

SLOAN SCHOOL OF MANAGEMENT
MASSACHUSETTS INSTITUTE OF TECHNOLOGY



15.225: Economy and Business in China
(Note: This course will not be offered in 2023-2024)

Spring 2023 Syllabus
Updated (02/11/2023)

Course Description and Goals

Since implementing free-market reforms in the late 1970s, China has been the world's fastest growing economy and is likely to become the world's largest within the next decade. This remarkable growth has lifted over 850 million Chinese out of poverty, built the world's largest middle class, created a dominant export-oriented global supply chain, and launched remarkable platform business models and technology giants. Despite this, China today is still a work in progress, with a per capita income about one quarter of developed countries, high levels of income inequality, and significant environmental pollution.

Adding to this landscape, China currently faces the political dynamic of increased control of society and the economy by the Chinese Communist Party (CCP), deteriorating trade relationships with much of the world and the strains of the Covid-19 global pandemic. After joining the World Trade Organization (WTO) in 2001, China's bilateral and multilateral relations with the world have evolved from competition/cooperation to direct confrontation. A major development has been a deterioration of relationships between China and the United States. The consensus view is that the relationship between the two countries, often dubbed as the most important bilateral relationship in the world, has sunk to the lowest point since the normalization of diplomatic relations in 1979.

A major aim of this course is to analyze the decisions and performance of firms and their relationship to the greater political and economic contexts in which they operate in China and, as appropriate, a global environment. We will single out US-China relations as a major focus of the course and will devote a number of class sessions to the topic.

As an Action Learning course, China Lab has both a project component and classroom lectures for the *graduate students* in the class. (The undergraduate students enrolled in the course do not have a project component. Please refer to the later section on "Undergraduate Cohort.") Students work in teams of four to solve complex management challenges facing companies operating in China. Project teams can be comprised of MIT students, or as joint teams with iMBA students from leading Chinese universities in Beijing (Tsinghua) or Shanghai (Fudan). Classroom sessions will use case studies, lectures, class discussion, guest speakers and team projects to characterize the political economy and business dynamics of China, and to explore lessons for strategy and operations of multinational and domestic organizations.

The Action Learning Lab experience of the course has three specific goals:

- To provide students with *insights into the issues and challenges businesses face* in China and in a global context,
- To structure for students an *intensive experiential learning opportunity working collaboratively with senior leadership* in a dynamic local organization, and
- To help students *develop skills in integrated problem solving* in order to assist organizations in complex situations to move to action.

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Faculty:

Yasheng Huang (Epoch Foundation Professor of International Management, Global Economics and Management)

John Grant (Senior Lecturer, Global Economics and Management)

Office Hours:

Yasheng Huang: by appointment. Please contact his assistant, Sumaiya Rahman Haddad (sumaiyar@mit.edu) to schedule.

John Grant: by appointment (jcgrant@mit.edu)

Key elements:

- Course: 15.225: Economy and Business in China (China Lab)
- Time and Location: Mondays and Wednesdays, 10:00-11:30am. Classroom E51-149.

a) Contact Information

Course Faculty:

Yasheng Huang	yhuang@mit.edu	617-253-9768	E62-462
John Grant	jcgrant@mit.edu	617-324-4373	E62-317

Faculty Mentors:

Luis Barros	lbarros@mit.edu
Joseph Battat	jjbattat@mit.edu
David Birnbach	birnbach@mit.edu
Chuck Kane	ckane@mit.edu

Teaching Assistant:

Juntong (Scarlet) Zhu	zhjunton@mit.edu
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Action Learning Office:

Becca Souza	rhonohan@mit.edu	617-324-5854	E52-248
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Stephanie LaForce	slaforce@mit.edu	617-324-9615	E52-25x

Course Assistant:

Sumaiya Rahman	sumaiyar@mit.edu	617-253-6679	E62-455
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A. Course Materials and Web Resources

Official Course Website (Canvas)

- **All readings and other materials are posted on Canvas.** Check the site frequently. Course announcements will be posted here as well.
- Draft group project deliverables should be shared directly with Mentors for feedback. Final versions are uploaded to Canvas, copied to mentors, and eventually shared with the host company. *Individual updates are submitted to mentors only.*
- Students without a Sloan account please email Sumaiya Rahman (sumaiyar@mit.edu).
- **China Lab website:** <http://mitsloan.mit.edu/actionlearning/labs/china-lab.php>

Academic Accommodations

Sloan values an inclusive environment. If you need a disability accommodation to access this course, please communicate with us early in the semester. If you have your accommodation letter, please meet with the faculty so that we can understand your needs and implement your approved accommodations. If you have not yet been approved for accommodations, please contact Student Disability Services to learn about their procedures. We encourage you to do so early in the term to allow sufficient time for implementation of services/accommodations that you may need.

Course Credit

This is a 12-credit course. A final grade will be applied at the end of the spring semester when you have completed all work. You must complete all components of the work (all class assignments, project-related deliverables, and the poster session). Partial credit is not given.

Attendance Policy

You are expected to prepare for and attend every class scheduled for 15.225 in full. *Each non-excused absence reduces your grade by 5 percent.* Contact the TA prior to the start of class if you anticipate being absent for a reason beyond your control. More than two excused absences will count as an unexcused absence and will reduce your final course grade.

B. Undergraduate Cohort

A limited number of undergraduates are eligible to take the course. These students will participate in all of the classroom lectures, case studies and guest speakers, and will be able to work on a project team. *MIT undergraduates who take the course will fulfill the regional course requirement for participation in a future MISTI summer internship in China/Hong Kong/Taiwan.*

C. Course Requirements

Class sessions will be used to provide context and an opportunity to work on your specific project, as well as to provide perspective on macroeconomic and industry-level issues in China. To meaningfully participate in the discussions, it is mandatory that you read the case(s) and/or material before the class and that you are ready to both answer important factual questions about the case(s) and to engage with your classmates in discussions and debates. *We encourage* debates based on evidence and logic, not on

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imputed motivations. Some of the topics can be sensitive and politically charged. We ask you not to cite by name the views expressed by your classmates to people who are not taking this class.

We will have sessions that provide an in-depth look at major current issues facing China's economy and its engagement with the world, especially its relations with the United States. We encourage you to share with your classmates the knowledge and observations that you have gained from your projects and personal experiences, to the extent the knowledge and the observations are pertinent to the discussions at hand.

China Lab is a course and a collaboration: a 16-year partnership between MIT Sloan, Chinese universities, and entrepreneurial companies facing real business challenges in China. The faculty and other advisors from Sloan and our partner universities have devoted considerable time and resources to finding appropriate projects, and the entrepreneurs have worked hard to apply competitively for a China Lab slot. Therefore, please be aware that *MIT's and Sloan's reputations are at stake*. Future students will only get this kind of opportunity if China Lab continues to provide value to all stakeholders.

Grading

China Lab will be letter graded. There is no P/D/F option. The final grade for graduate students will be computed as follows:

- **Class Participation (25%)**
- **Mentor Assessment (65%)**
 - Work Plan
 - Interim Research Report
 - Poster
 - Final Host-Company Report
- **Host Company Feedback (10%)**

Team Work

Team dynamics are critical and will determine your success in executing your project. It is important that you and your teammates determine your work norms, including how decisions are made and disputes resolved, team member roles and responsibilities, and how you will hold each other accountable for completing your work.

Mentoring

Your China Lab team will be assigned a faculty mentor with whom you will meet at regular intervals throughout the course. The team-mentor relationship is designed in such a way that the team takes primary responsibility for working with the host company and leading the project. The faculty mentor plays a supporting role in which she/he:

- Coaches the team and team members on working together for successful completion of the project;
- Shares and facilitates feedback with the team on project management;
- Provides understanding of protocols for working with the client;
- Mediates relationship with client, only if necessary;
- Identifies Sloan, MIT and other resources relevant for the project research and analyses;
- Gives feedback on course deliverables and team dynamics; and
- Grades the course deliverables.

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A mentor is your advisor, not your supervisor. Your team will own the relationship with the host company. You, not the faculty, will be responsible for negotiating and managing all aspects of the work plan and the project.

Meetings may be scheduled during designated class time or outside of class. Ample time for these meetings is available during class sessions set aside for project work.

Class Sessions

Class sessions will be used to provide context and an opportunity to work on your specific project, as well as to provide perspective on macroeconomic and industry-level issues in China. To meaningfully participate in the discussions, it is mandatory that you read the case(s) and/or material before the class and that you are ready to both answer important factual questions about the case(s) and to engage with your classmates in discussions and debates. We *encourage* debates based on evidence and logic, not on imputed motivations. Some of the topics can be sensitive and politically charged. We ask you not to cite by name the views expressed by your classmates to people who are not taking this class.

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1) Graded Deliverables

Class Participation

Participation during the class sessions accounts for 25% of your grade. Each participant is expected to prepare for and attend every assigned class session. If there is a case or listed reading material for a class, we expect you will contribute to the exchange of ideas based upon the readings. We value and encourage debates and discussions but ask that you to treat all points of views with respect and that you debate on the merits of the views, logic and evidence. We strongly discourage assigning putative motivations on the basis of comments given by your classmates. Debate the comments, not the persons providing the comments. We also value you bringing your work and life experiences into class discussions.

There are a number of class sessions set aside during the semester for teams to work on your projects and your research topics. On these days teams can meet in the classroom or any other location. If teams want to meet via Zoom link, or other media, please inform your mentor. Instructors and the TA will be available on these days in the main classroom if a person/team has any questions.

Host Introduction Email & Team Organization Memo

To begin the process of team introduction and project scoping, send an introductory email to your host sponsor introducing the team, your interest in working on their project, and requesting time for an initial call to discuss the project scope and objectives. This email is due by **Thursday, February 16th**.

The success of your project is affected by how well you organize and operate as a high-functioning team. Your team should discuss personal and team goals for the project, norms of work and behavior, and roles/responsibilities. By **Friday, February 17th**, send a team memo to your mentor indicating your team agreements in these areas.

*The Team Organization Memo and Host Introduction are **non-graded deliverables**.*

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Project Work Plan

Your team is responsible for creating a detailed work plan outlining the sponsor's business problem and how you intend to structure your work and resources to address the issue. Examples of past work plans can be found on the Canvas site.

Typically, a Work Plan is 7-10 pages long and covers the following elements:

- Sponsor business overview
- Problem definition
- Project scope
- Research and analytical methodology
- Timeline (workstreams, tasks, review points, deliverables)
- Contact information (names, emails, WeChat, etc.)
- Signature lines for team and sponsor approval

Your team will also submit a ***draft work plan*** by **Friday, February 24th**, for mentor review. Once you have your mentor's feedback, you will incorporate it into a ***final work plan*** and forward for your host company for sign-off by **Wednesday, March 1st**. You will also submit your host's signed copy of the work plan on Canvas.

Interim Research Report (IRR)

The IRR is the compilation of your team's preliminary research and analyses of your project. It is the document that communicates to your sponsor the results of your work to date, your initial hypotheses regarding the issues/solutions and direction of the work effort, and your plan for how you will use your time to push the project forward. The research encapsulated in the IRR is a substantial, stand-alone deliverable to your host company. IRRs often include your team's original industry analyses, market research findings, technology studies, or similar reports that give clients new insights and guidance. Sources used to prepare IRRs should be documented using complete citations to facilitate easy reference.

The form and scope of the IRR document should be negotiated with your client. It could be either a power point presentation or a written document. Typical presentations are 20-30 slides that communicate your work product to date, with citations, appendices/tables as necessary, and a bibliography. It should begin with an executive summary. If a written document, expect to produce at least 20-30 double-spaced pages of text (approximately 5,000-7,500 words, not including tables and appendices) of analysis, synthesis, and interim conclusions.

Your team will submit a ***draft IRR*** by **Monday, April 3rd** for mentor review. Once you have your mentors' feedback, you will incorporate it into a ***final IRR*** and submit it to your host company and mentor by email and on Canvas no later than **Monday, April 10th**.

Final Report

You will submit a draft of your final work product by **Friday, May 5th** for mentor review; the Final Report to the sponsor is due no later than noon on **Monday, May 15th** (the final day of class). All final work product must be submitted to your host company, to your mentor, and uploaded to Canvas. Your final deliverable should "stand on its own"; that is, it should have enough detail so that anyone reviewing it would understand the problem, your research methods, your final recommendation(s), a list of all research materials used and any models that you have created. If the form of your final report is a presentation, it must be annotated as necessary to convey the subject matter to its reader.

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Poster Session

We will hold an Action Learning poster session on **Thursday, April 27th**. This event gives each team an opportunity to highlight and publicize your work. Your team will prepare a poster and staff an online presentation position during this event. Poster details (including required dimensions and format) are posted on Canvas.

Student Project Updates

Each team member will write two project updates and submit them via email to the team's mentor. These *updates are confidential between you and your mentor – do not submit them to Canvas or copy to any other person*. These updates will allow your mentor to better understand your project's status and how best to support you and your team.

Your write up should be written in complete sentences and contain the following information:

- Status of the project: What has the team accomplished since your last update? Is your project “on track”?
- Individual contributions: What are the roles and effort for you, other team members, and sponsor?
- What is the plan for you and your teammates in the coming weeks to move the project forward? Have you had insights or “aha” moments that have affected your approach?
- Are there any issues you feel the mentor should know about?
- Format: 1-1½ pages, single spaced.

For your first update, please also include a paragraph that discusses your expectations for the course and what you hope to learn or gain from your experience in China Lab.

The first individual project update is due on Monday, February 27th. The second is due on Friday, April 7th.

The memos will be graded based on completion only, and can be brief if you feel the project is moving along smoothly and your mentor is aware of your progress and any challenges.

Course Reflection

Each team member will submit a reflection on what you have learned from the class – the project work, team dynamics, host company and people, market dynamics, managing in China, and the experience of working with a Sponsor located in another country. Also include any perspective you have gained on the future for China's business and economic performance, and as a global power. You can satisfy this requirement either through submitting a 2-3-page paper, or by a video report. Submit the reflection to your mentor and upload to Canvas.

The Course Reflection is due on Thursday, May 11th.

Host Company Feedback

We will solicit feedback from your host company about the team's performance. This will be considered as input to your final grade.

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2) Project Logistics

Administrative Support

The Action Learning Office will provide information on library research (to assist you with your remote research) and will review MIT policy regarding confidentiality, Non-Disclosure Agreements and data protection.

Onsite Project Work

Our current policy is that there will be no travel to China. We are monitoring the Covid-related policies in China and will make every effort to engage with companies where onsite work is possible (such as Hong Kong). **If travel is not possible, projects will be fully remote as has been the case the past two years.** In case of travel to Hong Kong, teams will work in their host company locations for 10 business days, beginning Monday, March 20th, through the close of business, Friday, March 31st.

3) Important Deadlines & Deliverables for Projects

Important deadlines and events related to the project deliverables are as follows:

Mon, Feb 13 th	Project Bids due
Thu, Feb 16 th	Introductory email to Host; Request for initial call
Fri, Feb 17 th	Memo on Team Formation, Norms and Roles (to Canvas)
Fri, Feb 24 th	Draft Work Plan (to mentor)
Mon, Feb 27 th	1 st Project Update (to mentor)
Wed, Mar 1 st	Final Work Plan (to sponsor, mentor, upload to Canvas)
Fri, Mar 3 rd	Open Mic Slide (upload to Canvas by 5pm)
Mon, Apr 3 rd	Draft Interim Research Report (to mentor)
Fri, Apr 7 th	2 nd Project Update (to mentor)
Mon, Apr 10 th	Final IRR (to sponsor, mentor, upload to Canvas)
TBD	Poster session
Fri, May 5 th	Draft Final Report/Presentation (to mentor)
Thu, May 11 th	Course Reflection (to Canvas)
Mon, May 15 th	Final Report/Presentation (to sponsor, mentor, upload to Canvas)

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Class Schedule¹:

H3

Session	Date	Classes/Meetings
1	Mon, Feb 6 th	Overview: Course Structure, Teaching Team Introductions, Course Objectives, Teammate Socializing
2	Wed, Feb 8 th	Project Reviews; Team Formation/Matching Process. Team Obligations and Teammate Socializing
3	Mon, Feb 13 th	Capitalism and the Party-State (HBS 9-721-040)
4	Wed, Feb 15 th	NDA Process; Research Support; Problem Definition, Project Scoping & Client Management; Team/Mentor Discussions
5	Tue, Feb 21 st	Team Working Session (Team Norms, Sponsor Intro); Mentor Meetings

6	Wed, Feb 22 nd	Technology Wars (1): Taiwan Semiconductor Manufacturing Company Limited (HBS, 9-320-045)
7	Mon, Feb 27 th	Technology Wars (2): Huawei: A Global Tech Giant in the Crossfire of a Digital Cold War (HBS, 9-320-089)
8	Wed, Mar 1 st	Technology Wars (3): TikTok and National Security (HBS, 9-722-020)
9	Mon, Mar 6 th	Open Mic
10	Wed, Mar 8 th	US policy on China: Jude Blanchette, Freeman Chair in China Studies at Center for Strategic and International Studies (CSIS), on China policy
11	Mon, Mar 13 th	Team working session
12	Wed, Mar 15 th	The Long Historical Roots of Chinese State: Yuhua Wang, Professor of Government at Harvard.

¹ Note: Guest speakers are primarily located in China, which will be 12 hours ahead of our class time in H4. It may be necessary to alter the date or participation of speakers based on unanticipated changes in their schedules.

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Mar 20th – 24th, SIP Week; Mar 27th – 31st, Spring Break
Remote Project Work

H4

13	Mon, Apr 3 rd	Energy & the Environment in China: Valerie Karplus, Associate Professor, Engineering and Public Policy, Carnegie Mellon U.
14	Wed, Apr 5 th	China's Current Business Landscape: Ginny Wilmerding, Partner, FGS Global; Shih-Hung Chen (MBA '11), Co-Founder, Shanghai Yulian IT Company, former VP Development Staples China
15	Mon, Apr 10 th	Team Working Session. Mentor Meetings
16	Wed, Apr 12 th	Belt and Road Initiative: Chinese Infrastructure Investment in Sri Lanka (HBS, 9-719-046)
	Mon, Apr 17 th	Patriot's Day Holiday; No class session
17	Wed, Apr 19 th	Investor panel: (Ying Li (MIT'06), CEO, Yunfeng Capital Elaine Wong (MIT '97), Co-founder, H+ Partners, MIT Board of Trustees; or working and research sessions and swap with 04/26
18	Mon, Apr 24 th	Political Economy of Taiwan: Guest speakers, Shirley Lin, Professor, University of Virginia and Jason Hsu, former legislator of Taiwan
19	Wed, Apr 26 th	Alternative date for investor panel, or Team Working Session
20	Mon, May 1 st	<p>The Future of Hong Kong and the Greater Bay Area: Class guests - Charleston Sin, Executive Director, MIT Hong Kong Innovation Node; Lewis Chan (MIT '91), CEO, Dragonmarts Xsight, Sloan Dean's Asia Advisory Board</p> <p>a) Economist article on Greater Bay Area: https://www.economist.com/china/2019/02/21/chinas-master-plan-rings-alarm-bells-in-hong-kong</p> <p>b) CSIS Commentary on Hong Kong in 2022 (Michael Martin): https://www.csis.org/analysis/hong-kong-2022</p> <p>or Team Working Session</p>
21	Wed, May 3 rd	Alternative date for The Future of Hong Kong and the Greater Bay Area, or Team Working Session

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22	Mon, May 8 th	Project Presentations
23	Wed, May 10 th	Project Presentations
24	Mon, May 15 th	Course Wrap Up: The Rise of China and the Future of Global Order; Project and Research Reflections