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 participation. Students will learn practical issues affecting the current Chinese economic and social structure in the ongoing changing business environment.

**Learning Objectives**

By completing this course, students will:

- Understand and appreciate the constant changes in the business environment and examine practical solutions to adapt to these changes.
- Develop an overall understanding of this unique economic business environment which can be utilized for their own academic or career development in the future.
- Situate new emerging policies within the existing policy frameworks and identify challenges and opportunities for businesses
- Analyze fiscal and monetary policy impacts on businesses, propose microeconomic adjustment strategies to macroeconomic changes

**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’ participation are crucial in each class. Student will team up and form groups. Each team will make presentation starting in Week 4. A factory visit may be arranged for the students to experience the actual manufacturing environment in China.

**Assessment and Final Grade**

1. Midterm Exam 30%
2. Group Presentation - Content 10%
3. Presentation Style & Quality 10%
4. Q&A and Audience Reception 5%
5. Team Effort 5%
6. Final Exam 30%
7. Class Participation 10%

**Course Requirements**
Midterm Exam
Will comprise of all multiple-choice questions and will cover topics in the first six weeks of lectures.

Group Presentation - Content
Group presentation will be graded according to the quality of the content.

Presentation Style & Quality
Presentation style will be graded on its creativeness and uniqueness.

Q&A and Audience Reception
Audience reception will be considered in the grades of the presentation.

Team Effort
The team will be graded on the cooperativeness and a demonstration of real team work.

Final Exam
Will comprise of all multiple-choice questions and will cover topics in the last six weeks of lectures.

Class Participation
Students sign up in each class and receive full credit for that class. Active classroom participation will be awarded with credit.

Attendance
Regular class attendance is required throughout the program, and all absences will result in a lower participation grade for any affected CIEE course. Due to the intensive schedules for Open Campus and Short Term programs, absences that constitute more than 10% of the total course will result in a written warning.

Students who transfer from one CIEE class to another during the add/drop period will not be considered absent from the first session(s) of their new class, provided they were marked present for the first session(s) of their original class. Otherwise, the absence(s) from the original class carry over to the new class and count against the grade in that class.

For CIEE classes, excessively tardy (over 15 minutes late) students must be marked absent.

Attendance policies also apply to any required co-curricular class excursion or event, as well as to any required field placement. Students may not miss placement/work hours at an internship or service learning site unless approved in advance by the Academic Director and placement supervisor. All students must complete all of the requisite 100 minimum work hours on site at the internship or service learning placement to be eligible for academic credit.

Students who miss class for personal travel, including unforeseen delays that arise as a result of personal travel, will be marked as absent. No make-up or re-sit opportunity will be provided.

Attendance policies also apply to any required class excursion, with the exception that some class excursions cannot accommodate any tardiness, and students risk being marked as absent if they fail to be present at the appointed time.

Absences for classes will lead to the following penalties:
Weekly Schedule

Week 1
Class: 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

Week 2
Class: 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 benefited 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

Week 3
Class: 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 Reserve 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, P1 and 16.
Week 4
Class: 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**

**Student presentation** – Chinese RTO’s

Week 5
Class: Midterm Exam

Midterm exam includes lectures and reading materials assigned during Week 1-4

Week 6
Class: 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
Class: 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 snapshot of the employment law in China.

**Reading Materials:**
- Lam 2010, P 19.

Week 8
Class: 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:**
- Lazear 2013, 13.
- Wei and Davis 2014, 16.
- Wei and Mozur 2014, P 15 and 23.
Week 9
Class: 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, 3.
- Tsai 2009, No. 79.
- Hsu And Pevzner 2009, P5.
- Bowring 2012, P 11.

Week 10
Class: 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
Class: 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.

Week 12
Class: 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.


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


