllynparas has already started to sell some of their products a bit in China (we will be helping them to expand the variety of products they are selling, build their brand, expand their sales, etc.) and you can find what they are doing at: <http://myllynparas.tmall.com> (you will need to create a free tmall account to view this. Tmall is a key online marketplace in China).

Readings:

1. Doing business in China. 2016. 24 Min video hosted by Tim Harcourt. <https://www.youtube.com/watch?v=Pkd01mUPXNg>
2. Miller, R. and Johnson, E. 2021. Spotlight Series: Understanding China. What the West gets wrong about China. *HBR Online*, (May-June). <https://hbr.org/2021/05/what-the-west-gets-wrong-about-china?ab=seriesnav-spotlight> Note: You may need to create a free account with HBR to access this if you have already used some free views.
3. Hout, T. and D. Michael. 2014. A Chinese approach to management. *Harvard Business Review*, (September): 1-6. <http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=97509531&site=ehost-live>

Useful Reading to Help You With The Live Case (but not required readings):

1. Editors. 2019. Market intelligence report on cereal preparation.
2. Editors. 2018. The food and beverage market entry handbook: The People's Republic of China. Europe Direct.
3. Editors. 2018. Oat Opportunities in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership Countries and China. Canadian Agricultural Partnership.

November 8, Session 3, 9:15-12:00, Building Your Brand with Digital Media in China and China's Move Towards Innovation and What Management Practices and Strategies Help Firms to be Innovative, Virtual session via Zoom

In the first part of this session (9:15-10:30) we will discuss why the Chinese firms and government have put so much focus on becoming more innovative lately. We will also discuss what management practices and strategies help firms to become more innovative in China. Our special guests for this panel will include Tim Pan, Senior Outreach Director, Microsoft R&D Asia

In the second part of this session (10:45-11:55) we will have Rixin Jiang who is CEO of Nordic Friend as our special guest. Mr. Jiang, who is based in Shanghai, is an expert on branding and especially digital branding and he will help us learn about how to build brands in China with the help of digital media. This is increasingly important in China. We will also talk about the role of social media and become familiar with the role of different social media apps used in China.

Readings:

1. Editors. 2019. China Social Media Landscape 2019. Kantar.
<https://kantar.turtl.co/story/2019-social-media-landscape-whitepaper/?teaser=true>
2. Bu, L., Wang, J., Wang, K.W., and Zipser, D. 2019. China Digital Consumer Trends 2019. McKinsey Digital.
<https://www.mckinsey.com/~media/McKinsey/Featured%20Insights/China/China%20digital%20consumer%20trends%20in%202019/China-digital-consumer-trends-in-2019.pdf>
3. 2021. Spotlight Series: Understanding China. China's New Innovation Advantage. *HBR Online*. <https://hbr.org/2021/05/chinas-new-innovation-advantage?ab=seriesnav-spotlight> Note: You may need to create a free account with HBR to access this if you have already used some free views.

November 10, Session 4, 9:15-12:00, Understanding China's Five Year Plan and How to Manage Risk and Build and Leverage Networks for Success in China, School of Arts and Design (attached to the business school), Room Q201

In the first part of this session (from 9:15-10:15) we will have Tuuli Koivu, Chief economist, Nordea as our guest. she will help us learn about and discuss China's five-year plan implementation and the new growth model. In the second part of this session Esko Aho, Finland's former Prime Minister who has done much work with China, will be our special guest and talk about how to manage risk and the role of networks for success in China.

Readings:

1. Cooper, B. 2021, April 1. China's 14th five-year plan (2021-2025) report. Hill + Knowlton Strategies. <https://www.hkstrategies.com/en/chinas-14th-five-year-plan-2021-2025-report/>.
2. Chen, M-J. 2001. Networking and Guangxi (Chapter 3). *Inside Chinese business*. Boston, MA, USA: Harvard Business School Press.
3. Liu, I. 2020. Business risk management in China in the era of COVID-19. *China Briefing*. June 6, 2020. <https://www.china-briefing.com/news/business-risk-management-china-era-covid-19/>
4. Minot, T. 2018. Fraud prevention strategies in China. *The China Briefing*. December 4, 2018. <https://www.china-briefing.com/news/5-fraud-prevention-strategies-business-china/>.

November 11, Live Case Group Feedback Meeting with Carl, Location TBD

Each live case group should have a 45 minutes mid-term feedback meeting with Carl. One person from your group needs to sign up for which time you want to meet with Carl in mycourses. This is a chance for you and your group to get feedback on your preliminary ideas about what to propose for the live case and ask any questions you have about the live case. It is expected that you will have clearly identified the focus of your project, have started to seriously work on the project and made some progress, identified some key ideas, and developed a timeline for completing the project by the time of the meeting at a minimum.

November 15, Session 5, 9:15-12:00, Negotiating with Chinese, Business School room V002 (also using M202 in the school of arts, go to room V002 at the start of class)

In this session we will learn about how to negotiate effectively with Chinese and practice this in a simulation. In the simulation a Chinese firm is negotiating with an American firm. Each student will be assigned a role for the simulation in advance and emailed confidential briefing material. It is CRITICAL that you read this material before coming to class. It is also critical that you send an eMail to xiaoshi.xu@aalto.fi as soon as you know that you will not be able to attend this class session so that we will not assign you a role because the simulation does not work well with some people having roles missing.

Readings:

1. Confidential Negotiation Briefing to be handed out in one of the two previous classes. Different people take on different roles and thus receive different material. Please contact Xiaoshi.xu@aalto.fi if you have any questions.
2. Chen, M.J. 2001. Negotiating from start to finish and beyond. *Inside Chinese Business*. Boston, MA, USA: Harvard Business School Press.
3. Graham, T. L. and N.M. Lam. 2003. Chinese Negotiation. *Harvard Business Review*, (October): 82-91. <http://milic.free.fr/texte/Ventes/negotiation-in%20China.pdf>

November 17, Session 6, 9:15-13:00, How to be an Effective Leader in a Firm in China, School of Arts and Design (attached to the business school) room M202

In this session we will focus on Leadership in China. We will discuss strategies to be a successful leader in China and how this differs from other countries. We will place a special focus on the benefits of developing a coaching style of leadership to develop those working with you and help them to be more empowered helping the firm to get more done. We will also do a leadership simulation focusing on a coaching style of leadership. Preparing well for this simulation before coming by reading items 1 and 2 is critical for this session to work well. We will also have a Q&A session with Artur Surov, Director of Asia for Myllyn Paras from 12:10-13:00. Please come prepared with the questions you want to ask Mr. Surov about your live case projects.

Readings:

1. Coaching for Performance A Case
2. One roll description you are to read to go with the Coaching for Performance A case. The roll description will be distributed in one of the two previous classes or sent to you via eMail. Contact Xiaoshi.Xu@aalto if you do not receive a roll description if you do not receive a roll description. Please also inform Xiaoshi as soon as possible if you know you will not be able to take part in this session so that we do not assign a roll to you as missing people cause problems for your group mates.
3. Chee, H. and C. West. 2007. Myth 10: The Chinese are difficult to manage (Chapter 10). *Myths about doing business in China*. New York, NY, USA: Palgrave.
4. S. Gordon. A foreign manager's guide to leading in China.
<http://www.bbc.com/capital/story/20140205-leading-in-china-a-ceo-primer>

November 22, Session 7, 9:15-12:00, HRM, The Chinese Government, Chinese IP Law, Chinese labor law, and Starting a Business in China

In the first part of the session Xiaoshi Xu will talk about Human Resource Management in China and how the Chinese Government is organized and works. In the second part of the session Timo Helosuo, CEO of the Finnish Law firm Kolster (one of Europe's largest IP law firms with offices also in China) will be our guest to help us discuss intellectual property law, labor law, and starting a business in China.

Readings:

1. Schotter, A. & Teagarden, M. 2014. Protecting Intellectual Property in China. *MIT Sloan Management Review*, (Summer): 41-48.
2. Editors. 2020. Doing Business in China. Baker McKinsey Fenchun. page 19-23 and 33-49 (IPR, employment law, and related issues). The other pages may be useful/of interest, but are not required. <https://www.bakermckenzie.com/-/media/files/insight/guides/2020/doing-business-in-china-2020--28-august-2020.pdf>
3. Black, J.S. and Morris, A.J. 2021. Spotlight Series: Understanding China. The Strategic Challenges of Decoupling. *HBR Online*, (May-June). <https://hbr.org/2021/05/chinas-new-innovation-advantage?ab=seriesnav-spotlight> Note: You may need to create a free account with HBR to access this if you have already used some free views.

November 24, Session 8, 9:15-12:00, Strategies for Doing Business with Chinese Customers, Suppliers, and Government, Sourcing from China, and Environmental issues in China, online via Zoom

In the first part of the session we will have Markku Vauhkonen as a special guest. Markku is Chairman of the board of Flexound and Managing Director of Meka Pro OY. Markku was

formerly CEO of the Finnish firm Trafotek, President of DeLeval East Asia based in China for five years, and President of Fortum Service. Markku will talk to us about Strategies for Doing Business with Chinese Customers, Suppliers, and Government. In the session we will also discuss sourcing from China and environmental issues in China.

Readings:

1. The ultimate sourcing guide from China. <https://empireflippers.com/ultimate-guide-sourcing-china/> Feb 29, 2020
2. Sourcing from China. 2021. 16 Minute video. <https://www.youtube.com/watch?v=nZ2deRmcTo>
3. Koty, A.C. 2021. China's circular economy: understanding the new five year plan. <https://www.china-briefing.com/news/chinas-circular-economy-understanding-the-new-five-year-plan/>
4. Video. Angel Hsu. 2018, September 19. How China is (and isn't) fighting pollution and climate change. A 12 min Tedex video Talk. www.youtube.com/watch?v=VIHiEN1zTKI.

December 8, Session 9, 8:30-12:30, Live Case Presentations, via Zoom

In this session participants will present their live case consulting projects to Carl Fey and Artur Surov, Director of Asia for Myllyn Paras. Each team has 12 minutes to make their presentation followed by Q&A. Following the presentations feedback and a summary will be provided. Please upload your presentation slides to the assignment turning in mycourses by 7:30am on December 8th to assist with grading.