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**"National Research University
Higher School of Economics
School of Asian Studies**

Master's Program in Socioeconomic and Political development of Modern Asia

Course

“Business and Entrepreneurship in Asia (China and South-East Asia)”

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Business and Entrepreneurship in Asia (China and SE Asia)

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Overview of the course

This course is designed to introduce the fundamentals of economics and business culture, investing, management, entrepreneurship and running business in China. This is a part of the general course in Business and Entrepreneurship in Asia including China, South East Asia, Japan, Korea and Middle East divided into several parts and given my different lecturers. This part includes classes on China (Part 1) and South and South East Asia (part 2) including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam

The first part of this course mainly concentrates on the modern trends and nature of business and entrepreneurship in China. In the second part we will also look to South Asia (mainly India and its neighbors) and South Asian countries (ASIAN region, mainly Malaysia, Indonesia, Vietnam, Singapore, Burma) to compare the national business cultures and to find most effective ways for investments and sustainable business.

As a disclaimer I want to stress that we won't focus in the the macroeconomic problems of the region. So say we won't discuss the economy as a whole: general structure of the regional economics, its structure, behavior, and decision-making.

The course is focused on the main trends of doing business in China, SA and SEA from two perspectives: business environment taking into account the political, legislative, economic, socio-demographic and cultural environment issues and internal companies' environment, considering differences in national culture and its management implications on successful communications, team-building, leadership, decision making, motivation, and negotiation processes with business in this region.

In this course we provide students with a clear understanding of the current business trends related to trade, management and business in China, SA and SEA, as well as explaining how to set up your trading business in this region. We also attempt to give perspective on what will be NEA countries' place World economics, and look at some of the country's key import and export regulations.

This course also concentrates on national identity in China, SA and SEA, misunderstanding in conducting business in China, Russia, Japan. We will also discuss sociopolitical risks and risk-management, decision making in China and Russia, economic factors that affect the costs of doing business in this region; market entry considerations, bookkeeping and audit, taxation, mergers & acquisitions, due diligence, human resource and staff recruitment process, employing foreign nationals in China, SA and SEA, strategies for repatriating profit from China, using trade zones and double-tax agreements, supply chain strategies.

Within the classes, we discuss a range of different topics that affect doing business in China, SA and SEA Asia, including investment models, intellectual property

considerations, key taxes applicable for foreign companies, and various types of employment contracts. In addition, we examine how a foreign entity can convert its representative office (RO) into a wholly foreign-owned enterprise (WFOE), and discuss how to legally terminate an employee in China.

Topics will also include business culture, protocol and business customs, traditions, dress, gifts, formal and informal communication, emotional dimension of business behavior in China, Japan, Korea and Russia, psychological estimation of Asian and Russian partners, market potential and hot industries; its culture and people; current obstacles and opportunities in logistics; the historical and current problems faced by the economy; economic and political factors that affect the costs of doing business in China, SA and SEA, government relations, regulatory compliance and stakeholder alignment. Several case study focusing on China and Russia regional business diversity and local business traditions, way of negotiations is incorporated into this course. We will also analyze common situations and common mistakes that arise when conducting business in China, SA and SEA

Rational

Developing Asian economies have grown impressively over a period of nearly 30 years. The 'Twenty-first Century' is thus likely to become the century of Asia.

Being one of the world economic leader and rapidly growing market, in the past several years, China has changed its business model. Low-cost production moves away from China, and China by creating higher-skilled manufacturing jobs, become more innovative and develops high-tech production. At the same time still keeping the high level of a governmental control, bureaucratic obstacles and low-profile transparency of business., China also stresses on the developing of economic dimension of new regional structures such as SCO, BRIKS, developing new banking and financial systems and promoting the idea of the "economic belt of new Silk Road" as a infrastructural project through Asia and Europe. All of these creates a new economic and business environment in China, SA and SEA.

The inter-relationships between the business players in China, SA and SEA itself have additionally become more complex – given the increasing economic integration between the neighbors in Asian the context of the wider growth in the region.

In this course we re-examine the link between culture and management across the region and its connections to the new economic, political and social landscape that has appeared over the last decade. We will focus on several interconnected topics of business, entrepreneurship, management and culture across modern Asia focusing on countries such as China, as well as the Overseas Chinese enclaves of Hong Kong SAR, Macau and Taiwan. As economic power is now seen as moving from 'West' to 'East' with nations like China even being seen as potential global bankers of last resort, there is an increasing degree of interest in how these Eastern economies have come to the forefront of international attention and how their management and managers contribute to their success.

This region of Asia has a growing workforce; however, beside Japan there is still a noticeable lack of high-tech skills among job seekers. The Vietnamese government is pushing ahead with skills training programs. Foreign companies are also investing in the future of the country's workforce.

At the same time there are a lot of alternatives to the Chinese economics. South-East Asia (Vietnam, Indonesia, Malaysia) is fast becoming the go-to destination for manufacturers looking for the next location with cheap and skilled labor. An average worker in China or in Russia costs more than the average worker in any other emerging Asian economy, save Malaysia and Thailand, when considered in terms of combined salary and welfare payments. However, many businesses may still be unaware of the fast, and still mainly untapped, potential of the country's domestic consumer market. As an example currently, Vietnam's middle class sits at 12 million, but this is expected to more than double by 2020, reaching 33 million people and Vietnam's middle class is now the fastest growing in Southeast Asia.

The calamity of the late 1990s and beginning of 2000's saw a massive meltdown concentrated in East Asia. In stark contrast, East Asia avoided the worst effects of collapse, incurring relatively little damage when compared to the financial devastation unleashed on North America and Europe. Much had changed across the intervening decade, not least that China rather than Japan had become the locomotive of regional growth, and that the East Asian economies had taken numerous steps to buffer their financial structures and regulatory regimes. This time, Asia avoided disaster; it bounced back quickly after the initial hit and has been growing in a resilient fashion ever since.

China alternatives. We also examine the dramatic transformation of Southeast Asian countries from agricultural and mining economies to industrial nations. In doing so, we explore the effects of development policy on a number of interdisciplinary issues, and the emergence of new social and political pressures created by industrialization. These include their heightened vulnerability to complex economic crises, their use of sophisticated instruments in the labor process and increased awareness of environmental issues. The distinguished authors present a regional and cross-border focus on transnational actors and institutions, and the policy issues and problems which have a wider impact on spatial configurations in the region. This insightful study will appeal to researchers, academics and policymakers working on the economics and development of Southeast Asia.

In fact, investment into ASEAN is already at an all-time high, with FDI inflows into the region's five largest trading countries (the "ASEAN-5": Singapore, Malaysia, Indonesia, the Philippines and Thailand) totaling US\$128.4 billion in 2013, according to Bank of America Merrill Lynch. Over the past 20 years, FDI inflows into Vietnam have increased tremendously in terms of share of investment, import/export turnover and GDP percentage. As of 2013, the country is home to 16,000 valid foreign investment projects with a total capital of over US\$250 billion. Singapore has consistently been ranked first on the World Bank's Ease of Doing Business Index, with particular strengths in "protecting investors" and "trading across borders." In fact, the city-state runs in such an efficient, business-friendly manner that it has been said to run like a corporation itself; "Singapore Inc."

In order to take advantage of the many opportunities available in China, SA and SEA, it is

crucial to have a clear understanding of the legalities surrounding the set-up of business and the trends taking place within the market.

Learning goals and outcomes

Aims of the course:

- provide an introduction to the domestic and international economics of East and South East Asia;
- provide a foundation to understand main problems and perspectives of doing business in China, SA and SEA, negotiating with China, SA and SEA partners;
- study the crucial issues of doing business in China, SA and SEA and to create a system of knowledge for successful entrepreneurship, business operation and company management in East Asia and neighbors;
- compare and contrast comprehensive methods, trends and outcomes of doing business in Northeast, South and Southeast Asia;
- develop an understanding of the role of state regulations in China, SA and SEA in building effective management, healthy economics and welfare;
- to understand the business etiquette in different Asian cultures, domestic and international management by Asian businessman and companies;
- provide students with instruments and examples that will enable them to understand the key driving factors of the China, SA and SEA economics and the local managerial style;
- to gain knowledge about changing nature of Asian management, entrepreneurship and cultural component in nation-oriented business
- compare business cultures across Asia.
- develop the ability to present the ideas persuasively and communicate effectively

Learning outcomes

Upon successful completion of this course, students will be able:

- Identify the main trends of economics of region of Northeast Asia.
- understand the nature of business and management in NE Asian countries and main approaches for establishing business relations
- gain stimulating, multi-cultural learning experience focused on the dynamics of China, SA and SEA business practices
- be able to establish main forms of business cooperation, joint ventures, investing and to develop logistics in Asian countries
- be able to examine main trends, advantages and disadvantages of establishing different types of enterprises in China, to compare various opportunities SA and SEA to set up or to relocate business in this region
- to use business culture customs in China, SEA and SA, and other countries for successful negotiations ;
- to get better understanding of the challenges of establishing or doing business in China, SA and SEA and to gain greater ability to establish successful relationships with NEA colleagues, clients and suppliers;
- to have a clear understanding of the key drivers that motivate Asian business counterparts;

- develop skills in efficient communication, team-building, motivation, decision making and negotiation with China, SA and SEA

Course Information and Policies

The structure of the course

This course is divided into two sections. Each session is divided into parts: short introductory lecture by instructor and the discussion.

At the first section we will have a broader outlook to the general political and economic development of the region and then we will concentrate on the main socioeconomic trends and economic development of China, and other East and South East Asian countries *At the second section* we will focus on the changing nature of management, main trends, common points and contradictions in business activities in China. *The third section* of the course deals mainly with practical aspects and implementation of the knowledge gained in two previous sections. This section gives an understanding of basic questions regarding operating, investing in a business in China and negotiating with Asian partners, establishing of companies, We will also cover the following topics: establishing and running a business; tax, audit and accounting; human resources and payroll We will also look through the main legal acts regulating business system; interrelation of international law, international treaties and domestic norms; particularities of the litigation process concerning a commercial or tax dispute in China.

Participation and attendance

This is a graduate course and given the nature of the course students are expected to mandatory attend all classes and to actively participate. Students are expected to attend class as well as participate in lectures, discussions, and review sessions. As well, preparing the assigned readings is essential, due to the complexity of the subject and the fact that the amount of material covered every week is quite large. If you are late in class more than for 20 minutes without reasonable explanation your grade for participation could be degraded (Instructor will formally inform you about this)

If you've missed a class you have to inform instructor before (!) the class and explain the formal reason for that. For each unexcused absence thereafter you have to write an overview using the readings provided for the missed class (2-3 pages). You could miss no more than two classes (sessions). In other case your final grad will be decreased. If you are absent from more than one third of the entire classes and sections, you will automatically get - 30% of your final grade. You are responsible for keeping the professor informed of any situation that prevents you from attending class.

Class participation

Participation in class discussion is very important and will be graded according your ability to discuss new ideas and to develop your own approaches.

Presentation

You should make at least one presentation using PowerPoint or Keynote on the given topic and to lead a discussion on your presentation. Please, clearly articulate objectives of the

presentation, the main content and idea and summary. I will grade the ability to present your ideas in comprehensive and clear way as well as to defend your ideas and to reply to the questions during the discussion.

You have to send me your presentation after you presented it in class to be put online for the public discussion. If I won't receive your presentation, it will affect your final grade for presentation (-20%)

Choose main points, try presenting no more than three-five main points in a 10-15 minutes presentation and develop a good conclusion. Don't put too many slides in your presentation (usually 4-5 for 15 min presentation), and don't put too much text in each slide (usually no more than 5 pointed lines). Try to use more tables, charts and illustrations.

After your presentation it will be a class discussion for 15-20 minutes, so be prepared to answer questions

You can find some helpful materials how to prepare a good presentation here:
<http://www.skillsyouneed.com/presentation-skills.html>

Final exam.

Final exam consists of two questions to be answered in oral form and to present short written thesis of your answer. The time for preparation is not less than 45 minutes. You can be exempted from the final exam if your final grade (class attendance + presentation + class participation) not less than 7 and you agree with this grade.

Academic integrity

Plagiarized presentation, paper or cheating in exams will result in, at least, «0" for the assignment. In addition, the cases will be reported to the university administration for sanctions.

Grading

Class attendance 30%
Discussion participation 20%
Presentation of research 30%
Final exam 20%

Main books to read

There is no main textbook for this course, but it is mandatory to read the following materials (see pages for each section):

Chan, Savio, and Michael Zakkour. *China's Super Consumers: What 1 Billion Customers Want and How to Sell it to Them*. Wiley, 2014.

Mente, Boye Lafayette De. *Etiquette Guide to China: Know the Rules that Make the Difference!*. Tuttle Publishing, 2008.

Additional reading

You will get a reader with selected materials including parts of the following books:

1. Abrami, Regina M., William C. Kirby, and F. Warren Mcfarlan. *Can China Lead?: Reaching the Limits of Power and Growth*. Harvard Business Review Press, 2014.
2. Beardson, Mr. Timothy. *Stumbling Giant: The Threats to China's Future*. Yale University Press, 2013.
3. Brahm, Laurence J. *The Art of the Deal in China: A Practical Guide to Business Etiquette and the 36 Martial Strategies Employed by Chinese Businessmen and Officials in China*. Tuttle Publishing, 2007.
4. C. Walter, F. Howie, *Privatisong China. Inside Chin's Stock Markets*. Wiley Press, 2006
5. Cavolo, Mario. *China: The Big Lie?: The Truth of Trillions in a Culture of Cash*. Long River Press, 2014. (Not truly academic book but very useful reading about the business and everyday behavior in China)
6. Chevalier, Pierre Xiao Lu Michel. *Luxury China: Market Opportunities and Potential*. Wiley, 2009.
7. Gorrie, James R. *The China Crisis: How China's Economic Collapse Will Lead to a Global Depression*. Wiley, 2013.
8. Haley, George T., Usha C. V. Haley, and Chin Tiong Tan. *The Chinese Tao of Business: The Logic of Successful Business Strategy*. Wiley, 2004.
9. Lu, Pierre Xiao. *Elite China: Luxury Consumer Behavior in China*. Wiley, 2008.
10. Pettis, Michael. *Avoiding the Fall: China's Economic Restructuring*. Carnegie Endowment for International Peace, 2013
11. Rein, Shaun. *The End of Cheap China: Economic and Cultural Trends that Will Disrupt the World*. Wiley, 2012.
12. Wang, Jing. *Brand New China: Advertising, Media, and Commercial Culture*. Harvard University Press, 2010.
13. Warner, Malcolm. *Managing Across Diverse Cultures in East Asia: Issues and Challenges in a Changing Globalized World*. Ed. Malcolm Warner,. Routledge, 2013.

Please, check following web-sites for current materials in management and business:

1. <http://www.china-briefing.com/>
2. <http://www.asiabriefing.com/>
3. www.atimes.com

Week	Topic	Total contact hours	Lectures	
			Lectures	Seminars
1	Chinese economic models, new trends and freedom of entrepreneurship	6	2	4
2	Changing Nature of Chinese Markets and New Trends in Business Culture	4	2	2
3	New Chinese consumerism	4	0	4
4	Establishing and running business in China	4	2	2

5		Management, and Entrepreneurship in Modern China and neighbors	6	2	4
6		Entrepreneurship in Chinese retail and luxury brands	4	2	2
7		Human Resources in China	2	2	0
8		Business culture, relation, customs, and communication in China	6	2	4
9		Tax, audit and accounting in China	4	2	2
10		Asian business alternatives: South and South-East Asia	4	2	4
		Total	48	16	32

Classes

Part 1. Changing nature of Chinese economic models

Session 1 Chinese economic models, new trends and freedom of entrepreneurship

- Changing nature of Chinese market
- The general structure of Chinese economic model
- State and economics in post-totalitarian China
- Social harmony as a mean of non-economic regulations in economy
- Sustainable development and crisis and in Chinese market

Reading

Pettis, Michael. *Avoiding the Fall: China's Economic Restructuring*. Carnegie Endowment for International Peace, 2013, ch. 1, 3, 5

Session 2.. Changing Nature of Chinese Markets and New Trends in Business Culture

- New trends in Asian Societies
- Consumer impulses and desires
- The Role of social media in marketing
- Main trends, common points and contradictions
- present and the Future of East Asian management
- Cultural factors in modern East Asian management
- Gender, Society And Management In East Asia

Readings:

China super consumers, ch 18

Additional Reading

Chris Devonshire Ellis. *China's New Economic Silk Road. The Great Eurasian Game & The String of Pearls*, 2015

Session 3. New Chinese consumerism

- Concept of "Super consumer" for China
- Booming in Chinese markets and its consequences
- New Chinese entrepreneurship: cultural and economic dimensions

Reading

Chan, Savio, and Michael Zakkour. *China's Super Consumers: What 1 Billion Customers Want and How to Sell it to Them*. Wiley, 2014., ch. 10, 11, 12

Misho Minkov. East Asian culture: an overview. in *Managing Across Diverse Cultures in East Asia*

Additional reading

Lu, Pierre Xiao. *Elite China: Luxury Consumer Behavior in China*. Wiley, 2008.

Part 2. New Chinese Entrepreneurship and Business alternatives

Session 4. Establishing and running business in China

- Options for investment in China and form of companies
- Establishing business in China. Making changes in business.
- Protecting intellectual property
- Restructure an Underperforming Business in China
- Repatriating Profit from NEA
- Trading with and from China
- A Brief History of China
- Setting Up in China
- Establishing ROs, WFOEs, FICEs and JVs
- Hong Kong Incorporation for Mainland China businesses
- Intellectual Property Matters
- Demographic and Geographic Overview of China Development Zones in China

Readings:

An Introduction to Doing Business in China. Dean Shira and Associates, 2013

An introduction to Doing business in China 2015. Dezan Shira & Associates, 2012 pp. 9-27

How to Restructure an Underperforming Business in China. Issue155, June2015• China Briefing. Dezan Shira & Associates, pp. 40-49

Session 5. Management, and Entrepreneurship in Modern China and neighbors

- Changing nature of management in China
- New nature of Management in Mainland China
- Decision making in Chinese business
- Management in Hong Kong, Macau and Taiwan:

- Management of private companies in China
- Management and Entrepreneurship in HK, Singapore, Taiwan: new alternatives and traditional methods

Reading

Shuming Zhao and Juan Du. The changing nature of management and culture in China
 Olivia Ip and Sek-hong Ng The changing nature of management and culture in Hong Kong, Macau and Taiwan
 Fang Lee. Cooke gender and management in east Asia in: *Managing Across Diverse Cultures in East Asia*
 Olivia Ip and Sek-Hong Ng. The changing nature of management and culture in Hong Kong, Macau and Taiwan in: *Managing Across Diverse Cultures in East Asia*

Additional reading

Warner, Malcolm. *Managing Across Diverse Cultures in East Asia: Issues and Challenges in a Changing Globalized World*. Ed. Malcolm Warner,. Routledge, 2013.

Session 6 Entrepreneurship in Chinese retail and luxury brands

- Retail and channels of distribution in China, various levels of shops and multiband retail
- Supply Chains, planning, distribution and sell strategy in China

Reading China super consumers, ch 14, 16,

- Segmentation of Chinese market,
- Case studies: Lenovo approach

Reading China super consumers, ch 17

- Premium Market and Luxury Brand

Reading: China super consumers, ch 19

Lu, Pierre Xiao. *Elite China: Luxury Consumer Behavior in China*. Wiley, 2008.

- E-commerce in China

Topic 7 Human Resources in China

- Employment procedure, obligations and HRM in China
- Wages and Social Insurance
- China's regulations for labor force
- Contract and payroll

Readings:

An introduction to Doing business in China 2015. Dezan Shira & Associates, pp. 40-49

Sarosh Kuruvilla and Sun-Wook Chung. HRM strategies, informality and re-regulation in East Asian employment relations in: *Managing Across Diverse Cultures in East Asia*

Malcolm Warner. Management education and training in East Asia: China, Japan and south Korea in: *Managing Across Diverse Cultures in East Asia*

Topic 8. Business culture, relation, customs, and communication in China

- Business rituals China
- Dress code, business behavior
- Negotiations processes and communication
- Preparing for establishing
- National specific business strategy
- Understanding the role of informal relations in business style In China and SEA
- Leaving as expat in China and SEA

Readings:

Mente, Boye Lafayette De. *Etiquette Guide to China: Know the Rules that Make the Difference!*. Tuttle Publishing, 2008.

Nolan Jane. *Continuity and change in guanxi networks in east Asia in: Managing Across Diverse Cultures in East Asia*

Brahm, Laurence J. *The Art of the Deal in China: A Practical Guide to Business Etiquette and the 36 Martial Strategies Employed by Chinese Businessmen and Officials in China*. Tuttle Publishing, 2007.

Topic 9 Tax, audit an accounting China

- Tax policy in China
- Tax policy in Russia
- Accounting and bookkeeping in NEA
- Annual compliance and due diligence
- Internal control and audit

Readings:

Annual Audit and Compliance in China China Briefing | January 2014

Payroll Processing Across Asia Asia Briefing | January and February 2014

Strategies for Repatriating Profit from China China Briefing | June 2014

An introduction to Doing business in China 2015. Dezan Shira & Associates, pp. 28-39

Topic 10. Asian business alternatives: South and South-East Asia

- Business and management in India
- Economic development, trade and investments in ASEAN region
- Tax, accounting and HR in SA SEA
- Comparing business and trade in NEA and SEA

Readings:

An Introduction to Doing Business in India 2015 Dezan Shira & Associates

Vietnam Import and Export: A Guide to Trade in Vietnam Issue 19 • December 2014

Using Vietnam's Free Trade & Double Tax Agreements Issue 20 • February and March 2015

An introduction to Doing business in Vietnam 2014 Dezan Shira & Associates
China, India & Vietnam: Setting Up in Asia's Investment Hotspots issue 13 • May and
June, 2015 • Asia Briefing
Moving from China to India, Vietnam and Emerging Asia China Briefing | 2011 Special
Report

Question for final exam (essay)

1. Nature of management in China and the West: differences and global trends
2. The system on informal relations in china: positives ideas and drawbacks.
3. The key points of Chinese management style
4. Retail chains in China and its main trends of development
5. Main trends in modern Chinese marketing
6. Establishing and main types of enterprises in China
7. New nature of business in Taiwan
8. Small and Medium sized Enterprises in Taiwan and Hong Kong
9. Business model of Singapore
10. How to follow regulations and avoid high taxes in China
11. Compare the business opportunities in China, Vietnam, India and Indonesia