

# *Doing Business in Emerging Markets*

## *(MNGT-E2001, 6 cr)*

### **SYLLABUS**

Version 25.10.2020

Note: This is a draft and subject to change.

<b>Instructor's contact information</b>	<b>Course information</b>
<p>Professor Carl Fey, <a href="mailto:carl.fey@aalto.fi">carl.fey@aalto.fi</a> Teaching Assistant, Xiaoshi Xu, <a href="mailto:xiaoshi.xu@aalto.fi">xiaoshi.xu@aalto.fi</a> International Business Unit Department of Management Studies</p> <p>Carl is always glad to meet with students (during the COVID crisis time the school recommends this takes place virtually) whenever needed. Please contact him any time via eMail at <a href="mailto:carl.fey@aalto.fi">carl.fey@aalto.fi</a> to set up an appointment to discuss any questions you have with the course or broader questions about your studies or career. Carl's office is Y203.</p>	<p>Management and International Business Course</p> <p><u>Location:</u> Following the request of school leadership, the course will be run virtually via Zoom. Registered students will receive an eMail with a link to the Zoom recurring meeting.</p> <p>Academic Year: 2020-2021, Period II</p> <p>Schedule: 26.10.2020-02.12.2020; Mondays and Wednesdays, 9:15-12:00, also note some special session timing on the syllabus.</p> <p>Language of Instruction: English</p> <p>Course Website: Please consult the course website in mycourses for much useful information on a regular basis during the course</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
- How to design collaborative modes like joint ventures in acquisitions 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

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.

## **MODE OF DELIVERY**

The entire class will be conducted virtually via zoom as requested by school administration. The link for zoom will be sent to you via eMail. The same link will work for all class sessions.

## **ASSESSMENT AND GRADING**

The course assessment and grading consists of three parts:

1. Live case assignment (group work) 41%
2. Final course report (individual work) 51%
3. Forum posts (individual work) 8%

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 your grade. If you miss more than two classes your overall class grade will be lowered by 2% for the third class you miss and 3% for the fourth class you miss. If you miss more than four classes it is not possible to pass the course.

**It is mandatory to take part in the first two class sessions.**

### **Forum Posts (individual work) (8% 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 4% 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 5<sup>th</sup>. By November 13<sup>th</sup> 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 but only two posts count towards your grade. Each of your two comments counts for 2% 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 (41% 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 2<sup>nd</sup>, 2020. 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 17<sup>th</sup> to have an opportunity to ask questions and get feedback. You are also welcome to reach out to Carl at any time to set up another meeting or ask questions.

### **Final Course Project (individual work) (51% of the final grade)**

The final course project should be returned through the Aalto University MyCourses system by December 13<sup>th</sup>, 2019. 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 most 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) 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. 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 referencing style you prefer as long as you are consistent, but the American Psychological Association reference style is preferred. The list of references does not count in the page limit.

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 roll 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 25.5% 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://aalto.finna.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 stay after class to address questions each day.

## **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 air time 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=29582>

## **COURSE WORKLOAD**

<b>Classroom hours</b>	34 hours
<b>Class preparation</b>	54 hours
<b>Assignments</b>	72 hours
<b>Total</b>	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://mycourses.aalto.fi/course/view.php?id=29582>

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

## **SCHEDULE**

**October 26, 9:15-12:00, Introduction, Doing Business in China, and Managing Chinese Subsidiaries**

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?

#### **October 28, 9:15-12:00, Live Cases Introduction Session, IP, and Sourcing**

In this session we will learn about the live cases we will work on in this course. Live cases are consulting projects aiming to solve real issues that senior managers in firms are working on. There will be two live cases in this class (each student will work on one). The first is assisting sub-soccer with its entry into China including finding a good option to produce their products in China and sell their products in China and build their brand awareness there. See <https://www.subsoccer.com/> The firm's Sub-Soccer Project Manager/Partner, Markus Toivanen will be our key contact and attend this session (9:15-10:00) to introduce you to his firm, present projects he would like you to explore, and engage in discussion. **Please be sure to look at the companies' websites prior to coming to class** as you will want to be prepared to ask questions about the firms to have the information you need to do the live cases. Carl will explain more about the live cases in class on October 26<sup>th</sup>. The exact focus of the live case will be explained on October 28<sup>th</sup>. Our second live case will focus around helping the Kolster Law Firm ([www.kolster.com](http://www.kolster.com)), which is a Finnish law firm established in 1874 with over 100 employees and one of Europe's leading IP law firms, expand in China. Timo Helosuo, CEO of Kolster will

attend the session (10:15-11:55) and tell you about his firm, the projects he would like you to explore, learnings from their initial entry into China, and some background about intellectual property (IP) issues in China. Many firms feel that IP issues are the largest challenge to operating in China which is one reason we have chosen this live case.

#### 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. The ultimate sourcing guide from China. <https://empireflippers.com/ultimate-guide-sourcing-china/> Feb 29, 2020
4. Optional: How do you get a product prototype developed in China sitting in the US? <https://www.startups.com/community/questions/1249/how-do-you-get-a-product-prototype-developed-in-china-sitting-in-the-us>, Viewed October 6, 2020
5. Optional: Prototyping in China: 27 Best Options for Plastic, Metal, PCBA, Silicon and more. <https://qualityinspection.org/prototyping-in-china-companies-list/>, June 12, 2020

### **November 2, 9:15-12:00, Building Your Brand with Digital Media in China and Tips for Doing Business with Chinese and Their Education**

In the first part of the session (9:15-10:30) Mr. Peter Vesterbacka will be our special guest. He will talk to us about Strategies for Negotiating in China, China's educational system and how it affects the way Chinese people work, and answer your diverse questions on doing business with China. He is one of Finland's leading entrepreneurs and business figures and does much work with China. In 2011, TIME magazine chose Vesterbacka as one of the world's hundred most influential people. He is co-founder and BrandBreaker of an educational mobile game company, Lightneer Inc. the Helsinmi-Taalin Tunnel Project (which he sees as part of the silk road), Fun Academy, etc. His many roles have included serving as the Chief Marketing Officer and 'Mighty Eagle' of Rovio Entertainment Oy, best known for the global 'Angry Birds' brand. Mr. Vesterbacka is also the founder of Slush, an international non-profit initiative that organizes startup-related events in Helsinki and other countries, including China.

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 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.
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. In China pick your brand name carefully.  
<http://web.b.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=1&sid=9cc7b42f-150e-49c9-a0ee-3538c98392f7%40sessionmgr103>

### **November 4, 9:15-12:00 Negotiating with Chinese**

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 in the class will be assigned a role for the simulation in advance and handed out confidential briefing material in one of the two previous classes and it is CRITICAL that you read this material before coming to class.

#### Readings:

1. Confidential Negotiation Briefing to be handed out in one of the two previous classes. Different people take on different rolls and thus receive different material. Please contact [Xiaoshi.xu@aaltofi](mailto:Xiaoshi.xu@aaltofi) 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. Grahm, 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 9, 9:15-12:00 The Importance of Understanding Chinese HRM and Knowing How to Build and Leverage Networks for Success in China**

In the first part of the session Xiaoshi Xu will talk about Human Resource Management, the government, and the five year plan in China (9:15-10:25). In this session Esko Aho, Finland's former Prime Minister, who has done much work with China will be our special guest and talk about the role of networks for success in China (10:40-11:55).

#### Readings:

1. Chen, M-J. 2001. Networking and Guangxi (Chapter 3). *Inside Chinese business*. Boston, MA, USA: Harvard Business School Press.
2. Tse, E. 2010. Is it too late to enter China? *Harvard Business Review*, 88(4):96-101.  
<http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=48736768&site=ehost-live>
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>

4. Interpreting China's Proposed 13th Five-Year Plan  
[http://www.bjreview.com/Beijing\\_Review\\_and\\_Kings\\_College\\_London\\_Joint\\_Translation\\_Project/2016/201703/t20170321\\_800091795.html](http://www.bjreview.com/Beijing_Review_and_Kings_College_London_Joint_Translation_Project/2016/201703/t20170321_800091795.html)

### **November 11, 9:15-13:00, Strategies for Doing Business with Chinese Customers, Suppliers, and Government, Chinese Firms Abroad, and Live Case**

This session will have three parts and please note that different timing that it runs 9:15-13:00. In the first part (9:15-10:30) of this 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 second part (10:40-11:35) of the session Jing Reinonen, HR Business Partner, Huawei Finland will talk about tips for Finns and Chinese to work effectively together. In third part of the session (11:40-12:20) we will have a Q&A session regarding the live case with Markus Toivanen from Subsoccer and in the fourth part of the session (12:20-13:00) will be a Q&A with Timo Helosuo, CEO of Kolster.

#### Readings:

1. Williamson, P. and M. Zheng. 2004. Strategies for competing in a changed China. *Sloan Management Review*, 85-91.  
<http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=13758679&site=ehost-live>
2. Fey, C.F., Nayak, A.K.J.R., Wu, C., and Zhou, A. 2016. Internationalization strategies of emerging market multinationals: A five M framework. *Journal of Leadership and Organizational Studies*, 23(2):128-143. (Note: A copy of this article is placed in the folder in my courses for your convenience).
3. *One belt one road*: <http://www.mckinsey.com/global-themes/china/chinas-one-belt-one-road-will-it-reshape-global-trade>

### **November 16, 9:15-12:00, How to Mitigate Risks in China**

In this session we will learn how government and nongovernmental organizations can help firms entering China. Esko Aho, Finland's former prime minister who has done much work with China will be our special guest in this session.

#### Readings:

1. Editors. 2016. The CEO guide to China's future. McKinsey Quarterly, (September).  
<http://www.mckinsey.com/global-themes/china/the-ceo-guide-to-chinas-future>.

2. 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/>
3. 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/>.
4. Minot, T. 2018. Due diligence in China: Protecting your business from fraud and reputation risk. The China Briefing. December 12, 2018. <https://www.china-briefing.com/news/due-diligence-china-prevent-fraud/>

### **November 17, Live Case Group Feedback Meeting with Carl**

Each live case group should have a 45 minutes mid-term feedback meeting with Carl. You will sign up for which session you will attend in class. 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, identified some key ideas, and developed a timeline for completing the project by the time of the meeting at a minimum. Meetings will last about 45 minutes. One will sign up in class on about the second day of class.

### **November 18, 9:15-12:00 Leadership in China**

In this session we will focus on Leadership in China with a special focus on how to take on a coaching style of leadership which can help you to develop your employees.

#### **Reading Material**

1. Coaching for Performance A Case
2. One roll case you are to read to go with the Coaching for Performance A case. This will be distributed in one of the two previous classes. Please have a friend pick up a copy for you if you will be absent in the previous classes
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>

### **December 2, 8:30-12:30, Live Case Presentations**

In this sessions participants will present their live case consulting projects to Carl Fey, Markus Toivanen from Subsocer, and Timo Helosuo, CEO of Kolster. 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 2<sup>nd</sup> to assist with grading.