Economics of Chinese Entertainment, Media and Technology
DRAFT SYLABUS – SUBJECT TO CHANGE

NYU Stern School of Business
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COURSE GOALS

This course analyzes the economic issues facing Chinese business in the Entertainment, Media and Technology industries. Given differences in institutions, market structure, socio-economic development and regulatory frameworks, what are the simultaneous challenges of foreign market entry into China and Chinese market entry abroad? How is the Chinese market structure different from other economies and how is it evolving? How does the Chinese government influence domestic business and expansion abroad? What are the de jure vs. de facto differences in Chinese regulation? How do the political and regulatory environments inside China impact foreign firms? How have Chinese firms fared as they expand abroad and what political, regulatory and economic challenges have they faced?

This course addresses these and other related questions in an effort to prepare Stern students for the complex reality of China’s growing economic influence and the unique features of the EMT sector in China. Specific coverage will be given to the film, television, publishing, internet and broader technology sectors. While many Stern courses recognize the critical role that institutional and political contexts play in business decision-making, this course will focus specifically on the interaction between domestic and international firms and the government within China and globally.

RESPONSIBILITY, CONDUCT AND ATTENDANCE

I presume that we are all adults. There are several implications of this:

- As a teacher I have the responsibility to organize and present the material and to facilitate your learning.
- As a student you have responsibility for your own learning and we all learn from your contributions in class. Honor Code: I expect you to adhere to the Stern MBA Code of Conduct.
As there are only 14 meetings, I expect all students to be present for class, or to contact me ahead of time if you will be unable to attend. If you cannot attend a particular class session, please let me know in advance. No cell phones should be audible during class sessions, and text messaging and emailing during class is not permitted.

**GRADING**

The course grade will be based on the following items:

- Presentations 20%
- Class participation 30%
- Final Paper 50%

**PARTICIPATION**

Participation is a critical part of a seminar and a part of your grade. If needed, the Professor will divide up reading assignments so all students can serve as discussion leads for particular classes. Students will also do presentations in teams as part of the course (spread out toward the end of the semester) at the beginning of lectures.

**COURSE OUTLINE**

This course will combine some academic readings, three case studies, and real-time reading material (from financial media, foreign policy research outlets, think tanks, etc.). If current events focus on notable U.S.-China issues during the semester, they will be featured in class discussions; there will be an expectation that students will follow major China-related news stories. The course may include 1-2 special discussion sessions with an outside lecturer from the policy world.

*Session 1: The Chinese economy today*

- How should we see the evolution of the Chinese economy? What caused its growth miracle and why is it slowing down? What are the strengths and weaknesses of the Chinese system and what does it imply about how business works in the country?

*Required readings:*

- **Case Study**: Julie Wulf, “Alibaba Group,” HBS Case 9-710-436, April 26, 2010
Session 2: Microeconomic structure/Chinese Economy continued

- What is the role of the state in the Chinese economy? What potential do you see for Netflix and Uber in China? Why?

Required readings:
- Case Study: Netflix and Uber in China (handouts)

Session 3: Film, internet and censorship – Understanding state-business relations in China

- What were the choices confronting Google in 2010 when its values and interests came into conflict with the reality of doing business in China?
- How are media and telecom regulated in China and how do foreign firms operate in a highly censored environment?

Required readings:

Memo Due:
- Assess the pros and cons of staying in China for Google and make a recommendation. Think broadly about the implications for the company, all its products and services over the coming years and whether they should stay or go. Also, please be sure to assess why Google has struggled in China while considering your answer.
**Session 4:** Film, internet and censorship – State-business relations in China II

- How should we understand and interpret the central role of politics and state in the Chinese economy? How can we factor this reality into business decision-making?

**Required readings:**

- Elizabeth Economy, “China’s Imperial President,” *Foreign Affairs*, Nov/Dec 2014

**Session 5:** The impact of state ownership of firms in China

- What role do SOEs play in China? How is the Chinese financial system organized? How does the government influence financing of and operations in the EMT sector? How do the public and private sector compete?

**Required readings:**

- Elizabeth Economy, “China’s Imperial President,” *Foreign Affairs*, Nov/Dec 2014

**Session 6: A changing Chinese society and market I - The Chinese newspaper and publishing industries**

- How is the Chinese market different from other markets? How is it evolving?
- More specifically, what data do we have on wealth, inequality and consumer spending and what challenges do we think they present for firms (foreign and domestic) operating in China?
- How has the print media industry in China evolved in recent years and how does it differ from other international markets?

**Required readings:**

- **Case Study:** Ali Farhoomand, “Wal-Mart Stores: “Every Day Low Prices” in China,” Asia Case Research Centre, *University of Hong Kong*, HK590
- Tom Doctoroff, “What the Chinese Want,” *Huffington Post*, May 27, 2012 (or see also Long Excerpt/Chapter 1 of book)
- Primer on Chinese Publishing, Buchinformationszentrum (BIZ Beijing), 2014
Session 7: A changing Chinese society and market II – Consumer preferences, intellectual property and innovation

- What is the role of innovation in the Chinese technology sector? How are changing consumer preferences, intellectual property rules and government policy influencing these changes?

Required readings:
- Case Study: Xiaomi Phones
- Tom Doctoroff, “What the Chinese Want,” Huffington Post, May 27, 2012 (or see also Long Excerpt/Chapter 1 of book)

Session 8: A changing Chinese society and market III – China’s internet/social media landscape

- Who are the majors players in the Chinese internet, how did they succeed?
- What are the regional and generational differences and cleavages in the Chinese market?

Required readings:
- Laurie Burkitt and Peter Evans, “Western Firms Caught off Guard as Chinese Shoppers Flock to Web,” The Wall Street Journal, June 14, 2015

Session 9: The Chinese tech sector I - Institutional differences in finance, corporate governance and business practices

- What are the different Chinese and American approaches to business dealings? What are the key tensions in cross cultural negotiations and between very different legal environments? How effective is the Chinese legal system and how is it evolving?

Required readings:
- Case study: Zhigang Tao and Penelope Chan, “Yahoo: Relationship Crisis with Alibaba in China,” HKU970-PDF-ENG, June 12, 2012

Suggested readings (especially for those interested in law, corporate finance or accounting):
**Session 10: The Chinese tech sector II—Chinese vs. American business practices**

- How do Chinese and American approaches to business dealings vary? What are the key tensions in cross cultural negotiations and between very different legal environments? How effective is the Chinese legal system and how is it evolving?

**Required readings:**

- Richard Verrier, “For Hollywood, the road to China is littered with broken deals,” *The Los Angeles Times*, September 6, 2015

**Memo Due:**

- What are major sources of tension in US-Chinese negotiations and joint ventures? (e.g. How do the two sides tend to fundamentally differ in their approaches, attitudes and practices?) For either Yahoo and Alibaba, what could they have done differently?

**Session 11: Chinese firms go global I—The film industry**

- What challenges do Chinese firms face abroad? How should business leaders assess the geopolitical concerns of nations? How has Chinese outward M&A strategy evolved over the last decade? What challenges has Dalian Wanda faced?

**Required readings:**


**Session 12: Chinese firms go global II—The tech industry**

- How have Chinese technology companies fared in their globalization pursuits? What fundamental challenges do Chinese technology firms face abroad?

**Required readings:**

**Session 13: Trade disputes, trade agreements, international relations**

- What are the major areas of dispute between the US, China and other major countries? What impact do intellectual property disputes have on firms? How will recent trade agreements like the TPP (or Chinese negotiations for RCEP) impact the EMT industry?

*Required readings:*

**Session 14: Conclusion and the future**

- Wrap-up of course, predictions for the future of China

*Required readings:*
- None

**FINAL PAPER ASSIGNMENT HANDED OUT IN THE FINAL LECTURE**