



THE CHINESE UNIVERSITY OF HONG KONG
INTERNATIONAL SUMMER SCHOOL (JULY SESSION)
29 JUNE – 2 AUGUST 2021

CCSS2450 BUSINESS AND CHINA

No. of Credits: 3

Time: Tuesday, Wednesday & Thursday 16:30 – 19:15 (GMT +8)

Location: Online (Zoom)

Instructor: Prof. Chen LI

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Teaching Assistant: Sum Yi TANG

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COURSE DESCRIPTION

This course examines the broad economic and political context in which business operates in China. Both business firms and government organizations have to respond to changing external environment. They can also proactively shape their environment by their strategies, policies and relations. In this course, we will learn about the institutional foundations of China's political economic system and the key economic, political, and social factors that affect China's business environment. It examines strategies, management and leadership both from the macro and micro perspectives. It examines China's enterprise reforms in a global context. It will involve theoretical and macro-level analysis with detailed empirical analysis, as well as considerable examination of in-depth case studies from large Chinese firms. The issues we cover have profound implications and importance for business and society in China as well as multinational companies.

LEARNING OUTCOME(S)

By the end of the semester, students will have attained:

- a deeper understanding of the place of Chinese business enterprise reform in the global context.
- considerable familiarity with theoretical and macro-level forms of analysis of the place of major Chinese business enterprises in the Chinese and global economies.
- skills of close analysis of in-depth business enterprise case studies.
- the ability to present clearly and effectively in written and spoken forms the core findings and the explication of case study analysis.

READING(S)/REFERENCE(S)

Required Readings: Please see the following class schedule

Suggested General Readings:

- Naughton, Barry (2018) *The Chinese Economy: Adaption and Growth*, Cambridge: The MIT Press
- Nolan, P. (2013) *Is China Buying the World?* Cambridge: Polity Press.
- Steinfeld, E. (2010) *Playing Our Game: Why China's Economic Rise Doesn't Threaten the West*, Oxford: Oxford University Press.
- Sheng, Andrew and Ng Chow Soon (2016) *Shadow Banking in China: An Opportunity for Financial Reform*. Hoboken, NJ: Wiley.
Walter, Carl and Howie, Fraser (2011) *Red Capitalism: the Fragile Financial Foundation of China's Extraordinary Rise*, Singapore: John Wiley & Sons

GRADING WEIGHTS

Project I (group discussion on assigned readings): 20%.

Students are divided into groups to give introductory presentations on required readings, which will be uploaded to the Blackboard system. All students are expected to come to class having read the materials and ready to participate in class discussion. Students are encouraged to conduct further background research on the assigned readings.

Peer assessment for Project 1: 10%

students are expected to provide group-based peer-assessment on their performance in Project 1.

Project II (individual presentation): 30%

Each student is required to research and make a short presentation discussing a self-selected Chinese company, industry or a self-selected business-relevant issue in China. The arrangement of student presentation will be announced later depending on the size of the class.

Term paper: 40%

Students will research and write a paper discussing a self-selected Chinese company or a self-selected business-relevant issue in China. The topics can be the same with (or different from) their presentations. Students should resort to original company reports (annual reports, investor presentations, other company website materials), academic references (journal articles, book chapters), official statistics, and reliable news media reporting. The paper should be of the length of 2000-3000 words.

GRADE DESCRIPTOR

- A: Outstanding performance on all learning outcomes.
- A-: Generally outstanding performance on all (or almost all) learning outcomes.
- B: Substantial performance on all learning outcomes, or high performance on some learning outcomes which compensates for less satisfactory performance on others, resulting in overall substantial performance.
- C: Satisfactory performance on the majority of learning outcomes, possibly with a few weaknesses.
- D: Barely satisfactory performance on a number of learning outcomes
- F: Unsatisfactory performance on a number of learning outcomes, or failure to meet specified assessment requirements.

ASSIGNMENT SUBMISSION & FEEDBACK

Term Paper

Students should submit a soft copy to the Veriguide system first and include the Veriguide receipt on the hard copy that they submit to the instructor. The hard copy must be submitted no later than 5pm 26 July 2019 (Friday), double-spaced with standard margins, following Harvard style referencing ([https://www.cuhk.edu.hk/policy/academichonesty/Eng_htm_files_\(2013-14\)/p03_2.htm](https://www.cuhk.edu.hk/policy/academichonesty/Eng_htm_files_(2013-14)/p03_2.htm)) and in 12-point Times New Rome font. Hard copies without the Veriguide receipt will NOT be graded. See the website: https://services.veriguide.org/academic/login_CUHK.jspx.

Late submission of papers without a documented medical excuse will result in a 20% penalty of the term paper score and an additional 20% for every additional day.

CLASS SCHEDULE

| Week | Date | Topics | Readings/Assignment |
|-------------|--------------------------|--|---|
| 1 | 1 <i>Tue, June 29</i> | Introduction: China's Business Environment in Historical Context | N.A. |
| | 2 <i>Wed, June 30</i> | Command Economy in China | N.A. |
| 2 | 3 <i>Tue, July 6</i> | China's Economic Reform and the Development of Business Sector | Xu, Chenggang (2011) "The Fundamental Institutions of China's Reforms and Development", <i>Journal of Economic Literature</i> , 49 (4):1076-1151 |
| | Wed, July 7 | No Class | |
| | 4 <i>Thu, July 8</i> | China's Hybrid Corporate Governance Regime | Pistor, Katharina (2012) "The Governance of China's Finance", in Randall Morck and Joseph Fan, <i>Capitalizing China</i> , University of Chicago Press, pp. 35-60. Brødsgaard, K. E. (2012) "Politics and business group formation in China: the Party in control?", <i>China Quarterly</i> , No.211: 624-648 |
| | 5 Fri, July 9 | From State-owned Enterprises to State-Controlled Corporations | Lin, Li-wen and Milhaupt, Curtis (2013) <i>We are the (National) Champions: Understanding the Mechanisms of State Capitalism in China</i> , <i>Stanford Law Review</i> , 697-760 |
| 3 | 6 <i>Tue, July 13</i> | Industrial Policy and National Champions | Crane, Keith et al (2014) "Effectiveness of China's Industrial Policies in Commercial Aviation Manufacturing", <i>The RAND Corporation</i> |
| | 7 <i>Wed, July 14</i> | China's Banking System | García-Herrero, Alicia (2013) "An Assessment of China's Banking System Reform" in S. Kaji and E. Ogawa (eds.), <i>Who Will Provide the Next Financial Model?: Asia's Financial Muscle and Europe's Financial Maturity</i> , Springer: 147-175. McGuinness, Paul B. and Kevin Keasey (2010) "The Listing of Chinese State-Owned Banks and their Path to Banking and Ownership Reform" <i>The China Quarterly</i> 201:125-155. |
| | 8 <i>Thu, July 15</i> | Shadow Banking in China | Tsai, Kellee (2015) "The Political Economy of State Capitalism and Shadow Banking in China," <i>Issues & Studies</i> 51 (1): 55-97. Liao Min, Sun Tao and Zhang Jinfan (2016) <i>China's Financial Interlinkages and Implications for Inter-Agency Coordination</i> , <i>International Monetary Fund Working Paper</i> 16/181. |
| 4 | 9 <i>Tue, July 20</i> | China's Capital Market I | Allen, William and Shen Han (2012) "Assessing China's Top-down Securities |

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| | | | Markets" in Randall Morck and Joseph Fan, Capitalizing China, University of Chicago Press, pp.149-201 |
| | 10 <i>Wed, July 21</i> | China's Capital Market II | Pistor, Katharina and Chenggang Xu (2005) "Governing Stock Markets in Transition Economies: Lessons from China." American Law and Economics Review 7(1): 184-210. Chen, Ding (2013) "Developing a Stock Market without Institutions—The China Puzzle." Journal of Corporate Law Studies 13 (1): 151-184. |
| | 11 <i>Thu, July 22</i> | Digital Disruption, Financial Technology and Regulatory Environment | Mittal Sachin and Lloyd, James (2016) The Rise of FinTech in China: Redefining Financial Services. A Collaborative Report by DBS and EY, DBS Group Research, Singapore: DBS Bank. Lu, Lerong (2018) "How A Little Ant Challenges Giant Banks? The Rise of Alipay (Ant Financial)'s FinTech Empire and Regulatory Options" International Company and Commercial Law Review, 28(1):12-30. |
| 5 | 12 <i>Tue, July 27</i> | Government-Business Relations in China's Changing Economic Environment | Zhang, Jin (2017) "State structure, state business relations and multinational corporate behaviour: the case of the oil industry in China." In: Zhang, X. and Zhu, T. (eds.) The Chinese political economy: business, government and economic institutions. Basingstoke: Palgrave Macmillan. 281-311. Chin, Gregory T.(2017) "The Evolution of Government-MNC Relations in China: The Case of the Automotive Sector" In: Zhang, X. and Zhu, T. (eds.) The Chinese political economy: business, government and economic institutions. Basingstoke: Palgrave Macmillan. 81-104 |
| | 13 <i>Wed, July 28</i> | Research Presentation Conference | Student Individual Presentations |
| | 14 <i>Thu, July 29</i> | Research Presentation Conference | Student Individual Presentations |

ACADEMIC POLICIES

Attention is drawn to University policy and regulations on honesty in academic work, and to the disciplinary guidelines and procedures applicable to breaches of such policy and regulations. Details may be found at <http://www.cuhk.edu.hk/policy/academichonesty/>.

With each assignment, students will be required to submit a signed declaration that they are aware of these policies, regulations, guidelines and procedures.

- In the case of group projects, all students of the same group should be asked to sign the declaration, each of whom is responsible and liable to disciplinary actions should there be any plagiarized contents in the group project, irrespective of whether he/she has signed the declaration and whether he/she has contributed directly or indirectly to the plagiarized contents.

- For assignments in the form of a computer-generated document that is principally text-based and submitted via VeriGuide, the statement, in the form of a receipt, will be issued by the system upon students' uploading of the soft copy of the assignment. A user manual of VeriGuide can be found at: https://academic.veriguide.org/academic/documents/VeriGuide_Academic_Student_User_Manual_CUHK.pdf.

Assignments without the properly signed declaration will not be graded by teachers.

Only the final version of the assignment should be submitted via VeriGuide.

The submission of a piece of work, or a part of a piece of work, for more than one purpose (e.g. to satisfy the requirements in two different courses) without declaration to this effect shall be regarded as having committed undeclared multiple submission. It is common and acceptable to reuse a turn of phrase or a sentence or two from one's own work; but wholesale reuse is problematic. In any case, agreement from the course teacher(s) concerned should be obtained prior to the submission of the piece of work.