

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

MGT 356/624
Asian Markets

Fall (Mod II) 2009

7:00pm – 10:00pm

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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, South Korea, Taiwan, India, Singapore, and Japan. 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 December 9 (Wednesday) in class, and the answer will be due at 9:00pm on December 16 (Wednesday).

Grading

The course grade will be weighted as follows:

- Class participation.....50.0%
- Final exam: case-paper analysis50.0%

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 two 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	10/28	Japan's Distinctive Business Practice: 1960s-1980s	Procter & Gamble Japan (A) Japan (D1)	Japan (A)
2	11/4		Toys "R" US Japan Kumon Educational Institute USA	Can Japan Compete? Ch. 1-4
3	11/11	Changing Business Environment in Japan: 2000s Economic Development in China	P&G Japan: The SK-II Globalization Project China: Building "Capitalism with Socialist Characteristics"	Competitive Advantage of Nations
4	11/18	Entry in China	Trouble in Paradise SK-II in China Russia: The End of a Time of Troubles?	
5	12/2	Intellectual Property, Human Resource, and International Competition	Singapore Inc. Starbucks: A Global Work-In-Progress	Why is Property Protection lacking in China? Nurturing Respect for IP in China

6	12/9	Economic Development in India	Wal-Mart Stores: “Every Day Low Prices’ in China India on the Move	
7	12/16	Final Exam		

Session 1: Wednesday October 28, 2009

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

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

1. Evaluate the economic situation facing Finance Minister Matsukata in 1880.
2. Identify and evaluate Japanese policy in the areas of markets, products, manufacturing, trade and investment in the late 1950s through the 1970s.
3. Which aspects of this strategy seem particularly distinctive and important in the Japanese “economic miracle” during this era?

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**

Session 2: Wednesday November 4, 2009

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: Kumon Educational Institute USA (HBS 9-694-032)

1. Evaluate Kumon USA’s performance to date.
2. Do you think the Kumon system can succeed in the United States?
3. Do you draw implication from the education systems in Japan and the United States on the business behavior of Japanese and US firms?

Session 3: Wednesday November 11, 2009

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?

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?

Session 4: Wednesday November 18, 2009

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)?

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

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?

Session 5: Wednesday December 2, 2009

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?

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

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

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

von Krogh and Aceflier, "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?

Session 6: Wednesday December 9, 2009

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: 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?

Session 7: Wednesday December 16, 2009

Final Exam Due at 9:00pm