

**The Wharton School of the University of Pennsylvania**  
**East Meets West: Strategic Implications for Managing in the 21<sup>st</sup> Century**  
**MGMT 826**  
**Spring 1999**

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Phone: (215) 898-0018; Fax: (215) 573-5415  
Class Time: Tuesdays 3-6 p.m.  
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**Course Materials:**

Articles, cases, and other readings.

**Course Description:**

This seminar intends to help students gain a better understanding of the modern Chinese (Mainland and Overseas) business enterprise. Topics covered will address cultural and historical underpinnings, competitive philosophies, business strategies and practices, the Chinese family business (its structure, internal processes, current challenges), the evolving state of Chinese business throughout the world today and into the future, as well as differences between Chinese management and other management systems.

Fundamentally, Chinese business strategies and management systems have their origins in Chinese culture and philosophy. Without deep understanding of such origins, it is difficult to fully comprehend the complexity of business relationships and practices as well as the underlying values and social forces which continue to shape Chinese businesses around the world.

This seminar also intends to immerse students in Chinese culture. Chinese culture is not the exclusive privilege of the Chinese, but rather a way of thinking that can be learned by all over time. The value of this way of thinking goes far beyond simply enabling you to do business with the Chinese. In fact, exposure to this learning may be exceptionally useful for both your personal endeavors and business career.

So far, investigation of the inner workings of Chinese business has been rare. Systematic examination is only just beginning, and it will pose tremendous challenges for both academics and practitioners. Mainly for this reason, our seminar incorporates a strong research component. Students will apply and expand upon the concepts learned in class to complete a highly intensive team project on Chinese business strategy and competition. Students should expect to devote a considerable amount of time to this project, as it is an essential part of this course.

**Class Time:**

The regular class is generally composed of two parts: the first half introduces concepts and readings on the main subject of the session, and the second half is devoted to the application and discussion of the concepts that have been learned.

**Reading Assignments:**

All students are responsible for the readings assigned for each session. These readings will be used for class discussion on the date they are assigned.

### **In-Class Presentation and Discussion:**

For most sessions, during the second half of class, a group of students will be assigned to give a presentation (and should distribute any additional readings or handouts in advance) and lead the discussion based on the main theme of the session. Students are encouraged to look for differences between Chinese business practices and those of other cultures, Western or Eastern, and to focus on the implications that these differences might have for strategy and competition.

### **Term Project:**

In many ways, the term project is the foundation of this course. Preferably teams of three to four students will carry out the research, writing, and presentation of this undertaking. Your goal for the project will be to approach the subject from one of the following four broad research directions: 1) How do multinational firms of various countries of origin compete in Greater China?; 2) How do Chinese firms compete in the global context?; 3) How do Chinese and non-Chinese companies of a comparable scope or size differ in respect to their competitive strategy, management practice, etc.; or 4) How can we develop a strategic framework for managing in the globally integrative 21<sup>st</sup> century by combining Eastern and Western thinking and practice?

The focus will be on the application and in-depth, field-based empirical investigation of the above topics. In addition to extensive literature research, I would encourage you to go out to talk to people, to do interviews over the phone and through email, to send out surveys, and to gather many case examples and real-world stories. We will make a concerted effort as a class to share the research output together.

### **Grading Distribution:**

Class Participation	20%
In-Class Presentation and Discussion	10%
<i>Term Project</i>	
Progress Report and Presentation	10%
First Draft	5%
Peer Review of First Draft	5%
Final Oral Presentation	10%
Final Paper	40%

### **Caveats:**

This seminar has several unique features. First, the course will require the intense "hands-on" involvement of students throughout the course. In order to comprehensively understand the topic they are studying, students are strongly encouraged to truly immerse themselves in the details of their research.

Second, the professor considers his role in this course as that of a coach, helping students to complete their research and develop their thinking. He will interact closely and informally with students throughout the semester. Constant feedback will be provided, and continuous improvement will be encouraged throughout.

Along the same line, the whole class is built on mutual trust and help among the students. Peer review and support are important contributors to intellectual progress and are highly encouraged--and required--in this class. We will work together in a close and cooperative way. In particular, the term project is a group exercise which requires contributions from all members. The premise in this class is that each group member pulls his or her own weight. If a member is clearly shirking, peers should make an effort to find out why and to help that person return to productive work. If the problem cannot be resolved within the group, then the professor is available to help.

In addition, the term project progress presentation is a time when peer support across groups should come into play as other groups are expected to share their experience and knowledge with the presenting group. Further,

the students will also submit the first draft of the term project paper to peer groups, which will provide feedback to help with revision for final submission. Students participating in peer reviews must demonstrate a sincere effort by providing specific comments and suggestions for improvement.

Third, and finally, as we work together as a group, we will accumulate knowledge and resources. Because of this, information derived from projects may be used for future course development and research activities. The contributions of students in this regard will be fully acknowledged.

### **On-line Resources**

In addition to the course readings and cases, we encourage you to also keep up with the latest business and economic news in Greater China and across the world. The following websites and their paper-based counterparts have proven to be most informative, reliable, and useful for these purposes:

Asia Inc. – <http://www.asia-inc.com>  
Asian and Global Crisis Homepage - <http://www.stern.nyu.edu/~nroubini/asia/AsiaHomepage.html>  
Asiamoney – <http://www.asiamoney.com>  
ASIANOW – <http://cnn.com/ASIANOW>  
Asiaweek – <http://cnn.com/ASIANOW/asiaweek/>  
AsiaBizTech - <http://www.NikkeiBP.AsiaBizTech.com/>  
AsiaSource – <http://www.asiasource.org>  
Businessweek (in particular the *Global Business* section) – <http://www.businessweek.com>  
China: The Awkward Superpower - <http://www.pathfinder.com/time/daily/special/newschina/index.html>  
ChinaOnline – <http://www.chinaonline.com>  
CICC News Wire (Taiwan news) - <http://www.taipei.org/teco/cicc/news/english/index.htm>  
CNN In-Depth Specials – Visions of China – <http://cnn.com/SPECIALS/1999/china.50/>  
The Economist - <http://www.economist.com>  
Far Eastern Economic Review – <http://www.feer.com>  
Financial Times – <http://www.ft.com>  
Forbes Global - <http://www.global.forbes.com/>  
Fortune – <http://www.fortune.com>  
Inside China Today - <http://www.insidechina.com/>  
International Herald Tribune – <http://www.iht.com>  
The McKinsey Quarterly – <http://mckinseyquarterly.com>  
Newsweek International - <http://www.newsweek.com/nw-srv/printed/int/front.htm>  
The New York Times – <http://www.nytimes.com>  
Outlook - <http://www.ac.com/overview/Outlook/outlook.html>  
Penn Library databases - <http://www.library.upenn.edu/resources/databases/databases.html>  
In particular, the Dow Jones Interactive link and the ABI Inform link – if you are willing to do a little digging, both are excellent sources for the most recent articles from *The Wall Street Journal*, *The Asian Wall Street Journal*, *The China Business Review*, *Asian Business*, and many other major publications.  
Singapore Business Times – <http://business-times.asia1.com.sg>  
South China Morning Post (Hong Kong news)– <http://www.scmp.com>  
Strategy & Business – <http://www.strategy-business.com>  
TIME Asia – <http://cnn.com/ASIANOW/time/>  
Virtual China.com – <http://www.virtualchina.com>  
Transition - <http://www.worldbank.org/html/prddr/trans/WEB/trans.htm>  
World Link Online - <http://www.worldlink.co.uk/>  
Zhongwen.com – <http://www.zhongwen.com> (Includes versions of the Art of War, certain Confucian works, Tao Te Ching, and other classics, in both Chinese and English with interactive dictionary. Fun!!!)

*Please let us know if you feel we should add some other site(s) to this list.*

## SESSIONS OUTLINE

*There are two main sets of documents for this course: 1) Readings and Cases, and 2) Additional Materials. The Readings and Cases are required reading and will predominantly be used in conjunction with the lectures and in-class discussions for each session. The Additional Materials (not included in the bulkpack) are not required reading but nonetheless provide important conceptual and supplementary information for the subject at hand and may also be used to support in-class discussions and term projects.*

### **Session 1:        1/12    Introduction**

- Readings:                      Tanzer, Andrew, "The Bamboo Network," Forbes, 18 July 1994, 138-144.
- John Kao, "The Worldwide Web of Chinese Business,"  
Harvard Business Review, March-April 1993, 24-37.
- "Business in Asia" Survey, The Economist, 9 March 1996.
- Additional Materials:        Louis Kraar, "The Overseas Chinese: Lessons from the World's Most  
Dynamic Capitalists," Fortune, 31 October 1994: 91-114.

### **Session 2:        1/19    Cultural Heritage: Strategic and Competitive Thinking**

- Readings:                      Min Chen, "Sun Tsu's Strategic Thinking and Contemporary Business,"  
Business Horizon, March-April 1994, 42-48.
- Mark McNeilly, Sun Tzu and the Art of Business,  
Oxford University Press, 1996, Introduction and Chapter 1, 3-22.
- Laurence Jacobs, Guopei Gao, and Paul Herbig,  
"Confucian Roots in China: A Force for Today's Business," Management  
Decision, 1995, 33(10): 29-34.
- Fan Xing, "The Chinese Cultural System: Implications for Cross-Cultural  
Management," Advanced Management Journal, January 1995, 14-20.
- Ming-Jer Chen, "Competitor Analysis and Interfirm Rivalry: Toward a Theoretical  
Integration," Academy of Management Review, 1996, 21 (1), 100-134.
- Additional Materials:        Geet Hofstede and Michael H. Bond, "The Confucius Connection: From  
Cultural Roots to Economic Growth," Organization Dynamics, 1988,16(4): 5-21.

### **Session 3:        1/26    Cultural Heritage: Social and Business Practices**

- Case:                                Rosabeth Moss Kanter, "Using Networking for Competitive Advantage," Strategy &  
Business, Third Quarter 1996, Internet version – www.strategy-business.com
- Readings:                      Tsun-Yan Hsieh, "Prospering Through Relationships in Asia,"  
The McKinsey Quarterly, 1996 (4), 4-13.
- Yandong Luo, "Guanxi: Principles, Philosophies and Implications,"  
Human Systems Management, 1997 (16), 43-51.

Ming-Jer Chen, "Extended Families: Networking and *Guanxi*" (Ch. 3), Inside Chinese Business, 1998, unpublished manuscript.

Additional Materials: Matthew Montagu-Pollock, , "All the Right Connections: Chinese Management has Amazing Advantages over Modern Methods," Asian Business, January 1991, 27 (1), 20-24.

S. Gordon Redding, "The Psycho-Social Legacy of China," (Ch. 3), The Spirit of Chinese Capitalism, 1990, New York: Walter de Gruyter, 41-78.

Kwang-Kuo Hwang, 1987, "Face and Favor: the Chinese Power Game," American Journal of Sociology, 92: 944-969.

**Session 4:**        2/2        **Family Business vs. Business Family**

Readings: Weidenbaum, M., "The Chinese Family Business Enterprise," California Management Review, Summer 1996, 141-156.

"Roots and Fruits of Family Trees," Euromoney, October 1994, 96-106.

"Asia's Ruling Families", "Rival Camps", "Links with the First Family," Asiamoney, October 1994, 26-37.

S. Gordon Redding, "Determinants of the Competitive Power of Small Networking: The Overseas Chinese Case," The Global Competitiveness of the Asian Firms, 1994, New York: St. Martin's Press, 101-117.

Additional Materials: S. Gordon Redding, "The Chinese Family Business" (Ch. 7), The Spirit of Chinese Capitalism, 1990, New York: Walter de Gruyter, 143-182.

Chi-Cheung Choi, 1995, "competition among Brothers: The Kin Tye Lung Company and its Associate Companies," (Ch. 7), in Rajeswary A. Brown (ed.) Chinese Business Enterprise in Asia, New York: Routledge, 96-114.

S.L. Wong, 1985, "The Chinese Family Firm: A Model," British Journal of Sociology, 36(1): 58-71.

**Session 5:**        2/9        **Traditional Chinese Business Groups**

Case: The Salim Group (INSEAD #393-008-1)

Readings: S. Gordon Redding, "Overseas Chinese Networks: Understanding the Enigma," Long Range Planning, February 1995, 61-69.

James Leung, "Face to Face with Taipan Li," Asian Business, March 1997, 25-31.

Bruce Gilley, "Banking on Buddies," Far Eastern Economic Review, 13 November 1997, 56-61.

"Overseas Chinese: Inheriting the Bamboo Network," The Economist, 23 December 1995, 78-80.

Additional Materials: Jonathan Friedland, "Profiting From Politics: KMT Links Stand Taiwan's Koo Family in Good Stead," Far Eastern Economic Review, 1 February 1990, 40-41.

James G. Abegglen, 1994, "Networks, Groups and Growth" (Ch. 8), in Sea of Change: Pacific Asia as the New World Industrial Center, New York: Free Press, 185-208.

Min, Chen, 1995, "Comparative Large Japanese and Korean Business Groups," in Asian Management Systems (Ch. 12), New York: Routledge, 166-179.

**Session 6:        2/16        Transformation of Chinese Business Formats: The New Generations**

Case: Li & Fung Group (A) (Harvard #9-396-107)

Readings: T.C. Chu and Trevor MacMurray, "The Road Ahead for Asia's Leading Conglomerates," The McKinsey Quarterly, 1993 (3): 117-126.

Brian Dumaine, "Asia's Wealth Creators Confront a New Reality", Fortune, 8 December 1997, 42-52.

Michael Vatikiotis and Prangtip Daorueng, "Survival Tactics," Far Eastern Economic Review, 26 February 1998, 42-45.

Justin Doebele, "Picking up the pieces," Forbes Global Business & Finance, 6 April 1998, Internet version – www.global.forbes.com.

Joseph Kahn, "Thai Troubles a Dynasty to Sell Its Crown Jewel," The New York Times, 16 April 1998, A1+D5.

Additional Materials: Victor S. Limlingan, 1986, "The Chinese Trading Company" (Ch. 4) and "The Chinese Industrialists," (Ch. 5), in The Overseas Chinese in ASEAN: Business Strategies and Management Practices, Manila: Vita Development, 68-130.

John Nasibitt, 1996, "Introduction" and "From Nations-States to Networks" (Ch. 1), in Megatrends Asia, New York: Simon & Schuster: 9-50.

Joyce Barnathan, "The Sons are Rising in the East," Business Week, 6 December 1993, 64-69.

James Leung, "Fung & Fung Pioneer New Trade Era," Asian Business, 1996, 32(3): 26-32.

Barun Roy, "Third-Generation Takeover," Asian Finance, 15 April 1989, 20-22.

Peter Williamson, "Asia's New Competitive Game," Harvard Business Review, October 1997.

"Emerging Asian Competitors", Harvard Business Review, October 1997.

Michael Vatikiotis, "From Chickens to Microchips," Far Eastern Economic Review, January 27, 1997, 38-45.

"Asian Cable-TV: Wharf Speed," The Economist, 28 August 1993, 62-63.

Faith Keenan, "Pipe Dreams: Hongkong Telecom and Wharf Battle for Multimedia," Far Eastern Economic Review, 27 June 1996, 61-68.

Peter Waldman, "'Asian Values' Concept is Ripe for Change as Economies Falter," The Asian Wall Street Journal, 28 November 1997.

**Session 7:**      **2/23**      **Term Project Progress Reports and Presentations**

Assignment:                      Class presentations  
Four to five page reports/outlines due

**Session 8:**      **3/2**      **Implications of Chinese Business for 21<sup>st</sup> Century Management**

Case:                                      The Acer Group: Vision for the Year 2000 (Harvard #9-495-001)

Readings:                                William Newman and Ming-Jer Chen, "Future Challenges" (Ch. 1), Enterprises for the 21<sup>st</sup> Century, 1998, unpublished manuscript draft.

Hong                                        Joan Magretta, "Fast, Global, and Entrepreneurial: Supply Chain Management,

Kong Style: An Interview with Victor Fung," Harvard Business Review, September-October 1998, 103-114.

"Own words: Victor Fung, Li & Fung," Financial Times, 7 November 1997.

Additional Materials:                  Acer in Europe (INSEAD #592-038-1)

Andrew Tanzer, "First Pacific's Pearls," Forbes, 13 February 1995, 48-50.

"Emerging Multinationals: Enter the Lippo-potamus," The Economist, 16 July 1994, 16332(7872): 61-62 (UK 71-72).

Francis Fukuyama, 1995, "Paths and Detours to Sociability" (Ch. 7) and "A Loose Tray of Sand" (Ch. 8), in Trust: The Social Virtues & The Creation of Prosperity, New York: St. Martin's Press, 61-82.

Chung-Chau Chang, 1992, "The Development of Taiwan's Personal Computing Industry" (Ch. 9), in N.T. Wang (ed.) Taiwan's Enterprises in Global Perspective, New York: M.E. Sharpe, 193-214.

**Spring Break**

**Session 9:**      **3/16**      **Multinational Corporations in Mainland China**

Case:                                        Kentucky Fried Chicken in China (C) (Western Business School #9-90-G003)

Readings:                                Compiled by Catherine Gelb, "Snapshots of China Business, 1974-98," The China Business Review, May-June 1998, 28-29.

Johannes Meier, Javier Perez, and Jonathan R. Woetzel, "Solving the Puzzle: MNCs In China," The McKinsey Quarterly, 1995 (2): 20-33.

Wilfried Vanhonacker, "Entering China: An Unconventional Approach," Harvard Business Review, March-April 1997, 130-140.

Edward Tse, "The Right Way to Achieve Profitable Growth in the Chinese Consumer Market," Strategy & Business, Second Quarter 1998, Internet version – [www.strategy-business.com](http://www.strategy-business.com).

Edward Tse, "Competing in China: An Integrated Approach," Strategy & Business, Fourth Quarter 1998, 13-23.

Additional Materials: Stephen M. Shaw and Jonathan Woetzel, 1992, "A Fresh Look at China," The McKinsey Quarterly, 4: 3-16.

William H. Newman, 1992, "Launching a Viable Joint Venture," California Management Review, 35: 68-80.

Stephen M. Shaw & Johannes Meier, 1993, "Second Generation MNCs in China," The McKinsey Quarterly, 1993 (4): 3-16.

**Session 10:**      **3/23**      **Overseas Chinese Businesses in Mainland China**

Readings: "China's Diaspora Turns Homeward," The Economist, 27 November 1993, 33-34.

Mark Clifford, "New World's Road to China," Business Week, 20 November 1995, 74-78.

Ed Pailey, "Buying Up China with Oei Hong Leong," Institutional Investor, January 1995.

Jonathan Kandell, "The Everyday China," World Business, Spring 1995, 23-27.

John Kohut and Allen T. Cheng, "Return of the Merchant Mandarins," Asia, Inc., February 1996, Internet version – [www.asia-inc.com](http://www.asia-inc.com)

Andrew Tanzer, "The amazing Mr. Kuok," Forbes, 28 July 1997, 90-96.

**Session 11:**      **3/30**      **Transformation of Mainland Chinese Enterprises**

Case: Richina Capital Partners Limited (Harvard #9-396-059)

Readings: Anthony Spaeth, "Globalization: Get Rich Quick," Time, 13 April 1998, 204-205.

Bruce Einhorn, "The China Connection," Business Week, 5 August 1996, 42-45.

Andrew Tanzer, "The People's Liberation Army, Inc.," Forbes, 24 March 1997, 44-46.

Bo Burlingham and Joel Kotkin, "China, Inc.," Inc., December 1992, 110-121.

Maria Christina Valdecanas, "From Machine Guns to Motorcycles," The China Business Review, November-December 1995, 14-18.

Emily Thornton, "Bamboo Brigade," Far Eastern Economic Review, 12 October 1995, 101-105.

**Session 12:**     **4/6**

No class

Assignment:

First draft of term project paper due  
*Two copies – One copy to exchange with your peer review group and the other to slide underneath the door of Vance Hall, Room 431.*

**Session 13:**     **4/13**

**Red Chips: Emerging Mainland Chinese Enterprises in the Global Market**

Readings:

Mark Clifford, "Red Chips Rising: These Chinese-backed Businesses are the New Pillars of the Economy," Business Week, 9 June 1997, 50.

James Leung and Malcolm Surry, "The Changing Face of Hong Kong Business," Asian Business, June 1997, 20-28

"South China Sea Bubble," Euromoney, July 1997, 36-42.

Additional Materials:

"The Chinese Takeover of Hong Kong Inc.," The Economist, 7 May 1994, 331(7862): 35-36

John Ridding, "Investors See Rosy Future for Red Chip: China Everbright Aims to Transform Itself from a Holding Company to a Financial Conglomerate," The Financial Times, 24 June 1997, 32 (1).

Assignment:

Final presentations begin

**Session 14:**     **4/20**

**Review**

Readings:

Jean-Pierre Lehman, "Asian Tigers Make Way for the Bamboo Network," Financial Times, Mastering Global Business series Part 10, 3 April 1998, 2-4.

Dominique Turpin, "Challenge of the Overseas Chinese," Financial Times, Mastering Global Business series Part 2, 6 February 1998, 8.

William A. Fischer and Dominique Turpin, "How to avoid the wall in China," Financial Times, Mastering Global Business series Part 10, 3 April 1998, 5-6.

Linda Beamer, "Bridging Business Cultures," The China Business Review, May-June 1998, 54-58.

Assignment:

Final presentations end

**4/27**

Final papers due  
*Provide one copy to every other group in the class*

## Study Questions

### Session 1:

#### Introduction

1. What is meant by the “bamboo network”? What historical, cultural, political and economic factors led to the development and success of this network? Has this success been sustainable, particularly in light of the Asian Financial Crisis, and will it be sustainable in the future?
2. What lessons can we learn from the experiences of this global “network”, or “web”, of Chinese commerce and business people?
3. Even though many things have obviously changed since the publication of the “Business in Asia” survey in 1996, much has remained constant. Based on these readings and your own experiences, what inherent strengths and opportunities within the region and its people might lead the way back to rapid growth and prosperity? On the other hand, what continuing weaknesses, either economic or cultural, might perpetuate the current crisis for a long time to come?

### Session 2:

#### Cultural Heritage: Strategic and Competitive Thinking

1. How might the philosophies of Confucius and Sun Tzu be applied in modern business strategy? Which teachings of these philosophers do you think are most appropriate for today’s competitive environment? Which teachings may not be applicable?
2. Is it accurate to say that the strategy of many Asian firms is based on the philosophies of Confucius or Sun Tzu? In what ways can you see these ideas manifested? How might these strategies help Asian companies enter overseas markets or compete against foreign firms who wish to enter the Asian one?

### Session 3:

#### Cultural Heritage: Social and Business Practices

1. What is really meant by “guanxi”, and why does this concept seem so important in an Asian business setting? Is “guanxi” actually unique to Asia? How does the same concept work in other markets?
2. One of the main focuses of the Kanter piece is the Lippo Group, a firm which has lately become well-known in the U.S. largely because of its alleged involvement in a campaign-finance scandal with President Clinton’s Democratic Party. Some analysts have cited this case as one of the many which display President Clinton’s mastery of what is really the *guanxi* game. Without jokingly referring to his current scandal, do you feel that this view is accurate?
3. What do Tsun-Yan Hsieh and Yandong Luo suggest about using relationships to gain competitive advantage in Asia? What differences do you see in their respective application of the principal of “guanxi”?

**Session 4:**

**Family Business vs. Business Family**

1. What about their structure, values and mission makes Asia's Chinese family businesses unique? How does this structure compare to that of family businesses in other cultures such as Europe or America (e.g., Estee Lauder, Seagrams, etc.)?
2. To what factors has the success of Chinese family businesses in Asia been primarily attributable? Access to information/resources? Barriers to entry for outsiders? Attitudinal differences toward work? Why are Chinese family businesses among the most powerful organizations in Asia?
3. What socio/historical characteristics of the Chinese diaspora have allowed Chinese family businesses to achieve success across Asia (e.g., in Indonesia)? What factors have limited this success outside Asia?

**Session 5:**

**Traditional Chinese Business Groups**

1. What are the key challenges to the Salim Group? How have these challenges changed over time?
2. Why did the Salim Group choose to enter the businesses it did? What opportunities did it have? How did it leverage these opportunities?
3. Assess the competitive position of the Salim Group relative to other overseas Chinese groups in Asia and to multinationals.
4. What, if any, are the differences in business philosophies of Chinese business groups in Taiwan and Hong Kong? Are these driven by differences in the political/economic climate? by opportunity? by personality? Compare the approaches taken by K.S. Li in Hong Kong to those taken by Jeffrey Koo in Taiwan. Why do you think the Koo Group chose to emphasize banking while K.S. Li's group has focused on infrastructure?

**Session 6:**

**Transformation of Chinese Business Formats: The New Generations**

1. According to T.C. Chu and Trevor MacMurray, what were the "new" challenges for Asia's conglomerates? Do you think they were valid? How have they played out since, and how have things changed? Why?
2. What "new reality," referred to by Brian Dumaine, confronts Asia's wealth-creators? What makes the "new generation" of Asian business leaders (e.g. the Fung brothers, Ronnie Chan of Hang Lung, Victor Li of Pacific Century) distinct from their predecessors?
3. After taking into account the ways in which various Chinese family businesses of many different sizes and industries have been dealing with the Asian Financial Crisis, what is your assessment of how well (or poorly) Chinese culture and practices have performed in these circumstances? Do culture and practices really make much of a difference?
4. Put yourself in the shoes of the second-oldest heir of the family running a large Asian conglomerate, Yun Ping Ltd.. Your grandfather started the business



**Session 10:**

**Overseas Chinese Businesses in Mainland China**

1. What formats do overseas Chinese investment take in China? New World, Oei Hong Leong, and Robert Kuok have all used slightly different approaches to investment there. What are the advantages and disadvantages of each approach? Who might be more successful and why?
2. Contrast the investment strategies and successes of overseas Chinese in China with that of MNCs. In what respects are overseas Chinese better prepared than MNCs to face the challenges of investment in China? In what respects are they less prepared than MNCs?

**Session 11:**

**Transformation of Mainland Chinese Enterprises**

1. What are the characteristics of more traditional mainland Chinese businesses, e.g., state-run enterprises? What are the challenges to these businesses in China's transformation towards a market economy? How can these businesses position themselves to compete against MNCs or against overseas Chinese companies?
2. Many analysts have pointed to the mainland Chinese military's involvement in business as a cause for concern. Is it? Why has the military "diversified" into other areas of business? Based on recent developments, what sort of real effect might current political economic reforms have on these businesses?

**Session 12:**

*No class*

**Session 13:**

**Red Chips: Emerging Mainland Chinese Enterprises in the Global Market**

1. In the summer of 1997, the city of Beijing listed its "Red Chip" company, Beijing Enterprises, on the Hang Seng index. The issue was over 1,000 times oversubscribed and the stock shot up from the opening price of 12.48 to 40 some Hong Kong dollars in the first day of trading. Why were "Red Chips," like Beijing Enterprises, Shanghai Industrial or Guangzhou Investment, so attractive to investors?
2. Beijing Enterprises is a conglomerate comprised of Beijing's largest brewery, the Beijing airport highway company, the Beijing McDonald's franchise and the main tourist company for the Great Wall. Are there synergies or sustainable competitive advantages gained through combining these businesses? What else might be at play in this situation?
3. As asserted by James Leung and Malcolm Surrey and by The Economist, the Mainland "Red Chip" companies are making aggressive forays into key Hong Kong businesses (e.g., airlines, telecom, banking services) that were formerly the domain of Hong Kong Chinese conglomerates. What will the new competitive landscape look like in Hong Kong? What strengths and weaknesses do "Red Chip" companies have compared to the Hong Kong Chinese conglomerates? Are these strengths transportable outside Hong Kong?

**Session 14:**

**Review**

MING-JER CHEN, Ph.D.

Dr. Ming-Jer Chen is the founding director of the Global Chinese Business Initiative at the Wharton School, University of Pennsylvania. Dr. Chen is a leading international scholar in strategic management with extensive educational and corporate experience throughout Greater China and the rest of the world.

Dr. Chen's research on business strategy and competition has won a number of prestigious awards in his field, including the Best Paper Award from *Academy of Management Review*, the leading journal on management theory. Dr. Chen has been elected to the Chair track of the Academy of Management's Business Policy and Strategy Division, with an international membership of over 2,600, and also serves the Academy as liaison to the Asian Academy of Management.

Dr. Chen has extensive experience in Greater China. He is frequently invited to make presentations and give speeches throughout the region. In the last two years, Dr. Chen:

- led a group of 80 executives from major U.S., European, and Japanese multinational firms on a study visit to Beijing, Shanghai, and Hong Kong;
- designed and conducted a workshop for management professors from all 52 MBA programs in the People's Republic of China, at the invitation of the country's National MBA Education Advisory Board;
- conducted a strategy workshop for Taiwan's leading business schools, invited as a Distinguished Scholar by the National Science Council.

Dr. Chen's views and activities in Greater China receive wide press coverage in the region, and he is frequently interviewed as an expert on Chinese business development. The Chinese version of *Asian Week* in its 1997 annual survey of the Global Chinese Business 500 included a feature interview with Dr. Chen, referring to him as "a bridge between Chinese and Western business." In addition, *Asian Wall Street Journal* hailed Dr. Chen's Initiative as the first of its kind in the United States.

Dr. Chen is also active in corporate education and consulting in Asia, the United States, and Europe. His teaching and consulting clients include Morgan Stanley Dean Witter, Bristol-Myers Squibb (USA), BOC Gases (UK), the State Economic & Trade Commission and the People's Construction Bank of China (PRC), and the Institute for Information Industry and the Ruentex Group (Taiwan).

Dr. Chen was born and educated in Taiwan, where he devoted several years to intensive private tutorial study of Classical Chinese history and philosophy, including the *I Ching* and the works of Sun Tzu and Confucius, which reveal the historical origins of Chinese business and social practices. He received his MBA and Ph.D. at the University of Maryland. Before joining Wharton, Dr. Chen was on the faculty of Columbia Business School.

In addition to his appointment at Wharton, Dr. Chen is also a Senior Fellow of the Asia-Pacific Institute of Business at the Chinese University of Hong Kong, a Visiting Professor of Management at the Imperial College of Science, Technology, & Medicine in the U.K., and an External Examiner in Business Administration for the National University of Singapore.