



## **CIEE in Shanghai, China**

<b>Course name:</b>	Changing Nature of Business in China
<b>Course number:</b>	BUSI 3001 SBLC
<b>Programs offering course:</b>	Shanghai Accelerated Chinese Language, Shanghai Business, Language and Culture, Shanghai China in a Global Context
<b>Language of instruction:</b>	English
<b>U.S. Semester Credits:</b>	3 semester/4.5 quarter hours
<b>Contact Hours:</b>	45
<b>Term:</b>	Spring 2019

### **Course Description**

This course will examine the elements in the changing nature of business in China. Issues identified include fiscal policies that changed the business environment over the past three decades when the Chinese economy grew from a stagnant and poor country into the number two economic power in the world. Topics chosen in the syllabus are China's Economic Stimulus Programs, Labor Contract law, Economic Cooperation Framework Agreement. Also covered in this class is the issue on RMB undervaluation and a new topic receiving international attention lately on the public listing of Chinese companies in the US using a mechanism called the Reserve Take Over (RTO).

The format of the class emphasizes classroom discussions and students' active participations. Students will learn practical issues affecting the current Chinese economic and social structure in the ongoing changing business environment.

### **Learning Objectives**

The goal of this course is getting the students appreciated in the changing business structure and learn the practical issues facing the businessmen in China. Students are expected to get an overall understanding of this unique economic business environment and to utilize this opportunity for their own academic or career development in the future.

### **Course Prerequisites**

Three semesters of college-level economics, accounting, finance, business management, or marketing are required.

### **Methods of Instruction**

Classroom lecture includes PowerPoint and video presentations. Classroom discussions and students' participations are crucial in each class. Student will team up in several groups for a team presentation starting in Week 4. A factory visit will be arranged for the students to experience the actual manufacturing environment in China.

### **Assessment and Final Grade**



Methods of grade assessment:

1. Midterm Exam	30%
2. Group Presentation-Content	10%
3. Presentation style and quality	10%
4. Q&A and audience reception	5%
5. Team effort	5%
6. Final exam	30%
7. Class attendance & participation	10%
Total	100%

**Course Requirements**

1. Midterm Exam  
Will comprise of all multiple-choice questions and will cover topics in the first six weeks of lectures.
2. Group presentation will be graded according to the content,
3. Presentation style,
4. Audience reception through questions and answer session,
5. A demonstration of team work.
6. Final exam  
Will comprise of all multiple-choice questions and will cover topics in the last six weeks of lectures.
7. Class attendance & participation  
Students sign up in each class and receive full credit for that class.  
Active classroom participation will be awarded with credit.

**Weekly Schedule**

**Week 1**

**Lecture - Emerging Chinese economic power**

Description of content: Fiscal policies that changed the business environment over the past three decades when the Chinese economy grew from a stagnant and poor country to the number two economic power in the world.

**Reading materials:**

- 10\_02\_2014\_003 BJ aims to revamp pension
- 17\_02\_2014\_004 Biden defends Pacific Trade Pact
- 17\_02\_2014\_018 Why trade talks are still on track
- 19\_02\_2014\_022 China becomes No 1 Gold Buyer
- Jan26,2011 Xi's background
- SH FTZ Restrictions 01\_10\_2013\_004

**Week 2**

**Lecture - China Economic Stimulus in the midst of the Global Financial Crisis**

Description of content: This was the first economic stimulus introduced by any country

after the Great Recession of the Global Financial Crisis. China introduced a \$548 billion economic stimulus program which benefitted the global economy and also propelled the country eventually into the second largest economy in the world.

**Reading materials:**

05\_04\_2013\_001 Foreign firms embrace pressure from China

05\_04\_2013\_014 Firms brace China

19\_02\_2014\_001 Energy out, US in at China Fund

19\_02\_2014\_001 Islamabad BJ economic partnership

19\_02\_2014\_014 Energy out, US in at China Fund

**Video on 2008 Global Financial Crisis**

**Week 3**

**Student presentation** – Emerging China Economic Power after the Global Financial Crisis

**Lecture - China RTO companies on Wallstreet**

Description of content: A new topic receiving international attention lately is the public listing of Chinese companies in the US using a mechanism called the Reverse Merger. An unprecedented number of shareholders and SEC litigations filed as a result of this wave of RTO listings prompted us to include this new topic in our syllabus.

**Reading materials:**

4 Jan27,2011 Making Chinese Entre making reverse

05\_12\_2012\_001 China RTO new reversed trend p1

06\_05\_2013\_016 Fall of Suntech, largest solar panel co

9 25\_08\_2011\_010 cease and desist and relist

10 29\_09\_2011\_014 Uncovering Chinese Companies lies

27\_01\_2014\_017 China Critizes Rulings on Auditors

30\_01\_2014\_012 No accounting in China

30\_05\_2013\_014 China's accounting

30\_05\_2013\_018 China's no 1 butcher to US

Reverse mergers by SEC

**Week 4**

**Student presentation** – Chinese RTO's

**Lecture - Consumer Based VAT (Value Added Tax) policy**

Description of content: The largest government revenue generator in China is derived from the VAT taxes. Such taxes were only introduced in 1984 originally on the domestic produced products. Now it includes all products manufactured by foreign or domestic firms. The lecture also covers the reform on the VAT during the global financial crisis of 2008.

**Reading materials:**

China Tax Nov 2008 Issue 13

China VAT Alert Major Revision Sept 2006

Issue 11,2008 China Swith to Consumption Based VAT

**Review Mid Term Exam**

**Week 5**

Mid Term Exam includes lectures and reading materials assigned during



Week 1-4

### Week 6

Video presentation - Too Big To Fail

Description of content: A PowerPoint slide presentation is given to the students prior to the video. The movie is a drama however it describes the cause and results of the Global Financial crisis in a simple format. Because of this simplicity, the students can grasp the complex structures that lead to the near collapse of the financial system during the 2008 financial crisis. This financial event may happen again and the students can be well informed if this kind of financial crisis does happen during their lifetime. The video is closely related to the Changing Nature of Business in China because this 2008 financial crisis may have caused China to be propelled to the second largest economy in the world.

### Week 7

#### **Lecture - Labor Contract Law**

Description of content: Hiring and firing employees in China is tricky for the foreign business management. The inclusion of this Labor Contract Law gives the students a good snap shot of the employment law in China.

#### **Reading Materials:**

1. New Labor Contract Law

### Week 8

**Student presentation – Labor Contract Law**

#### **Lecture - RMB Exchange Rate**

Description of content: the various aspects of the economic, social, political, and policy issues in the Asia region especially between Beijing and Taipei.

#### **Reading materials:**

- Banking on Reform by Stephen Thomas, Chen Ji.doc
- Great currency debate, Tom Meehan, China Business Rev.pdf
- 09\_01\_2013\_013 Chinese currency manipulation not a problem
- 09\_04\_2014\_016 no rush to stem Yuan's drop
- 12\_02\_2014\_015 BJ takes aim at Investing via Web1
- 12\_02\_2014\_023 BJ takes aim at Investing via Web2
- 16\_01\_2014\_028 China policy mixed results
- 24\_04\_2014\_017 Chinese firms tap foreign financing
- 24\_04\_2014\_022 Chinese firms are tapping foreign funds
- 27\_02\_2014\_001 PBOC behind RMB fall
- 27\_02\_2014\_018 Fall in China's Yuan
- 28\_02\_2014\_015 Hong Kong Lending to China
- 28\_02\_2014\_022 a risk for HK banks
- 28\_04\_2014\_004 BJ Reports Narrower Current-Account Surplus

### Week 9

**Student presentation – Labor Contract Law**

#### **Lecture - RMB Exchange Rate**

Description of content: Also covered in this class is the contentious issue of the RMB



undervaluation even though the Chinese government is slowly responding to international pressure on currency reform.

**Reading materials:**

Banking on Reform by Stephen Thomas, Chen Ji.doc  
Great currency debate, Tom Meehan, China Business Rev.pdf  
09\_01\_2013\_013 Chinese currency manipulation not a problem  
09\_04\_2014\_016 no rush to stem Yuan's drop  
12\_02\_2014\_015 BJ takes aim at Investing via Web1  
12\_02\_2014\_023 BJ takes aim at Investing via Web2  
16\_01\_2014\_028 China policy mixed results  
24\_04\_2014\_017 Chinese firms tap foreign financing  
24\_04\_2014\_022 Chinese firms are tapping foreign funds  
27\_02\_2014\_001 PBOC behind RMB fall  
27\_02\_2014\_018 Fall in China's Yuan  
28\_02\_2014\_015 Hong Kong Lending to China  
28\_02\_2014\_022 a risk for HK banks  
28\_04\_2014\_004 BJ Reports Narrower Current-Account Surplus

**Week 10**

**Plant tour**

Description of content: An American manufacturer will be selected for a plant tour during the semester. Basically the plant tour will include a visit of their assembly line and its distribution system. Normally the tour will also include a video produced by the company introducing its brand and product and its manufacturing facility.

**Week 11**

**Student presentation** - (Economic Cooperation Framework Agreement) BJ & Taipei

**Lecture - Changing Work Force, HR Issues, Staff Expectation and Challenges**

Description of content: A presentation on the demographic changes in China in the last three decades.

**Review of the final exam**

**Reading materials**

12\_03\_2014\_016 Strikers in China say IBM fired 20.pdf

**Week 12**

**Final Exam**

Final exam includes lectures and materials from Week 6 -14

**Course Materials**

**Readings**

The readings are drawn from *The Wall Street Journal* archives.