Purpose of the Course

This course will allow students to examine to understand the basic the challenges and opportunities of doing business in Asia, in particular in Shenzhen and Hong Kong. The student will provide students with background on the history, culture, economics and business environment in these two locations. Additionally, the course will prepare students for a variety of company visits by making them prepare high level presentations analyzing the strategy and prospects of the firms we will visit during our trip.

Learning Goals and Outcomes

1. You will learn about the challenges American businesses face when competing with companies from Shenzhen.
2. You will also understand, in a hands-on way, the advantages that Shenzhen has in hardware manufacturing, using open-source innovation.
3. You will develop oral communication and presentation skills
4. You will learn to understand and analyze the macroeconomic framework in which firms operate in Asian markets.
5. You will also understand the main challenges and opportunities of doing business in Hong Kong.

Expected workload

Students should expect to invest 9 hours/week outside of class on the course. At least 2-3 hours are needed to prepare the materials for each class. Questions to prepare each session will be posted on Latte. Also, students are supposed to meet with their teams outside class to work on their projects.

Materials for the Course

All materials for the course will be provided by IBS and are available on Latte. All materials are protected by copyright laws, so please do not copy them, distribute them, or share them with other students. We have paid a royalty to give you, and only you, the right to use and download these materials.

Grading

The overall composition of the final grade is the following:
• Participation 25%
• Final in-class presentation 50%
• Participation during the trip 25%

*for students graduating in May, the grade will be split 50% participation and 50% for the final presentation.

Class Participation
Class participation will be graded as follows:

• Students are expected to attend every class. You are, however, allowed 1 absence for any reason (excluding days in which there are presentations).
• Participation grades will depend on quantity and quality of your comments. I use the following scale to grade participation both in class and during the trip
- 5 attended class but made unauthorized use of technology;
- 3 every absence beyond the allowed absence or for unsatisfactory class preparation
  0 present but without a class contribution
+ 1 contributed a case or reading fact; asked a question during a company visit
+ 2-3 good analysis and structure and allowed others to see a new insight; asked good
  questions during class or during our visits; made IBS look good/smart
+ 4-5 excellent analysis and structure and cracked the case or outstanding interaction
  with local manager or company representative

Group project:
Students will work in teams of 4 people on a presentation on one of the companies we are going to visit during the trip or examining an industry that is key for our visit (such as fintech, mobile payments and robotics in Shenzhen or financial markets and wealth management in Hong Kong). The group project consists of a 12-minute PowerPoint deck (with quantitative appendices if necessary) and a class presentation in which students will present to other students and there will be a questions and answers section in which each team is supposed to help the group deepen their knowledge on each of the topics to help us prepare for our visits.

Disabilities
If you are a student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see me immediately before or after the first class.

Academic Integrity
You are expected to be honest in all of your academic work. Please consult Brandeis University Rights and Responsibilities for all policies and procedures related to academic integrity. Students may be required to submit work to TurnItIn.com software to verify originality.

Allegations of alleged academic dishonesty will be forwarded to the Director of Academic Integrity. Sanctions for academic dishonesty can include failing grades and/or suspension from the university. Citation and research assistance can be found at LTS - Library guides.
Office hours

Office hours are on Monday afternoons (2-4) but by appointment only. My office is in Lemberg 252. Please email me to sign up for a 20 minute time slot.

*********************************************************************************************************************************************************************************************************

BREAKDOWN OF THE COURSE, SESSION BY SESSION

INTRO SESSION (Lemberg 54)

   a. Why are we visiting Shenzhen and Hong Kong? What do we know?
   b. Why is the United States so afraid of Chinese technology companies?
   c. What kind of innovation should we expect to find in China? Imitation or original creation? Why?

We will launch our class today, there will be important announcements, we will get to know each other, and we will also describe the trip.

Session 2: A deep dive into China’s development strategy 3/16

Required preparation

1. “China: The New Normal” HBS case study 716080
2. Watch this video FT- The End of the Chinese Miracle

Questions to prepare for class:

1. What makes you optimistic or pessimistic about China’s development?
2. What is China’s development strategy? What are they aiming to do? How are they trying to achieve it? What development tools does China have that other countries (e.g., the United States) lack?
3. From the reading, try to understand what exhibits help Westerners to sustain the argument that China is very close to having a major financial crisis. Do you buy that argument?
4. The latest five year plan asks firms and governments in China to do a major innovation push in China? Why do they so desperately need to focus on innovation?
Session 3: 3/23  Understanding China’s development strategy

READING ASSIGNMENTS

1. Please analyze the exhibits of the case: “China: The New Normal” HBS case study 716080; we are going to use them a lot.

2. Also, read this note to try to understand what the People’s Bank of China had to do to keep the Yuan cheap relative to the US dollar (until a few years ago) [“China and the Yuan-Dollar Exchange Rate” HBS note]

Questions to prepare for class:

1. China has constantly been accused of manipulating their currency (i.e., their exchange rate). Use the note on the Yuan-Dollar exchange rate to figure out what the Chinese government had to do to manipulate the currency in the past;
2. How can we know if China is still manipulating its currency? What signs would you look for to argue that there is exchange rate manipulation?
3. Is the US fear of Chinese technology and trade manipulation justified? (read The Economist article on technology competition between China and the US)
4. Also, with the recent political changes in China giving Xi Jinping a stronger hold on power (read here), will innovation will be stifled in China? Some observers seem to think so, yet from other perspectives it seems like innovation is thriving in China (read this article on recent IPOs)

Session 4: Shenzhen--The Silicon Valley of Hardware 4/13

Today is hardware day. Come ready to work on hardware! (joint session with the MakerLab)

Readings:

-“Shenzhen – from rural village to the world’s largest megalopolis”
-“Inside Shenzhen: China’s Silicon Valley”
-More on Shanzai here

***EVERYONE SHOULD WATCH the movie "Shenzhen: The Silicon Valley of Hardware" (it will take about 1 hour)

Questions to prepare for class:

-Why has Shenzhen been such a key city for China's development since the early 1990s?
-Why has it been able to transform from a manufacturing town into a mini Silicon Valley of China? Explain for instance how from copying things (Shanzai) Shenzhen has become the Silicon Valley of hardware.
- What kind of challenges do you think Shenzhen currently faces as a city?
- Can Shenzhen overtake Silicon Valley in design and software?

**Session 5: The Rise of Hong Kong 4/20**

Today we will examine the development strategy and history of Hong Kong

**BUDGET 3 hours to read and work with data for this class.**

Readings:

1. “A Tale of Two Cities: factor Accumulation and Technical Change in Hong Kong and Singapore” (Alwyn Young) [I recommend reading until p. 30 only]
2. Prepare for the presentation of your colleagues by reading the HSBC case.
3. [Skim] Two short articles on HK’s current political tensions (this article and this other article)... also read about Xi Jingping’s power grab here

QUESTIONS TO PREPARE FOR CLASS:

1. Try to map out what Hong Kong has been specializing on since the 1950s. Why did they change strategies?
2. What explains the amazing growth trajectory of Hong Kong according to Young? What are the main differences with the Singaporean model of development?

***There are at least three teams that will present on this day. They have 10-12 minutes for their presentations and at least 5 minutes for Q&A each.

**Session 6: Student Presentations 4/25**

Students present about the companies/industries we are going to examine

Teams present on:

DJI (Dà-Jiāng) --- To prepare everyone else reads the case in this link
Tencent -- To prepare everyone reads the Tencent Case
Huawei -- To prepare everyone reads the Huawei case
Robotics in China

Competition between Tencent and Alibaba