

MOR-599: COMPETING AND MANAGING IN EMERGING MARKETS
Spring 2020
(3 Units)
Tuesday/Thursday 2-3:20pm in JKP 102

[This version: January 7, 2020]

Instructor: *Nan Jia & T.J. Wong*
Office: *HOH 518 (Jia), HOH 817 (Wong)*
Office Hours: *By appointment*
Email: Nan.jia@marshall.usc.edu ; tjwong@marshall.usc.edu

COURSE DESCRIPTION

Emerging markets offer both opportunities and challenges to business enterprises. Rising from a lower level of development, these markets can offer high growth opportunities. However, their underdeveloped institutions in protecting private property rights and facilitating market-based transactions could impede the development of business and eventually stagnate the growth in the economy.

In this course, we use a multi-disciplinary approach to understand how a country's institutions such as political economy, law and culture and social norm create challenges for its market development and business enterprises' operations. We identify differences of these institutional features from the prevailing forms of institutions in more-advanced market economies. The academic literature calls them "institutional voids", which result from the lack of development in the market as induced by the country's institutions. The typical institutional voids in an emerging economy include lack of protection of private property rights, and the underdevelopment of capital, labor and product markets. To win in an emerging economy, business enterprises need to develop strategies that allow them to navigate in such a business environment by filling the institutional voids.

To illustrate how the strategies in filling the institutional voids work, we will explore several topics in the course. We first explore how, in the absence of law, emerging market firms develop political connections and social networks as an alternative way to secure protection of their private property rights. We then turn to the development of capital markets in emerging economies. How do financial markets develop and operate in economies that lack strong legal protection? We will study the role of relational contracts and insider-based corporate governance in bridging the institutional gaps in the financial markets. We will also explore the role of the state, state-ownership and market entry in these economies. Finally, we will study topics concerning how technology, especially the development of AI, impact these emerging markets. Do these new technologies such as online business platforms help to fill the institutional voids? Does state involvement in the high-tech industry facilitate the development of technologies that enhance or destroy markets? How do technology firms develop business models that can fill the institutional voids in emerging markets?

There are two unique features of this course. First, we use a combination of in-class case analysis and in-class debates to foster experiential learning. The topics of the cases and debates are provided in subsequent sections. Second, we introduce "Research Frontier" in which the instructors and guest speakers discuss the new insights and findings of academic publications on each topic in the course, in order to introduce students to the frontier knowledge on the topic. Students will be able to not only learn about commonly accepted, established core knowledge, but also keep abreast with the frontier topics and current debates over the latest development of knowledge about these topics.

COURSE OBJECTIVES

By the end of this course students will:

- (1) Be able to identify how different business environments (e.g. legal system, social norms, system of government of the host country) inform a company's strategy and other key activities including financing, corporate government, R&D, public relations, and contracting through lectures and readings.
- (2) Be able to analyze how a firm's strategy and other key activities vary across countries through individual work, case work and team discussion.
- (3) Have adopted a global perspective whereby they can identify the key strategy and operational challenges and the mechanisms that can deal with these challenges through lectures, readings, in-class debate and team work.
- (4) Have the ability to extract key information from international business cases and present a logical argument in written form as well as a quantitative analysis using data exhibits through lectures, readings and case analysis.
- (5) Demonstrate critical thinking skills that allow them to assess arguments and proposals, engage in debates, and update their knowledge about topic through in-class debates and team work.

COURSE MATERIALS

The required cases and book chapters that we have no subscription for via USC Libraries are available for purchase in this link: <https://hbsp.harvard.edu/import/691004>

The other required readings are available in the library and also posted on Blackboard (BB). Bibliography information is included in the "detailed schedule."

GRADING

<i>Assignments</i>	<i>Points</i>	<i>% of Overall Grade</i>
<i>Class Participation</i>	<i>15</i>	<i>15%</i>
<i>Individual Exam1</i>	<i>25</i>	<i>25%</i>
<i>Individual Exam2</i>	<i>25</i>	<i>25%</i>
<i>Individual Preparation for and Participation in In-class Debates</i>	<i>15</i>	<i>15%</i>
<i>Group: group project presentation</i>	<i>10</i>	<i>10%</i>
<i>Group: group project write up</i>	<i>10</i>	<i>10%</i>
<i>TOTAL</i>	<i>100</i>	<i>100%</i>

CLASS PARTICIPATION

Class participation is an extremely important part of the learning experience in this course as the richness of the learning experience will be largely dependent upon the degree of preparation by *all* students prior to each class session.

We require class participation in lectures and case discussion. A course that incorporates the frequent use of case analyses to illustrate the practical application of concepts and practices requires the student to diligently and thoroughly prepare cases and actively offer the results of the analyses and conclusions derived as well as recommendations during each class session. Our expectation and that of your classmates are that you are prepared for *all* classes and will actively participate in and meaningfully contribute to class discussions.

In-class participation is also a critical part of this course's learning experience. Cold calling may take place to encourage active participation and to gain multiple perspectives and points of view, thus lending itself to the richness of the learning experience. In-class participation grading will be based on students' demonstrated willingness to participate and the quality of the comments expressed, rather than quantity. While some students are far more comfortable than others with class participation, *all* students should make an effort to contribute meaningfully.

Students will offer their opinions in group settings many times in their careers; thus, class participation serves to prepare students for this business experience.

The evaluating of in-class participation is based on the following:

- *Relevance* – Does the comment or question meaningfully bear on the subject at hand? Irrelevant or inappropriate comments can detract from the learning experience.
- *Responsiveness* – Does the comment or question connect to what someone else has said?
- *Analysis* – Is the reasoning employed consistent and logical? Has data from course materials, personal experience, or general knowledge been employed to support the assertions/findings?
- *Value* – Does the contribution further the understanding of the issues at hand?
- *Clarity* – Is the comment concise and understandable?

During class sessions, we frequently assume the role of a facilitator to encourage a discussion that includes perspectives from a variety of viewpoints and, secondly, to help pull together prevailing analyses and recommendations. The direction and quality of a discussion is the *collective responsibility of the class*.

For each in-class session two (2) points will be awarded to a student for relevant and meaningful participation, one (1) point for modest contributions to the class and zero (0) points for no participation or absence.

Class Participation—Behavioral Anchor Rating Scale:

Excellent Performance

- Initiates information relative to topics discussed
- Accurately exhibits knowledge of assignment content
- Clarifies points that others may not understand

- Shares personal experiences or opinions related to topic
- Offers relevant / succinct input to class
- Actively participates in class exercises
- Demonstrates ability to apply, analyze, evaluate & synthesize course material.
- Demonstrates willingness to attempt to answer unpopular questions
- Builds on other students' contributions

Average Performance

- Participates in group discussions when asked
- Demonstrates knowledge of course material
- Offers clear, concise, “good” information on class assignments
- Offers input, but tends to reiterate the intuitive
- Attends class regularly

Unacceptable Performance

- Fails to participate even when directly asked
- Gives no input to discussions
- Does not demonstrate knowledge of the readings
- Shows up to class: does nothing
- Distracts group / class
- Irrelevant discussion

INDIVIDUAL ASSIGNMENTS: EXAMS

We require that each student take two exams. The exams will include short answer and essay portions. The exams might be case-based in which case the cases will be given in class prior to exam week. The dates of the exam are TBA.

INDIVIDUAL ASSIGNMENTS: IN-CLASS DEBATES AND NOTES

The in-class debates are designed to foster experiential learning. For each debate, we provide a specific topic that is both core to the theme of the session and intensely debated by academics and practitioners.

The in-class debates differ from in-class discussion. Whereas the in-class discussion can be planned or spontaneous and concerns topics that change with the flow of the class, the in-class debates have clear, specific topics and require that students pick a side and conduct research beforehand;

We require that each student prepare and submit notes on **all** in-class debate topics of their choice such that the grading of in-class debates include both the written notes and the participation in the debates in class. *We will drop the lowest score of the five debates so only the highest four scores of the debates are counted.*

GROUP PROJECT

Students will form groups of three to four by the second week of the class, Each group will generate a group project, about which each group will present to the entire class at the end of the semester and submit a written report. We will provide more detailed instructions of the final group project, and reserve one session to meet groups on individual basis to help them prepare.

It is important for group members to work closely with one another and effectively perform the teamwork. We encourage the students to contact us with any questions or issues about the functioning of teams. We also ask each student to submit a peer evaluation form at the end of the semester; the peer evaluation form is attached in Appendix 1.

We provide more details in a separate file titled "Assignments and Grading Rubric – Group Project."

THE IMPORTANCE OF COURSE EVALUATIONS

The student course evaluations are valuable. This course is continuously improved, based on feedback from students and instructor observations

In order to continuously improve the effectiveness of our class, could you please take a few moments to answer the following questions:

1. How well do the course objectives support your general business knowledge and personal career goals?
2. What have you liked about this course so far?
3. Do you have any suggestions for improving the course experience?

STATEMENT ON ACADEMIC CONDUCT AND SUPPORT SYSTEMS

Academic Conduct

Students are expected to make themselves aware of and abide by the University community's standards of behavior as articulated in the [Student Conduct Code](#). Plagiarism – presenting someone else's ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in *SCampus* in Part B, Section 11, "Behavior Violating University Standards" <https://policy.usc.edu/scampus-part-b/>. Other forms of academic dishonesty are equally unacceptable. See additional information in *SCampus* and university policies on scientific misconduct, <http://policy.usc.edu/scientific-misconduct>.

Support Systems

Counseling and Mental Health - (213) 740-9355 – 24/7 on call
studenthealth.usc.edu/counseling

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call

suicidepreventionlifeline.org

Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

Relationship and Sexual Violence Prevention and Services (RSVP) - (213) 740-9355(WELL), press “0” after hours – 24/7 on call

studenthealth.usc.edu/sexual-assault

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

Campus Support & Intervention (CSI) - (213) 740-0411

<https://campussupport.usc.edu/>

A team of professionals here to assist students, faculty, and staff in navigating complex issues. Whether you are here seeking support for yourself or someone else, we are available to help you problem solve, understand options, and connect with resources. Please note that we are not an emergency resource and are not available 24/7.

Office of Equity and Diversity (OED)- (213) 740-5086 | Title IX – (213) 821-8298

equity.usc.edu, titleix.usc.edu

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants. The university prohibits discrimination or harassment based on the following *protected characteristics*: race, color, national origin, ancestry, religion, sex, gender, gender identity, gender expression, sexual orientation, age, physical disability, medical condition, mental disability, marital status, pregnancy, veteran status, genetic information, and any other characteristic which may be specified in applicable laws and governmental regulations. The university also prohibits sexual assault, non-consensual sexual contact, sexual misconduct, intimate partner violence, stalking, malicious dissuasion, retaliation, and violation of interim measures.

Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298

usc-advocate.symplicity.com/care_report

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office of Equity and Diversity | Title IX for appropriate investigation, supportive measures, and response.

The Office of Disability Services and Programs - (213) 740-0776

dsp.usc.edu

Support and accommodations for students with disabilities. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs.

USC Support and Advocacy - (213) 821-4710

uscsa.usc.edu

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

Diversity at USC - (213) 740-2101

diversity.usc.edu

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

dps.usc.edu, emergency.usc.edu

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call

dps.usc.edu

Non-emergency assistance or information.

COURSE OUTLINE AND ASSIGNMENTS

Week	Session	Date	Topics/Daily Activities	Readings	Deliverables with Due Dates	Instructor
<i>Week 1</i>	S1	January 14	Course Introduction			Nan & TJ
	S2	January 16	Defining Emerging Markets and Theoretical Framework	Reading		Nan & TJ
<i>Week 2</i>	S3	January 21	Private Property Protection: Political Hazard	Case		Nan
	S4	January 23	(Cont'd)	Research Frontier (guest speaker)		Nan & Ben Graham
<i>Week 3</i>	S5	January 28	Political Connections and Corruption	Case & debate	Debate Notes Due	Nan
	S6	January 30	(Cont'd)	Research Frontier		Nan
<i>Week 4</i>	S7	February 4	Financial market	Case		TJ
	S8	February 6	(Cont'd)	Research Frontier		TJ
<i>Week 5</i>	S9	February 11	Relational Contracting in Financial Markets	Case	Group List Due	TJ
	S10	February 13	(Cont'd)	Research Frontier		TJ
<i>Week 6</i>	S11	February 18	Developing Group Project	In class meeting		Nan & TJ
	S12	February 20	Technology Development in Emerging Markets	Case & Debate	Debate Notes Due	Nan
<i>Week 7</i>	S13	February 25	(Cont'd)	Research Frontier	Group project proposal due	Nan
	S14	February 27	(Cont'd)	Case; & Reading guest speaker		Nan & Eric Thun
<i>Week 8</i>	S15	March 3	Midterm Review			Nan & TJ
	S16	March 5	Exam 1			Nan

<i>Week 9</i>	S17	March 10	Artificial Intelligence in Global Business	Case		Nan
	S18	March 12	(Cont'd)	Research Frontier		Nan
<i>Week 10</i>			<i>Spring Break</i>			
<i>Week 11</i>	S19	March 24	Corporate Governance	Case		TJ
	S20	March 26	(Cont'd)	Readings; Research Frontier		TJ
<i>Week 12</i>	S21	March 31	Strategy of Dealing with Malfeasance	Case		TJ
	S22	April 2	(Cont'd)	Debate	Debate Notes Due	TJ
<i>Week 13</i>	S23	April 7	State Ownership	Readings; Research Frontier		TJ
	S24	April 9	(Cont'd)	Debate	Debate Notes Due	TJ
<i>Week 14</i>	S25	April 14	Developing Group Project	In class meeting		Nan & TJ
	S26	April 16	Presentations of Group Projects		Group Presentation Due	Nan & TJ
<i>Week 15</i>	S27	April 21	Strategic Consequence of the New Global Environment	Case		Nan
	S28	April 23	(Cont'd)	Debate	Debate Notes Due	Nan
<i>Week 16</i>	S29	April 28	Course wrap		Group Report due	Nan & TJ
	S30	April 30	Exam 2			Nan & TJ

OVERVIEW OF IN-CLASS DEBATES

Week	Session	Topic of Debate
3	January 28	Political Connections: Blessing or Curse?
6	February 20	Technology development in emerging markets: Innovators or copycats?
12	April 2	Protecting Insiders or Outside Investors?
13	April 9	Is the State a Helping Hand or a Grabbing Hand?
15	April 23	Is it the End of the Globalization?

* We require that each student prepare and submit notes on **all** in-class debate topics of their choice, and participate in in-class debates about these issues. The grading of in-class debates includes both the written notes and the participation in the debates in class. We will drop the lowest grade of the five in-class debates so only the **highest four** scores will be counted.

DETAILED SCHEDULE

Week 1: Course Introduction & Defining Emerging Markets and Theoretical Framework

(We provide overview of the course and introduce the general theoretical framework and the central notion of "institutional void.")

Session 1 January 14: Course Introduction

no required reading

Session 2 January 16: Defining Emerging Markets and Theoretical Framework

Required reading:

Khanna, Tarun; Palepu, Krishna, 2010, "The Nature of Institutional Voids in Emerging Markets," excerpt from "Winning in emerging markets: A Road Map for Strategy and Execution" published by Harvard Business Press, Boston MA (5904BC-PDF-ENG) *(available in HBSP online course pack)*

Optional reading:

Khanna, Tarun; Palepu, Krishna, 2010, "The Emerging Arena," excerpt from "Winning in emerging markets: A Road Map for Strategy and Execution" published by Harvard Business Press, Boston MA

Week 2: Private Property Protection: Political Hazard

(We discuss political hazard facing firms in many emerging markets which results from lacking protection of private property from political elites.)

Session 3 January 21: Case and Reading

(1) Required Case:

"Hermitage's Russia Quandary (A)" 2011 (HBSP 9-711-054) *(available in HBSP online course pack)*

Case Questions:

1. *What was the Hermitage strategy, and how well was it working?*
2. *What should Browder do now?*

Optional Reading:

Jones, Geoffrey; Khanna, Tarun; Wright, Nataliya, 2018 "Corruption and Business in Emerging Markets" HBSP 9-319-054

Rice, Condoleezza, and Amy B Zegart "Managing 21st Century Political Risk" in Harvard Business Review, May-June 2018.

Ang, Yuen Yuen, Unbundling Corruption: Revisiting Six Questions on Corruption (November 5, 2019). Global Perspectives. Available at

SSRN: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3481412

Session 4 January 23: Research Frontier & Guest Speaker (Professor Ben Graham, USC Political Science and International Relations)

(2) *Research frontier* – Government Incentives & Political Hazards
(no readings required; instructor presentation)

Optional Reading:

Graham B., Johnson N., Kingsley A. “Governments aren't seizing businesses these days. They're just siphoning off funds through transfer restrictions” *The Washington Post*, 2017 (*available via USC libraries and on BB*)

Jia N., Mayer K.J. 2017. Political Hazards and Firms’ Geographic Concentration. *Strategic Management Journal* **38**(2): 203–231 (*available via USC libraries and on BB*)

Guest speaker:

Ben Graham, Associate Professor of Political Science and International Relations (USC Dornsife)

Week 3: Political Connections

(We discuss if and how firms can reduce political hazards by making connections with political elites.)

Session 5 January 28: Case and Debate

(1) *Required Case:*

"Sons and Daughters: Guanxi as a Double-Edged Sword" 2019 (ST71-PDF-ENG) (*available in HBSP online course pack*)

Case Questions:

1. *What is guanxi and how is it used when conducting business in China? How is it usually built?*
2. *What is the Sons and Daughters program at J.P. Morgan and its competitors? How is it related to guanxi?*
3. *What are the advantages and disadvantages to having a Sons and Daughters program?*

(2) *Debate: Political Connections: Blessing or Curse?*

Required Reading:

“How Political Connections Help (and Hurt) Chinese Startups?” *Harvard Business Review*, August 16, 2019 (H0547N-PDF-ENG) (*available in via USC Libraries and on BB*)

“How Deutsche Bank Hired Its Way to the Top in China” *The New York Times*, October 14, 2019 (*available at: <https://www.nytimes.com/2019/10/14/business/deutsche-bank-china-hiring.html> and on BB*)

Optional Reading

"State Capture and Business in South Africa" *The Economist*, Dec 9, 2017.

Brett Sheehan, 2015 "Industrial Eden: A Chinese Capitalist Vision" Harvard University Press

Session 6 January 30: Research Frontier

(3) *Research frontier* – Corporate Political Connections
(no readings required; instructor presentation)

Optional Reading:

Haveman H., Jia N., Shi J, Wang Y. 2017. The Dynamics of Political Embeddedness in China. *Administrative Science Quarterly* 62(1): 67-104. (available via USC libraries and on BB)

Jia N., Zhao B., Lu J., Zheng W. *No Free Lunch After All: Corporate Political Connections and Firms' Location Choices*. Working paper.

Sun, P. Mellahi K., Thun E, 2010 "The dynamic value of MNE political embeddedness: The case of the Chinese automobile industry" *Journal of International Business Studies* 41(7): 1161-1182 (available via USC libraries and on BB)

Week 4: Financial markets

(We discuss how conventional financial markets function differently in emerging markets due to the differences in institutions such as political economy, legal system and social norm)

Session 7 February 4: Case

(1) *Required case*

"Securities and Exchange Board of India: Developing and Regulating India's Capital Market" (HBSP 9-117-049) (available in the online course pack)

Session 8 February 6: Research Frontier

(2) *Required reading*

Rajan, Raghuram G., and Luigi Zingales. "Which capitalism? Lessons from the east Asian crisis." *Journal of Applied Corporate Finance* 11, no. 3 (1998): 40-48.

(3) *Research frontier* – *Financial Markets in Emerging Markets*
(no readings required; instructor presentation)

Optional Reading:

La Porta, Rafael, Florencio Lopez-de-Silanes, Andrei Shleifer, and Robert W. Vishny. *Law and finance*. No. w5661. National Bureau of Economic Research, 1996.

Claessens, S., Djankov, S. and Lang, L.H., 2000. The separation of ownership and control in East Asian corporations. *Journal of financial Economics*, 58(1-2), pp.81-112.

Fan, J.P. and Wong, T.J., 2002. Corporate ownership structure and the informativeness of accounting earnings in East Asia. *Journal of accounting and economics*, 33(3), pp.401-425.

Rajan, Raghuram. *Fault lines*. HarperCollins Publishers, 2012, pp. 1-20.

Week 5: Relational Contracting in Financial Markets

(We discuss how relational networks fill the void in contracting, enforcement of contracts and communication in financial markets.)

Session 9 February 11: Case

(1) Required case:

"Ant financial (A)" (HBSP 9-617-060) *(available in online course pack)*

Session 10 February 13: Research Frontier

(2) Required reading

Sheng, H.H. and Mendes-Da-Silva, W., 2014. The Big Family: Informal Financing of Small-and Medium-Sized Businesses by Guanxi. *Thunderbird International Business Review*, 56(2), pp.157-171. *(available in online course pack)*

(3) Research frontier – Relational Contracts in Financing

Optional Reading:

Allen, F., Qian, J. and Qian, M., 2005. "Law, finance, and economic growth in China" *Journal of financial economics*, 77(1), pp.57-116.

Li, Z., Wong, T.J., and Yu G., 2019. "Information Dissemination Through Embedded Financial Analysts: Evidence from China" *The Accounting Review*, forthcoming.

Week 6

Session 11 February 18: Developing Research Project in Class

Week 6/7: Technology in Emerging Markets: Disruptors, Innovators, and Copycats

(We discuss technological development in emerging markets, and in particular, the role of the state.)

Session 12 February 20: Case and Debate

(1) Required Case:

"China's Digital Landscape: Imitating or Innovating?" (SMU253-PDF-ENG) *(available in HBSP online course pack)*

Case Questions:

1. *How is the digital scene evolving in China?*

- a. *Why have so many Western firms failed in this space?*
- b. *What are the reasons for Chinese companies' success?*
2. *Are the major Chinese digital players' imitators or innovators?*
3. *Will the Chinese digital players go beyond China, and if so, will they be successful?*
4. *How should digital marketers play in the Chinese market?*

(2) *Debate: Technology development in emerging markets: Innovators or copycats?*

Required Reading:

“Why China Can’t Innovate and What It’s Doing About it,” Harvard Business Review, March 2014 (R1403J-PDF-ENG) *(available via USC libraries and on BB)*

“Innovation Lessons from China,” MIT Sloan Management Review, June 17 2014 (SMR493-PDF-ENG) *(available via USC libraries and on BB)*

“Understanding China’s Next Wave of Innovation,” MIT Sloan Management Review, April 1 2019, 60(3) (SMR750-PDF-ENG) *(available via USC libraries and on BB)*

Optional Reading:

Amazon vs Alibaba: Which is best for Manufacturers or Consumers.” Advisory HQ.
Alibaba and the future of business: Harvard Business Review. September-October 2018

Innovative China: New Drivers of Growth. The World Bank. September 16 2019
(<http://documents.worldbank.org/curated/en/833871568732137448/Innovative-China-New-Drivers-of-Growth>)

Session 13 February 25: Research Frontier

(3) *Research frontier – Can the State Jumpstart Technological Development?*
(no readings required; instructor presentation)

Optional Reading:

Ang J., Jia N., Yang Bo., Huang K. *The Limits of Commanding Innovation: Evidence from Chinese Patents.*

Jia N., Huang K.G., Zhang C.M. 2019. Public Governance, Corporate Governance, and Firm Innovation: An Examination of State-Owned Enterprises. *Academy of Management Journal* 62(1): 220-247 *(available via USC libraries and on BB)*

Session 14 February 27: Case and Guest speaker (Professor Eric Thun, Oxford University)

(1) *Required Case:*

Digging for Growth in China: Volvo Construction Equipment and Shandong Lingong *(provided by author/guest speaker; available on BB)*

(2) Required Reading:

Brandt L., Thun E., 2016 "Constructing a Ladder for Growth: Policy, Markets, and Industrial Upgrading in China" *World Development*, 80: 78-95 (*provided by author/guest speaker; available on BB*)

Guest speaker:

Professor Eric Thun (Said Business School, Oxford University)

Week 8: Exam 1 review and Exam 1

Session 15 March 3: Midterm Review

Session 16 March 5: Exam 1 in class

Week 9: Artificial Intelligence in Global Business

(We discuss how the applications of artificial intelligence in businesses affect global business).

Session 17 March 10: Reading and Case

(1) Required Reading:

"Artificial Intelligence in Business Gets Real" Oct 31, 2018, MIT Sloan Management Review (SMR718-PDF-ENG) (*available via USC libraries and on BB*)

"Collaborative Intelligence: Humans and AI Are Joining Forces" Harvard Business Review (R1804J-PDF-ENG) (*available via USC libraries and on BB*)

"What China Can Teach the U.S. About Artificial Intelligence," New York Times, September 22 2018 (available at: <https://www.nytimes.com/2018/09/22/opinion/sunday/ai-china-united-states.html> and on BB)

Optional Reading:

WEF. (2016) "The Future of Jobs: Employment, Skills, and Workforce Strategy for the Fourth Industrial Revolution." *World Economic Forum* (http://www3.weforum.org/docs/WEF_Future_of_Jobs.pdf)

"The Future of Work: How New Technologies Are Transforming Tasks" *MIT-IBM Watson Lab*. (full report: <https://mitibmwatsonailab.mit.edu/research/publications/paper/download/The-Future-of-Work-How-New-Technologies-Are-Transforming-Tasks.pdf>; Intro: <https://www.ibm.com/blogs/research/2019/10/mit-ibm-watson-ai-lab-future-of-work/>)

Session 18 March 12: Research Frontier & Guest Speaker

(2) Research frontier – Artificial Intelligence in Management & Comparison in China and U.S. (no readings required; instructor presentation)

Optional Reading:

Jia N., Fang Z., Luo X., *Management by AI-Bot: A Field Experiment of Employee Performance Coaching*

Jia N., Luo X., Fang Z., Xu B. *Can Artificial Intelligence (AI) Substitute or Complement Managers? Divergent Outcomes for Transformational and Transactional Managers in a Field Experiment*

Huang K. Miric M., Jia N., *Rivalry in Artificial Intelligence Innovation? Comparative Analysis of China and the U.S.* Working paper

Week 10: Spring break, no class

Week 11: Corporate Governance

(We discuss how corporate governance functions differently in emerging markets, and how firms use different forms of governance to enforce operational and financial contracts, not just resolving agency problem with investors like the US)

Session 19 March 24: Case

(1) *Required case:*

“Ayala Corporation” October 18, 2006, HBSP 207041-PDF-ENG (*available in online course pack*)

Session 20 March 26: Readings

(2) *Required Reading*

Khanna, Tarun, and Krishna Palepu. "Why focused strategies may be wrong for emerging markets." *Harvard business review* 75 (1997): 41-54.

Khanna, T., Palepu, K. and Sinha, J., 2006. Strategies that fit emerging markets. *Harvard Business Review*, 84(10), pp.60-69.

(3) *Research frontier – Corporate governance in emerging markets*
(no readings required; instructor presentation)

Optional Reading:

Wong, T.J., 2019. “Bridging Relational Networks and Markets: Corporate Governance, Accounting Information and Relational Contracts” USC Working paper.

Week 12: Strategy of Dealing with Malfeasance: Relational Contracts and Network-induced Agency Problem

(Since corporate governance plays a strategic role in facilitating relational contracts, we study how firms alleviating agency conflicts with outside shareholders while taking care of related stakeholders).

Session 21 March 31: Readings and Case

(1) *Required case:*

“Olympus (A)” October 10, 2012, HBSP 413040-PDF-ENG (*available in online course pack*)

(2) *Optional reading:*

Fei, Xiaotong, Gary G. Hamilton, and Zheng Wang. *From the soil, the foundations of Chinese society: a translation of Fei Xiaotong's Xiangtu Zhongguo, with an introduction and epilogue*. Univ of California Press, 1992.

Session 22 April 2: Readings

(2) *Debate: Protecting insiders or outside investors?*

Required reading:

Holmstrom, Bengt, and Steven N. Kaplan. "The state of US corporate governance: What's right and what's wrong?" *Journal of Applied Corporate Finance* 15, no. 3 (2003): 8-20.

Franks, Julian, and Colin Mayer. "Corporate ownership and control in the UK, Germany, and France." *Journal of Applied Corporate Finance* 9, no. 4 (1997): 30-45.

(3) *Research frontier –Governance Strategy in Emerging Markets*

Optional Reading:

Wong, T.J., 2019. “Bridging Relational Networks and Markets: Corporate Governance, Accounting Information and Relational Contracts” USC Working paper.

Week 13: State Ownership

(We discuss the benefits and costs of direct state intervention for firms.)

Session 23 April 7: Readings and Case

(1) *Required case*

"China Netcom: Corporate Governance in China (A)" December 10, 2007, HBSP 308027-PDF-ENG (*available in online course pack*)

(2) *Research frontier – State Capitalism in Emerging Markets*

(no readings required; instructor presentation)

Fan, J., Wong, T., Zhang, T., 2013. “Institutions and Organizational Structure: The Case of State-Owned Corporate Pyramids” *The Journal of Law, Economics, and Organization*, 29 (6) (2013): 1217-1252

Session 24 April 9: Readings

(3) *Debate: Is the state a helping hand or a grabbing hand?*

Required Reading:

Bremmer, I. (2009). State capitalism comes of age. *Foreign Affairs*, 88(3), 40-55. (available in online course pack)

Book Review of Ian Bremmer's "The End of the Free Market: Who Wins the War Between States and Corporations?" by Loyd Ekildson in *Tribune Business News*, 2010.

Wolf, Martin. (2013). "The State is the Real Engine of Innovation". *Financial Times*. (Book Review of Marina Mazzucato's "The Entrepreneurial State: Debunking Public vs. Private Sector Myths").

Huang, Yasheng. (2008). "Just How Capitalist is China?" MIT Sloan School working paper.

Week 14: Presentations of Group Project

Session 25 April 14: Developing Group Project in Class

Session 26 April 16: Presentation of Group Project

Week 15. Strategic Consequence of the New Global Environment

Session 27 April 21: Case

(1) Required Case

Harley-Davidson 2018: Trump, Tariffs and the Future (HBSP TB0563-PDF-ENG) (available in HBSP online course pack)

Case Questions:

1. How did Harley-Davidson navigate the international arena in the past?
2. What are the key risks and challenges it faces, domestically and internationally?
3. What should Levatich do? Please be specific about actions he should take to manage the risks.

Session 28 April 23: Debate

(2) Debate: Is it the End of Globalization? Opportunities and Challenges Facing Globalization

Required Readings:

Globalization in the age of Trump, *Harvard Business Review*, 2017 (R1704J-PDF-ENG) (available via USC libraries and on BB)

Manufacturers move supply chains out of China, *Wall Street Journal*, July 2019

(<https://www.wsj.com/articles/manufacturers-move-supply-chains-out-of-china-11563096601> and on BB)

Optional Reading:

"What You Need to Know About Globalization's Radical New Phase," Boston Consulting Group (BCG), July 2016, available at:

<https://www.bcgperspectives.com/content/articles/globalization-growth-what-need-know-globalization-radical-new-phase/>

“GE Immelt Signals End to 7 Decades of Globalization,” *Fortune*, May 20, 2016
<http://fortune.com/2016/05/20/ge-immelt-globalization/>

“The Global Forces Inspiring a New Narrative of Progress,” McKinsey Quarterly, April 2017,
available at: <http://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/the-global-forces-inspiring-a-new-narrative-of-progress>

“The retreat of the Global Company”, *Economist*, January 28, 2017, available at:
<http://www.economist.com/news/briefing/21715653-biggest-business-idea-past-three-decades-deep-trouble-retreat-global>

Week 16: Course Wrap & Exam 2

Session 29 April 28: Course Wrap
(no readings required; instructors' lecture)

Session 30 April 30: Exam 2

Appendix I. MARSHALL GRADUATE PROGRAMS LEARNING GOALS

How MOR-599 Contributes to Marshall Graduate Program Learning Goals

Marshall Graduate Program Learning Goals	MOR-599 Objectives that support this goal	Assessment Method*
<p><i>Learning Goal #1: Develop Personal Strengths.</i> Our graduates will develop a global and entrepreneurial mindset, lead with integrity, purpose and ethical perspective, and draw value from diversity and inclusion.</p>		
1.1 Possess personal integrity and a commitment to an organization's purpose and core values.	1	Participation; in-class debate; group project
1.2 Expand awareness with a global and entrepreneurial mindset, drawing value from diversity and inclusion.	1, 2, 3	Case presentations, group project
1.3 Exhibit awareness of ethical dimensions and professional standards in decision making.	3	Case presentations; participation
<p><i>Learning Goal #2: Gain Knowledge and Skills.</i> Our graduates will develop a deep understanding of the key functions of business enterprises and will be able to identify and take advantage of opportunities in a complex, uncertain and dynamic business environment using critical and analytical thinking skills.</p>		
2.1 Gain knowledge of the key functions of business enterprises.	1, 2, 3, 4	Exams, cases
2.2 Acquire advanced skills to understand and analyze significant business opportunities, which can be complex, uncertain and dynamic.	2, 4	Exams, cases
2.3 Use critical and analytical thinking to identify viable options that can create short-term and long-term value for organizations and their stakeholders.	5	Cases, group project
<p><i>Learning Goal #3: Motivate and Build High Performing Teams.</i> Our graduates will achieve results by fostering collaboration, communication and adaptability on individual, team, and organization levels.</p>		
3.1 Motivate and work with colleagues, partners, and other stakeholders to achieve organizational purposes.	4, 5	Group projects; in-class debates
3.2 Help build and sustain high-performing teams by infusing teams with a variety of perspectives, talents, and skills and aligning individual success with team success and with overall organizational success.	4, 5	Group projects, debates
3.3 Foster collaboration, communication and adaptability in helping organizations excel in a changing business landscape.	3	Exams, cases

Appendix II

PEER EVALUATION FORM

Please identify your team and team members for the ____ Project(s) that you worked on. Then rate all your team members, *including yourself*, based on the **contributions** of each team member for the selected assignment according to the criteria listed below. On a scale of 0 – 2 with 0 indicating does not meet expectations, 1 meets expectations and 2 exceeds expectations, rate each person on each of the five criteria. Lastly, add up the points for each person with the maximum number of points for each person being 10. In the box below, describe the exact contributions of each team member, including yourself.

Team Members/ Assessment Criteria of Team Contributions	Team Member 1	Team Member 2	Team Member 3	Yourself
1. Role Performance				
2. Assists Team Members				
3. Listening and Discussing				
4. Research and Information Sharing				
5. Time Management				
Total				

Contribution details: