



## 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>	Summer Business and Culture Session I
<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>	Summer 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 to help the students understand and appreciate the constant changes in this business environment and to learn the practical solutions to adapt to these changes. 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 and form groups. Each team will make presentation starting in Class 3. A factory visit may 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 Participation	10%
Total	100%

### Course Requirements

1. Midterm Exam  
Will comprise of all multiple-choice questions and will cover topics in the first six classes of lectures.
2. Group presentation will be graded according to the quality of the content,
3. Presentation style will be graded on its creativeness and uniqueness,
4. Audience reception will be considered in the grades of the presentation,
5. The team will be graded on the cooperativeness and a demonstration of real team work.
6. Final exam  
Will comprise of all multiple-choice questions and will cover topics in the last six classes of lectures.
7. Class 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**

##### 1.1 **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:**

- Qi 2014, P3
- Clarke and Li 2014, P22
- Zhu 2013, P4

##### 1.2 **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:**

- Burkett and Mozur 2013, P1 and 14

1.3 **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:**

- Sternberg 2011, P1 and 14
- Chu 2012, P 1 and 16.
- Fuhrman 2011, P 10.
- Sternberg 2011, P 14.
- Chu 2014, 17.
- Sternberg 2014, 12.
- Zhang and Feng, NO. 198, P1 and 14.

**Week 2**

2.1 **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:**

- Coopers 2006

**Review Mid Term Exam**

2.2 Mid Term Exam includes lectures and reading materials assigned during Class 1-4

2.3 **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 3**

3.1 **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:**

- Lam 2010, P 19.
- Holmes 2010, P 4.

3.2 **Student presentation – Labor Contract Law**

**Lecture - RMB Exchange Rate**

**Description of content:** the contentious issue of the RMB undervaluation even though the Chinese government is slowly responding to international pressure on currency reform.

**Reading materials:**

- Eernisse and Meehan 2008, P 36.
- Lazear 2013, 13.
- Wei and Davis 2014, 16.
- Wei and Mozur 2014, P 15 and 23.
- Back 2014, 28.
- Wei 2014, P 1 and 18

3.3 **Student presentation – RMB Exchange Rate**

**Lecture - ECFA (Economic Cooperation Framework Agreement) between Beijing & Taipei**

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

**Reading materials:**

- Hsu 2014, 4.
- Hsu 2014, 3.
- Tsai 2009, No. 79.
- Hsu And Pevzner 2009, P5.
- Bowring 2012, P 11.

**Week 4**

4.1

**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.

4.2

**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**

- Shirozu 2010, P 3.
- Ye 2010, P 22.

### **4.3 Final Exam**

Final exam includes lectures and materials from Class 6 -14

## **Course Materials**

### ***Readings***

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

Back, Aaron. "China Policy's Mixed Results: The Wall Street Journal, 28|Thursday, January16,2014.

Burkett, Laurie, and Mozur Paul. "In China, Foreign Firms Brace for More Pressure", The Wall Street Journal, FRIDAY -SUNDAY, APRIL 5 - 7, 2013, P1 and 14.

Bowring, Philip Bowring. "Taiwan's Economic Tunnel Vision", The Wall Street Journal, Wednesday, January 18, 2012, P 11.

Clarke, Laura, and Li Yue. "China Becomes the No.1 Gold Buyer", The Wall Street Journal, Wednesday, February19, 2014, P22

Chu, Kathy. "China Criticizes Ruling on Auditors", The Wall Street Journal, Monday, January27, 2014|17.

Chu, Kathy. "Tide Shifts on China's U.S. IPOs", The Wall Street Journal, Vol. XXXVII No. 68, Wednesday, December 5, 2012, P 1 and 16.

Coopers, Price Waterhouse." Major Revision to the Chinese VAT Export Refund", September 2006.

Eernisse, Arie, and Meehan, Tom. "The Great Currency Debate", The China Business Review; May/Jun 2008; 35, 3; Research Library pg. 36.

Fuhrman, Peter. "Cease and Desist on Delist-Relist", The Wall Street Journal, Thursday, August 25, 2011, P 10.

Hsu, Crystal, and Pevzner, Alex. "Taiwan, China sign 3 accords", Wednesday, December 23, 2009, P5.

Holmes, Elizabeth. "U.S. apparel retailers rethink China", The Wall Street Journal, Thursday, June 17, 2010, P 4.

Hsu, Jenny. "Taiwan China Talks Leave Door Open", The Wall Street Journal, 4|Wednesday, February12,2014

Hsu, Jenny. "Taiwan Says China Rejects APEC Talk", The Wall Street Journal, Monday, February17, 2014|3.

IP, Greg. "U.S. Influence Hinges on Future of Yuan", The Wall Street Journal, 10|Thursday, April16,2015.

Lazear, Edward P." Chinese Currency Manipulation Isn't the Problem", The Wall Street Journal, Wednesday, January9,2013|13

Lam, Willy. "Shaking Up China's Labor Movement", The Wall Street Journal, Tuesday, June 15, 2010, P 19.

Qi, Liyan. "Beijing Aims To Revamp Pensions for Rural Poor", The Wall Street Journal, Monday,



February 10,2014, P3.

Qi, Liyan, "Currency Reserves Fall Again In China", The Wall Street Journal, 02/08/2017, P A0001 and 2.

Sternberg, Joseph. "Making Chinese Entrepreneurs Drive in Reverse", The Wall Street Journal, Thursday, January 27, 2011 , XXXVIII NO.119, P1 and 14.

Sternberg, Joseph. "Uncovering Chinese Companies' Secrets and Lies", The Wall Street Journal, Thursday, September 29, 2011, P 14.

Sternberg, Joseph. "There's No Accounting for China", The Wall Street Journal, 12 | Thursday-Sunday, January30-February2, 2014.

Tsai, Ting-I. "Beijing, Taipei set stage for pact", The Wall Street Journal, Friday - Sunday, December 18 – 20, 2009, VOL. XXXIV NO. 79 (India facsimile Vol. 1 No. 140)

Wei, Lingling, and Davis, Bob. "No Rush to Stem Yuan's Drop", The Wall Street Journal, 16 | Wednesday, April9, 2014

Wei, Lingling, and Davis, Bob. "Beijing Takes Aim at Investing Via Web", The Wall Street Journal, Wednesday, February12,2014, P 15 and 23.

Wei, Lingling. "PBOC Was Behind Fall In Currency", The Wall Street Journal, THURSDAY, FEBRUARY 27,2014, Vol. XXXVIII No.125, P 1 and 18.

Ye, Juliet. "Labor unrest in China sparks rethinking", The Wall Street Journal, Tuesday, June 15, 2010,P 22.

Shirozu, Norihiko. Use of trainees spurs critics in China", The Wall Street Journal, Wednesday, June 16, 2010, P 3.

Zhang, Yoli, and Feng, Sue. in Beijing and Ashby Jones and Shira Ovide in New York, "Once a Star, Media Express Is Under Fire", The Wall Street Journal, Vol. XXXV No. 198, P 1 and 14.

Zhu, Grace, et al. "Curbs Are Detailed on Free-Trade Zone", The Wall Street Journal, Tuesday, October1,2013, P4.