

Peter F. Drucker and Masatoshi Ito Graduate School of Management
Claremont Graduate University

MGT 356
Asian Markets

Summer 2008

May 24 (Saturday): 9:00am - 12:30pm
May 28 (Wednesday): 6:00pm - 9:30pm
May 31 (Saturday): 9:00am - 12:30pm
June 14 (Saturday): 9:00am - 12:30pm
June 21 (Saturday): 9:00am - 12:30pm
June 25 (Wednesday): 6:00pm - 9:30pm

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Course Objective:

The objective of this course is to develop the ability to formulate the effective strategy to operate in the key markets in Asia. It is becoming increasingly important for U.S. firms to understand the changing economic and business environments in Asian markets in order to remain competitive in the global market. In particular, the emerging importance of China and India is quickly changing the scope and structure of global competition in the past several years. This course examines the economic and structural environments, including institutional settings, regulations, and business practices, which foreign companies face when they compete in the Asian markets such as China, India, Japan, and Singapore. The focuses of the course are the elements that make entry into the Asian markets successful and viable, and the elements that make entry unsuccessful and vulnerable.

Course Requirements:

The course relies heavily on case materials, and the analysis and discussion of different industry and case situations is the primary activity in class. Your preparation and participation in the discussion will be essential to the success of the class in identifying and analyzing problems. The reading assignments will not be discussed specifically in class. We will, however, give occasional lectures to supplement the case material and summarize concepts.

Preparation for case discussion should begin with a rapid reading of the assigned text and case material. Then, it is worthwhile to review the assignment questions for clues as to what issues require special attention. The next step is normally to re-read the case carefully, taking notes which sort information, facts, and observations under a number or relevant headings. Most students will then want to perform some quantitative analyses, exploring various hypotheses as to the nature and importance of certain phenomena. Finally, preparation will include notes that can be used to guide your interventions in class discussions on the assigned or other issues judged to be critical to the company's apparent dilemma.

Class Participation

In grading class participation, we will normally use several criteria:

- Quality of comments
 - Are the comments relevant to the discussion?
 - Do they include analysis, or do they state opinions?
 - Are the comments related to the previous discussion?
 - Do they bring a new insight into the issues?
- Quantity of class participation

Students are expected to sit in the same seat for each class and to display a name card in all classes. Given your experience and background, we may ask some students to give brief presentations on their companies' experiences in Japan in class.

Final Exam: Class Paper-Case Analysis

A case will be distributed on June 21 (Saturday) in class, and the answer will be due at 5:00pm on June 3 (Monday).

Grading

The course grade will be weighted as follows:

Class participation.....60.0%

Final exam: case-paper analysis40.0%

Textbooks

There is no textbook that will be used through the entire course. However, students may find it useful to read the relevant chapters from the three books listed below. Some of the chapters are assigned as optional readings in the course syllabus.

Michael E. Porter, Hirotaka Takeuchi, and Mariko Sakakibara, *Can Japan Compete?*, Macmillan, 2000.

Tarun Khanna, *Billions of Entrepreneurs: How China and India are Reshaping Their Futures and Yours*, HBS Press, 2008

Harvard Business Review on Doing Business in China, Harvard Business School Publishing, 2004.

CLASS SCHEDULE

Week	Date	Topic	Case	Required Reading
1	5/24	Japan's Distinctive Business Practice: 1960s-1980s	Procter & Gamble Japan (A) – (D) Japan (A)	Japan (D1)
2	5/28	Changing Business Environment in Japan: 2000s	Toys “R” US Japan P&G Japan: The SK-II Globalization Project	Can Japan Compete?
3	5/31	Economic Development in China Entry in China	China: Building “Capitalism with Socialist Characteristics” Trouble in Paradise	Competitive Advantage of Nations
4	6/14		Russia: The End of a Time of Troubles? SK-II in China Starbucks: A Global Work-In-Progress	Connect and Develop
5	6/21	Human Resource and International	Wal-Mart Stores: “Every Day Low Prices’ in China Singapore Inc.	The Competitive Advantage of China

		Competition		
6	6/25	Intellectual Property India: Innovation and Cross-Culture Management	Why is Property Protection lacking in China India on the Move Silvio Napoli at Schindler India (A)	Nurturing Respect for IP in China

Session 1: Saturday May 24, 2008

Case: Japan (A): 1853-1881, The Challenge to the Old Order (HBS 9-375-347)

1. Evaluate the economic situation facing Finance Minister Matsukata in 1880.
2. What policy options did he have?

Case: Procter and Gamble Japan (A) (HBS 9-391-003)

1. Why did P&G's first attempt at entering the Japanese market fail?

*Procter & Gamble Japan (B) – (D) **Class Handouts**

Read: Japan (D1): A Strategy for Economic Growth (HBS 9-378-106)

Session 2: Wednesday May 28, 2008

Read: Porter, Takeuchi, and Sakakibara, *Can Japan Compete?*, Chapters 1-4.

Case: Toys “R” Us Japan (HBS 796-077)

1. Is Japan a good market for Toys ‘R Us?
2. Is Toys ‘R Us good for Japan? Why should this investment project be controversial at all?
3. Why FDI in Japan so low in Japan? Does it reflect strengths or weaknesses of Japanese economy? What are the scenarios under which FDI can rise in Japan?

Case: P&G Japan: The SK-II Globalization Project (HBS 9-303-003)

1. What has changed in Japan since the 1980s (P&G Japan case)?
2. What has change in P&G since the 1980s (P&G Japan case)?
3. Which of the three market options (Japan, China, the UK) should Paolo DeCesare recommend to the global leadership team? What benefits do you expect to gain? What risk do you see?

Session 3: Saturday May 31, 2008

Read: M. Porter, “Competitive Advantage of Nations”, *Harvard Business Review*, March-April 1990 (HBS 90211)

Case: China: Building “Capitalism with Socialist Characteristics” (HBS 9-706-041)

1. What is the key success factor for China’s economic performance in the past decade?
2. What was the logic underlying the Chinese development strategy?

Case: Xin and Pucik, “Trouble in Paradise”, *Harvard Business Review*, August 2003 (HBS R0308X)

1. What are the foreign partner’s (Heartland Spindle Company) underlying assumptions about:
 - a. The Chinese competitive arena?
 - b. The way that Chinese people work?
 - c. The Chinese partner (Suzhou First Textile Company)?
 - d. The role of the government?
2. How would you characterize Heartland’s commitment to being in China? Why are they in a joint venture?
3. How would you manage the changing nature of a joint venture?
4. What would you do if you were Mike (the expatriate manager in the case)?

Session 4: Saturday June 14, 2008

Case: Russia: The End of a Time of Troubles? (HBS 9-701-076)

1. Russia's transition to capitalism did not go as planned. What went wrong?
2. Who is to blame?
3. What is to be done?
4. Compare Russia's pattern of economic development with China's pattern. What is the most significant difference between the two countries? Why do their patterns of transformation into capitalism differ?

Case: Starbucks: A Global Work-In-Progress (Stanford IB-74)

1. Why has Starbucks been successful particularly in Japan and United Kingdom?

Read: L. Huston and N. Sakkob, Connect and Develop: Inside P&G's New Model for Innovation (HBS R0603C)

Case: SK-II in China: Managing Public Relations (Stanford IB-81) **Class Handout**

Session 5: Saturday June 21, 2008

Read: The Competitive Advantage of China (Stanford IB-57)

Case: Wal-Mart Stores: “Every Day Low Prices” in China (HKU590)

1. Why is Wal-Mart successful in the US? What are Wal-Mart’s competitive advantages?
2. Should Wal-Mart replicate its US model in China?
3. What should Wal-Mart do in China?

Case: Singapore Inc. (HBS 9-703-040)

1. How has productivity growth been attained, and why is it growing rather slowly of late?
2. Do you approve of Singapore’s new strategy for getting the economy growing?

Session 6: Wednesday June 25, 2008

Case: Li, “Why is Property Right Protection Lacking in China?” *California Management Review*, Spring 2004 (CMR286)

von Krough and Acefliger, “Nurturing Respect for IP in China”, (HBR F0704E)

1. How does the lack of property protection affect business in China?
2. What should be done?

Case: India on the Move (HBS 9-703-050)

1. Why did India experience relatively slow economic growth (3.5%) from independence until 1991?
2. How big a deal are Hindu-Muslim frictions? Demographic fragmentation? Deficit?
3. Is India an attractive site for foreign direct investment?

Case: Silvio Napoli at Schindler India (A) (HBS 9-303-086)

1. Was Silvio the right choice for general manager of Schindler’s India operations?
2. As Luc Bonnard how would you evaluate Silvio’s first seven months as general manager of the Indian company? What advice would you offer?
3. What advice would you give to Silvio regarding his decision on the nonstandard glass wall elevator that has been ordered?
4. How should he deal with the challenges he is facing over transfer prices and limited technical cooperation from the European plants?