CHEUNG KONG GRADUATE SCHOOL OF BUSINESS

FALL 2011

BEIJING | SHANGHAI | SHENZHEN | HONG KONG | LONDON | NEW YORK

CHINA GOES WEST
CKGSB OPENS LONDON OFFICE
NEW EUROPEAN ADVISORY BOARD ANNOUNCED

HOW DOES CORPORATE TRANSPARENCY INFLUENCE STOCK RETURNS?
CHINA'S SUPPLY CHAIN MANAGEMENT CHALLENGES
DO BEIJING'S VEHICLE RESTRICTIONS DAMPEN ECONOMIC ACTIVITY?
**MESSAGE FROM THE DEAN**

With the opening of its European branch, CKGSB celebrates a milestone in its goal of becoming a global business school, says CKGSB Founding Dean Xiang Bing.

**LONDON LAUNCH**

London Launch: CKGSB Goes West

CKGSB celebrated the opening of its European branch with a ceremonial launch at Spencer House, London.

CKGSB European Advisory Board

To mark its new presence in London, CKGSB announces its European Advisory Board with deep global business experience.

**London: The Evening in Pictures**

On September 6, CKGSB held a ceremonial launch for its European office at Spencer House, London.

**What Can a Chinese Business School Offer the West?**

Associate Dean of Global Programs Sun Baohong shares CKGSB’s goals in its unprecedented move westward.

**Emerging Markets Are Important to Europe-China Ties**

The CEO of international investment firm 3i, Michael Queen, reveals why he believes CKGSB has huge potential in Europe.

**CHINA INSIGHT**

How Does Corporate Transparency Influence Stock Returns?

Research from Professor Gan Jie implies that stock prices are affected by unknown information.

What Happens to Consumption When Housing Prices Drop Dramatically?

In the paper that garnered her a 2011 Barclays Global Investors Michael Brennan Award second prize, CKGSB Professor Gan Jie examines the fluctuating real estate market in Hong Kong from 1992 to 2004.

Policy Focus: Do Beijing’s Clean-Air Vehicle Restrictions Dampen Economic Activity?

CKGSB Assistant Professor Brian Viard studied key trends in the economic and air quality effects of various driving restriction policies instituted by the Beijing government in the lead-up to and after the Beijing Olympics period in 2008.

How Consumer Product Knowledge Affects Pricing Strategies

New research by Associate Professor of Marketing Jing Bing sheds light on the effects of seller-induced learning and reveals when companies should invest in consumer product education.

Does Conversation Eradicate Pernicious Cascades?

How do people make choices to invest in a certain company or buy a particular product? Do they make rational choices or do they just follow the crowd? Professor Henry Huining Cao explores these questions in his research.

How Will China Shake Up Supply Chain Management?

CKGSB’s Supply Chain Thought Leaders Roundtable gathered 30 prominent researchers and leading Chinese executives for two days to discuss supply chain management in China.

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Meet a world-class faculty with unmatched insight into Chinese business and its global implications. Connect with the network of entrepreneurs and visionaries defining tomorrow’s China. CKGSB’s business education programs and alumni network introduce you to China through the eyes of the individuals who are driving the returns on Chinese and global business.

Join us at CKGSB and Know What’s Next.

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MESSAGE FROM THE DEAN

Chair CKGSB we know that the future of management education will belong to those organizations that establish global learning platforms. It was, therefore, with great pleasure that we celebrated the ceremonial launch on September 6 of CKGSB’s European branch in London—the first milestone in CKGSB’s transformation into a truly global institution.

It is fitting that CKGSB is the first Chinese business school to embark on this westward journey. After all, we are surrounded by an unprecedented: China’s first independent, not-for-profit and faculty-governed business school. In Europe we will continue building an international platform to bridge the knowledge gap that fundamentally underlies between nations with different cultural, economic and institutional development.

Those intellectual bridges are being built by CKGSB’s world-class faculty. From the world’s top academic journals, CKGSB professors use their deep expertise to generate original insight on Chinese business and management. As authorities on China, they not only know the dynamics of competition and collaboration between state-owned enterprises, joint ventures and multinational corporations, they also grasp the implications of China’s emergence on the world economic landscape. As Chinese businesses globalize and emerging markets move to center stage, our faculty is playing a crucial role in helping companies from around the world adapt and thrive.

Leveraging this world-class faculty and its insights on China and other emerging markets, CKGSB already offers innovative executive education courses with top business schools throughout the world. CKGSB’s new European branch will offer executive education programs that link Western educators with business leaders who are shaping China’s economy directly, as well as linking Chinese executives to global business leaders. China’s economic transformation does not just affect companies with operations in China, but also companies in Europe and around the world that want to understand the impact of China’s entry into global markets.

Our unrivalled alumni network provides a tangible link between East and West. CKGSB’s more than 4,000 alumni include leaders of industry and pioneers of China’s new economy—they have over-achieved expertise in the world’s most exciting emerging market. For them, China’s past thirty years of reform is no abstract phenomenon, so they are well-placed to lead the next phase of China’s economic growth. Whether publicly listing on stock exchanges, acquiring equity in companies or partnering with other firms, our alumni are increasingly integrating into the fabric of global business.

After fewer than ten years, not only has CKGSB’s westward move placed us at the forefront of a new model of global business education, we are also pioneering the teaching of social conscience in Chinese business. At CKGSB, we inculcate our students with more than just the strategies—the “how to”—of financial success. Our curriculum also integrates humanities courses to make of our students’ education the teaching of social conscience in Chinese business.

At CKGSB, we inculcate our students with more than just the strategies—the “how to”—of financial success. Our curriculum also integrates humanities courses to make of our students’ education a lifelong commitment to helping companies from around the world adapt and thrive.

Leveraging this world-class faculty and its insights on China and other emerging markets, CKGSB already offers innovative executive education courses with top business schools throughout the world. CKGSB’s new European branch will offer executive education programs that link Western educators with business leaders who are shaping China’s economy directly, as well as linking Chinese executives to global business leaders. China’s economic transformation does not just affect companies with operations in China, but also companies in Europe and around the world that want to understand the impact of China’s entry into global markets.
The emphasis thus far in business education has been what the West can export to the East—and China has perhaps been too modest about its own role as a creator and disseminator of knowledge,” said Sir Victor Blank, Business Ambassador for UK Trade and Investment, at CKGSB’s ceremonial launch in Europe on the evening of September 6. “CKGSB is at the leading edge of this movement.”

CKGSB’s official entry into the European market was a crucial milestone in the school’s globalization. Such endorsements from Sir Victor, among other high-level business leaders, politicians and nonprofit representatives, were key to ensuring that CKGSB came to Europe with strong support.

With the launch of the London office, CKGSB’s goal in the European market is to broaden the reach of its executive education programs, and eventually, to offer globally focused degree programs in Europe. It does so with an eye towards filling knowledge deficits in the West about Asia and emerging markets—thereby contributing to a global business environment of mutual cooperation, respect and prosperity.

Speakers at the launch ceremony praised CKGSB’s mission of bridging gaps in knowledge and culture in today’s shifting global economic order—especially with regard to China, the largest emerging power of all. The speakers included Lord Green of Hurstpierpoint, UK Minister of State for Trade and Investment; Lord Patten of Barnes, Chairman of the BBC; Liu Xiaoming, Chinese Ambassador to the UK; and Solina Chau, Director of the Li Ka Shing Foundation.

“The role of business schools in general is much more complex, much more subtle, much broader than it used to be, as they seek to train the leadership of today and indeed the leadership of tomorrow,” noted Lord Green in his address.

Liu stated of the European launch ceremony that, “What we witness today is a new milestone in China-Europe business cooperation. We are witnessing a new wave of collaboration and innovation in the field of global business education, and this is a very positive development.”

Solina Chau and CKGSB Dean Xiang Bing laid forth CKGSB’s vision of a sustainable and socially responsible business leader: “The emphasis thus far in business education has been what the West can export to the East—and China has perhaps been too modest about its own role as a creator and disseminator of knowledge,” said Sir Victor Blank.

“CKGSB GOES WEST”

To mark its new presence in Europe, CKGSB announces its European Advisory Board, whose members have deep global business experience.

Sir Victor Blank

UK Business Ambassador

چیتیمز‌آف‌کی‌پی‌اس (CTP) Capital

Sir Victor Blank has made significant contributions to the UK banking and finance sector over an extensive career in a diverse range of fields. Under each of the last two governments, Blank has served as Business Ambassador for UK Trade and Investment.

Charles-Edouard Bouée

President

Roland Berger Strategy Consultants

Charles-Edouard Bouée is the President of Roland Berger Strategy Consultants, Asia and a member of the firm’s Global Executive Committee. Bouée is also an economic advisor to the French Government (Conseiller du Commissaire au Commerce Extérieur) in China, and a member of the Shanghai board of the European Chamber of Commerce in China.

Dr. Karl-Ulrich Köhler

CEO Tata Steel Europe

Dr. Karl-Ulrich Köhler is the Chief Executive Officer and Managing Director at Tata Steel Europe. Dr. Köhler is a former member of the executive committee of the World Steel Association, the Vice Chairman of VDA, the German Iron and Steel Institute and has held many leadership positions within the steel industry.

Michael Queen

CEO

Michael Queen is Chief Executive of 3i, a global private equity investment group with over $20 billion in investments worldwide. Queen specializes in the healthcare and financial services sectors and from 2000 to 2003 was Chairman of the British Venture Capital Association.

James Richards

Group Director China

Dr. Ralf Speth

CEO

Jaguar Land Rover

Dr. Ralf Speth is the Chief Executive Officer of Jaguar Land Rover (JLR Group – Tata Motors). Dr. Speth has over 22 years of experience in the European auto industry holding high-profile positions at Land Rover (BFR), Ford Ltd. and the Landro Group.

Makoto Sweeting

Managing Partner

Clifford Chance

Makito Sweeting is the Managing Partner of global law firm Clifford Chance. He has been a partner at Clifford Chance’s Financial Practice since 1990. He has also been a leader of the London Banking Group and was previously a member of the Firm’s Partnership Council (1991-1995).

Sarah Turvill

Chairman

Willis Group

Sarah Turvill is the Chief Executive Officer and a director at De La Rue PLC, China since 2010. Turvill has previously worked in the Emerging Markets and International Operations subsidiaries within Willis Group. Ms. Turvill has been Chairman of Willis International Holdings Limited since November 2006 and serves as its Director.
The evening in pictures

On September 6, CKGSB held a ceremonial launch for its European office at Spencer House, London.

CKGSB Associate Dean of Global Programs and Professor of Marketing Sun Baohong delivers a talk on the business implications of social media in China.

Lord George of Harewood, UK Minister of State for Trade and Investment, speaks about the importance of UK-China ties.

Lord Green of Hurstpierpoint, UK Minister of State for Trade and Investment, speaks about the importance of UK-China ties.

CKGSB Assistant Dean Zhou Li.

CKGSB Assistant Dean Zhou Li.

Lord Patten of Barnes, Chairman of the BBC Trust and Chancellor of Oxford University, speaks with Stephen Barter, Chairman of London and Shanghai Holdings Ltd.

Introductions between Solina Chau, Director of the Li Ka Shing Foundation (left) and Liu Xiaoming, Chinese Ambassador to the UK.

CKGSB EMBA students enjoy tea in Spencer House prior to the start of the launch ceremony.

CKGSB EMBA students enjoy tea in Spencer House prior to the start of the launch ceremony.

In his speech, CKGSB Dean Xiang Bing reaffirms the school’s commitment to corporate responsibility.

CKGSB EMBA students enjoy tea in Spencer House’s dining room.

From left to right: Patrick O’Connell, President and CEO, Federal and Central Transformations at CH2M HILL; Stephen Barter, Chairman of London and Shanghai Holdings Ltd; Xiang Bing, CKGSB Dean; and Jack Yu, International Policy Advisor, North Asia & Pacific at The Law Society of England and Wales.

CKGSB EMBA students enjoy tea in Spencer House’s dining room.

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CKGSB Assistant Dean Zhou Li.

CKGSB Assistant Dean Zhou Li.
WHAT CAN A CHINESE BUSINESS SCHOOL OFFER THE WEST?

Associate Dean Sun Baohong shares CKGSB’s goals with its unprecedented move westward.

For nearly a decade of innovating management education within China, CKGSB has now taken the next step by establishing a platform in Europe for its expertise and networks, based out of a new office in St. James’s Square, London. CKGSB Associate Dean of Global Programs, Sun, was born and raised in China before going on to earn her Ph.D. at University of Southern California. Before joining CKGSB as Dean Distinguished Chair and Associate Dean of Global Programs, Sun was Carnegie Bosch Professor of Marketing at the Tepper School of Business and Professor at Carnage Mellon University, and consultant to some of the West’s most recognizable brands.

CKGSB is the first Chinese school to expand westward with the September 6 launch of its European operations. What does the school hope to achieve with this move?

After nine years of rapid growth in China, CKGSB is ready to go global with a platform that links us and emerging markets insight to the global economy. CKGSB is a partner in this respect. Many are surprised to hear that a Chinese business school is moving into Europe, which has moved to the forefront of Western universities expanding into China.

To help people better understand CKGSB’s global initiative, we need to explain our targeting and positioning strategy. We are not a Chinese business school—we strive to be a global business school with an emphasis on East Asia and emerging markets. Our mission is to develop knowledge on global business and understand the future, says Sun.

How can the expansion benefit CKGSB’s global knowledge base?

Our European branch will be an international platform that connects the research and business communities in Europe and China with our world-class faculty and influential alumni network in order to facilitate the identification, development and exchange of new knowledge on global business management. We have identified three broad knowledge areas where CKGSB can offer particular insight.

First, as China’s domestic economy continues to grow, many multinational companies face new competition from local companies. Gone are the days when foreign companies could make double-digit growth by simply identifying a business opportunity and exporting a product and strategy to China. In order to continue that legacy in China, MNCs need to develop deep and insightful knowledge on local “grassroots” Chinese consumers and companies.

Second, the ranks of Chinese companies with global aspirations will increase over the next decade. CKGSB aims to support Chinese companies and alumni going West. We will foster collaboration between European and Chinese companies and develop knowledge on international collaboration, managing global brands, catching up on R&D and improving the global competitiveness of Chinese companies.

Finally, since it was founded, CKGSB has partnered with leading global business schools, and we will use a lot of potential that move to continue developing strong relationships with top European institutions. This expansion will significantly enhance our collaborative abilities by delivering our unique knowledge, world-class faculty and influential alumni network directly to our European partners. We also have a nascent North American operation based out of New York that will do the same thing.

Western universities are eager to establish operations in China— it has become an imperative to have a presence in China for business and university alike. What is CKGSB’s advantage as a Chinese business school in the West?

When Western universities expand into China, most of them adopt a broad extension strategy. They offer their educational services and MBA/EMBA diploma to Chinese students whereas much adaptation of the content. As the first Chinese business school going West, our mission, target audience, content and value propositions are very different from Western universities going East.

Our mission is to generate and deliver knowledge about the global economy with an emphasis on East Asia and emerging markets. Our target audience is high-level decision-makers from the West who want to know what role China and other emerging markets will play in the next decade—not the role they played in the past or are now playing. The insights delivered by CKGSB’s faculty into the transformation of Chinese businesses in the global economy are unrivaled because our faculty is the most qualified to speak on this subject.

The bulk of our faculty members were born and raised in China and have established their careers at top U.S. or European business schools. After establishing their careers abroad, they have returned to CKGSB for resources and direct access to study Chinese business in the same way they once studied leading Western companies. After nine years, we have accumulated a great wealth of insightful knowledge related to China, East Asia, emerging markets, and the global economy. As authorities on global business, our faculty also know China and Asia from inside out. They can provide global perspective with them into their classrooms at CKGSB. Many business executives who have taken classes in China greatly appreciate our faculty using their own cases to explain China-specific situations and bring in guest speakers from our strong alumni network to share their best practices.

Also of importance, CKGSB has established a strong and influential global alumni network. As our alumni include key industry leaders and innovators in Chinese business, this is a unique advantage that CKGSB offers to the West. Among our alumni are some of the West’s best-known Chinese business leaders, including Jack Ma of Alibaba. Equally crucial are our numerous alumni whose names are not widely recognized in the West, but who are in various capacities—from managers to CEOs—to helping shape entire industries in China. The companies and brands that CKGSB alumni are building today will be global players tomorrow. Our unique alumni network will afford CKGSB unrivaled opportunities to foster mutual understanding and cooperation in the global business community.

You bring a great deal of expertise on the differences in Chinese and Western conceptions of branding. From your perspective, what is CKGSB’s short- and long-term strategy for entering the European market and establishing itself in the global market?

In the short term, we will offer customized executive training and open enrollment programs targeting high-level executives. In the long term, we will work with top European business schools to develop a joint EMBA program. This will offer students opportunities to gain 360-degree insights into global management education—to include economics, political and legal environments, culture, and business ethics. With original content, new values and innovative formats designed into these programs, what we offer will be one-of-a-kind in global business education.

CKGSB will be different in terms of brand management strategy. As a non-profit educational institute, CKGSB’s global mission is to generate new knowledge and create impact among business leaders. Like all of those who have traveled to understand our country, we will not use our brand to sell our mission. The only thing we will sell is education. We have a mission, target audience, content and value propositions very different from Western universities going East. Our faculty will position itself as those new smart through rigorous research. We will host regular events for business leaders from Europe and Asia, our world-class faculty and influential alumni to share ideas and find areas for potential collaboration. Our goal is to build an international platform that enables continuous knowledge generation, idea exchange and business networking opportunities.

“Demand among Chinese companies with global aspirations will increase over the next decade and we want our global branch to be a platform for that in the future,” says Sun.

CKGSB Associate Dean Sun Baohong with global aspirations the future, says Sun.
EMERGING MARKETS ARE IMPORTANT TO EUROPE-CHINA TIES

CKGSB’s progress in the European market in coming years will be aided by key figures such as Michael Queen, Chief Executive of UK-based international investment firm 3i and a member of CKGSB’s newly formed European Advisory Board.

Michael Queen’s position on the board was announced September 6 at CKGSB’s ceremonial launch in London, along with board members Sir Victor Blank, Business Ambassador of UKTI; Charles-Edouard Bouée, President, Asia of Roland Berger; Dr. Karl-Ulrich Köhler, CEO of Tata Steel Europe; James Richards, China Group Director of De La Rue PLC; Dr. Ralf Speth, CEO of Jaguar Land Rover; Malcolm Swearing, Managing Partner of Clifford Chance; and Sarah Turvill, Chairman of Willis International.

Queen joined 3i in 1987 and is currently the Chief Executive. He was previously Managing Partner of 3i’s Infrastructure business and Global Head of Growth Capital. Queen is also a member of the British Prime Minister’s Business Advisory Group.

We caught up with Queen in London at the European launch and asked him to share his thoughts on CKGSB’s presence in Europe.

How did you first hear of CKGSB and what led you to accept the offer to serve on the European Advisory Board?

Having followed CKGSB since its inception in 2002, it is clear to me that it has huge potential and a lot to offer the global business community. I saw parallels between my role as an investor in businesses, where there is a significant focus on growing companies (often through international expansion), and the opportunity to serve on the European Advisory Board.

What role do you envision the Advisory Board playing in CKGSB’s growth in Europe?

As a CKGSB advisory board member, can you share some advice on how the school can fill these knowledge deficits and contribute to a global business environment that is underpinned by mutual understanding, cooperation and prosperity?

To succeed in the coming decades, western businesses will need to embrace the growth of the emerging world rather than see it as a challenge. As trade barriers fall, internationalization is going to become an increasingly vital factor in the success of any business and Western companies need to be open to this.

You might easily take my own company, 3i, as an example — up until the 1980s, we invested almost entirely in UK business and had been doing exactly that since 1945. However, as financial markets became more international, so did we. We saw some great opportunities for investment across the globe, and expanded to take advantage of them. Such international growth has been a fundamental driver of our business in recent years and we now operate across five continents.

What do you see as the major knowledge deficits among Western business leaders about doing business in emerging economies? And in China, specifically?

Companies need to be cautious not to show naivety when doing business in emerging economies. It is very easy for Western business leaders to try and enforce business models that have succeeded in their home markets on emerging markets, but often there are fundamental differences, whether institutional or cultural, that prevent this from working. This is especially true for China, which has a very unique business environment that needs to be fully understood by any company wanting to do business there.

As a CKGSB advisory board member, can you share some advice on how the school can fill these knowledge deficits and contribute to a global business environment that is underpinned by mutual understanding, cooperation and prosperity?

I would advise the school to focus on its ability to educate Western business leaders on doing business in China. CKGSB is in an excellent position to be able to bridge the gap between business ambitions to do business in China and the understanding required to be able to do so. Through well-designed executive education and experience, these two factors can be brought closer together.

It is very easy for Western businesses to try and enforce business models that have succeeded in their home markets on emerging markets, but often there are fundamental differences, whether institutional or cultural, that prevent this from working.

To succeed in the coming decades, western businesses will need to embrace the growth of the emerging world rather than see it as a challenge. As trade barriers fall, internationalization is going to become an increasingly vital factor in the success of any business and Western companies need to be open to this.
What happens to consumption when housing prices drop dramatically?

Professor Gan Jie explored this question by examining the fluctuating real estate market in Hong Kong from 1992 to 2004. “Suddenly housing prices declined, followed by a drop in consumption that was larger than expected in relation to GDP.” But why was this? What does the housing market have to do with what we, as customers, consume?

In the absence of refinancing and relaxation of credit constraints, housing wealth can have a substantial impact on consumption.

According to the authors’ research on U.S. firms from 1976-2004, facts that only change slowly over the long-term such as managerial quality have a greater impact on synchronicity for older firms because it takes many years for the market to discover and digest this information. ADRs lead to a 4% increase in stock return synchronicity after the ADR year, in contrast to being 4% lower in the year before the ADR listing. SEOs have a smaller impact, boosting stock return synchronicity by 1% in the one to two years after the SEO, in contrast to being 1% lower in the year prior to the SEO. Basically, synchronicity decreases before the information releases associated with ADRs and SEOs, but increases afterward. ADR listings are likely to be bigger information ovums than SEOs as the listing firms need, in addition to usual disclosure, comply with SEC regulations that typically require more disclosure than exchanges in their home countries,” the authors said.

“Our model suggests a dynamic response of return synchronicity to an improvement in the information environment. At the times when new information is disclosed and impounded into stock prices, the firm-specific return variation will increase. But since a big chunk of relevant information is already reflected in stock prices, the firm-specific return variation will decrease. As a result, the proportion of returns explained by market-wide information increases,” the authors said.

While many researchers had focused on small panels, Gan’s investigation was able to conduct full use of this dataset. Indeed, she was not only one of the first to conduct conclusive research on this topic. Not only was the vast amount of research impressive, but also the fact that it was conducted by a solo author.

Gan’s research was groundbreaking in the world of finance as no one had completed conclusive research on this topic. Next only was the vast amount of research impressive, but also the fact that it was conducted by a solo author.

“Next, Professor Gan would like to turn her hand to researching the fluctuating housing market in the U.S. in addition to China, but also to other countries as well, especially those facing tough economic times,” the authors said. "The results in this paper illustrate a powerful channel through which housing price movements can be transmitted into the economy. In particular, they suggest that the current slowdown in the housing market in the U.S. may have an amplifying effect on economic growth due to reduced consumer spending." Gan writes.
China Insight

Policy Focus: Do Beijing’s Car-Limitation Restrictions Dampen Economic Activity?

CKGSB Assistant Professor Brian Viard studied key trends in the economic and air quality effects of various driving restriction policies instituted by the Beijing government in the lead-up to and after the Beijing Olympics period in 2008.

Even Effective Policies Have Costs

Half-way-concious Beijing residents were able to breathe a little easier soon after their city finished hosting the 2008 Olympics Games—but the finer air may have come at a direct economic price to the city.

In October of that year the city announced that, following a brief trial, it would once again begin regulating the number of automobiles allowed on its streets, potentially lowering levels of harmful air pollutants.

In reality, these new post-Olympics driving restrictions were a near-reversal of the rules that Beijing had earlier imposed leading up to and during the Olympics. Those restrictions had daily barred half of all private automobiles from roadways in the sprawling downtown area, except from midnight to 5 a.m.

In contrast, the current incarnation of the restrictions would only bar one-fifth of vehicles on a given weekday from 7 a.m. to 8 p.m. and only from 6 a.m. to 9 p.m. The restricted time was subsequently reduced again to between 7 a.m. and 8 p.m. and remains in place today.

Nevertheless, CKGSB Assistant Professor of Strategy and Economics Brian Viard and research partner Fu Shihe of the Wang Yanan Institute for Studies in Economics at Xiamen University have demonstrated in a forthcoming paper that the current driving restrictions have in fact improved Beijing’s air quality. Though other research has shown improvements in the city’s air quality, theirs is the first study to demonstrate the specific impact of driving restrictions while controlling for other pollution-reducing factors such as factory closures and upgrades in mass transit.

Drawing conclusions from statistical analysis of nearly three years’ worth of data from dozens of municipal air quality monitoring stations, Viard and Fu estimate that the current driving restrictions have led to an average 8% reduction in levels of particulate matter—one of the most harmful types of air pollution.

The immediate benefits to public health of even such a modest drop in pollution are indisputable: cleaner air means healthier lungs and fewer illnesses. But through the eyes of an economist, even well-intentioned and effective policies can carry concealed expense. This method, Viard says, “is not only the magnitude that matters, also the type of jobs these people are in, as they ultimately innovate and create jobs that affect other people.”

Viard and Fu estimate that driving restrictions make it more difficult for people to get to work, causing them to spend more time at home and leading to an overall decrease in hours worked. Most workers are required to be at work by a certain time and will turn to public transit or carpooling when faced with driving restrictions. “Of particular interest were people with flexible work hours—people whose schedules can be adjusted in response to the inconvenience posed by driving restrictions.”

The challenge was finding a reliable method of estimating changes in working hours, a set of data that could serve as a proxy for the daily behavior of Beijing’s millions of workers.

As it turns out, Chinese marketers have for some time used quite sophisticated and accurate tools for measuring television viewership. Controlling for other factors, a rise in television viewership that coincides with the schedule of driving restrictions is evidence that the restrictions are causing people to not go to work as often. Viard and Fu obtained a trove of viewership data and went to work.

The data indicated that the driving restrictions had no significant effect on workers with flexible work hours, but that there was an 11% to 15% rise in viewership during restricted driving hours by self-employed workers who generally have flexible work schedules. Driving restrictions were keeping those workers home.

Self-employed people are important in economic activity because that category tends to contain many entrepreneurs or people who manage others. “It’s not only the magnitude that matters, also the type of jobs these people are in, as they ultimately innovate and create jobs that affect other people,” says Viard.

With cities around the world continuing to grapple with congestion and air pollution, Viard and Fu’s paper lays important groundwork for future research.

The Road Ahead

Evolving car growth in China’s less developed second-tier cities means that they could soon be facing many of the same issues as Beijing. In the future, policies implemented in Beijing could filter down into other cities making the capital a harbinger of congestion and pollution-solving strategies around China.

Viard predicts that despite high levels of compliance for the Beijing driving restrictions, such policies will become less effective over time and that alternate methods of reducing congestion should also be considered.

“As China’s economy is growing, more and more people buy cars ever time, so we expect the stock of cars to go up,” says Viard.

“When you put driving restrictions in place, it reduces the number of people on the road because when you’ve effectively forced some people off the road, congestion decreases. When people see the congestion is lower, more and more people buy cars and that congestion is going to start to fill up again… you somehow have to continue to increase or taper up the insanity of the restrictions because we know the total number of cars will go up over time.”

The current restrictions may seem something to be desired in terms of economic efficiency. They are enacted arbitrarily based on the final digit of a car’s license plate. During the Olympics period, cars with even-numbered final digits could not drive on even-numbered dates, while odd-numbered cars were barred on odd-numbered dates. A similar license plate-based system now decreases the number of cars on the road for one out of every five weekdays.

Alternative methods for reducing the number of cars on the road include increasing the price of fuel and increasing the price of licenses and vehicle registration to raise the overall cost of driving.

These steps could reduce pollution and congestion because only those who have the desire and financial means to drive would take to the expense. Viard argues that these measures are more effective than driving restrictions based on numbers.

The Beijing government has begun to institute additional driving restriction policies to limit the stock of vehicles on Beijing’s roads—including instituting limits in late 2010 on the total number of new licenses that can be issued each year.

“Remains to be seen how effective that is,” says Viard. “I haven’t seen dates yet on how much they have reduced the number of licenses; it’s not terribly restrictive though we’re not going to see a very big change. But if it is, then we should see a much greater effect on decreasing pollution.”

The Bottom Line

As China auto fleet grows and ages, the air pollution produced by vehicles will continue to contribute to increasingly severe pollution management situations. Viard and Fu’s trailblazing research shows that it is important for policymakers to keep economic considerations in mind, even as they guide us toward open roads and blue skies.
New research by Associate Professor of Marketing Jing Bing sheds light on the effects of seller-induced learning and reveals when companies should invest in consumer product education.

If customers know that a product will afford a high price in the future, they will pay more for it now than they otherwise would, even if they do not yet know whether it is worth it to them or not.

The Model
Jing decided to test his research on common durable goods—expensive purchases that are difficult to replace. These products, like new cars, washing machines, software packages, or commercial equipment, represent a large investment for customers (whether individuals or companies) and are replaced infrequently. Unlike more disposable products, therefore, it is unusual for a customer to buy, try it out, then try something else. Instead, customers rely much more on learning (whether exogenous or seller-induced) to figure out what a durable product’s value is to them.

For his research, Jing created a hypothetical two-stage model. In the first stage, customers know only generally what the value of a given complex durable product is for them—they know it falls within a certain range (say, $2 million to $10 million) but not exactly what it is. At this stage, the company can see how EL impacts the marketplace (i.e., what fraction of customers will be reached by EL, opposition to EL, and can choose to invest in EL to raise that fraction. Customers are also aware of learning-opportunities, but have not yet had a chance to take advantage of them. As a result, the constrained value of the product for a given customer is the mean of the range of possible vals (in the above example, $6 million). The company sets a price for the product at this stage, and can choose whether to release the product at that price or hold off until learning has had a chance to take effect.

In the second stage, customers are divided into two groups: those who have been exposed to learning opportunities and know the true value of the product for them, and those who do not know the true value and use the mean customer valuation. The company can then set a new price, which it can keep relatively low to appeal to uninformed customers (potentially getting more sales, but at a lower profit margin) or raise to appeal to the informed customers with high “true” valuations (possibly a smaller group, but with a higher profit margin per customer). If the company hasn’t released the product yet, it does so at this point.

Using this model, Jing sought to answer two questions:

1) For a certain amount of learning in the marketplace (whether SIL or EL), what pricing and release strategy should a company use?

2) Given the amount of learning in the first stage, when does it make sense for a company to invest in SIL?

The Results
Jing research shows that the amount of learning in the market affects prices in two ways. One of these effects he anticipated: the more customers learn, the true value of a product for them, the higher the price that a company can charge. But if the learning is superfluous. Only after the mean customer valuation is known, the true value will fall in between.

The second effect was unexpected. Because customers in the model are aware of the amount of learning in the marketplace, they recognize that if they wait until Stage 2 to buy a product, they end up facing a higher price. Thus, Jing found that the effect of learning in the marketplace plays a more significant role than the post-purchase learning seen for pre-purchase learning: a company’s optimal Stage 1 price also drops.

As a result, the company’s optimal strategy is to defer its product release to Stage 2, when it is optimal to release the product. The next step, Jing says, is to integrate this new research into a more comprehensive stage model. In the future, the company will be able to invest more in EL, because even if they do not yet know whether it is worth to them or not.

Whether this effect comes into play or not, however, depends on how high the mean unit cost of a product is compared to its average valuation by customers. Jing used the model to examine three possible cases when the unit cost is high, when the unit cost is low, and when it falls somewhere in between.

For the scenario where the unit cost was either low or high, Jing’s results were fairly intuitive. For low costs, companies can make enough money pot sell even by charging prices close to the mean valuation; that’s more in their interest to maximize volume than to maximize profit margin percentage. Therefore, the model suggests, companies should release their product early as the lower Stage 1 price. In contrast, if unit costs are high, releasing the product early at Stage 1 prices squeeze a company’s margins, therefore, companies should generally wait until Stage 2 to release the product, when they can charge higher prices to informed customers.

Jing found, however, that the results for medium unit costs were more intriguing. In this situation, the secondary effect of learning that he observed came into play. If the marketplace is full of learning once the customers are high, releasing the product early at Stage 1 prices squeeze a company’s margins, therefore, companies should generally wait until Stage 2 to release the product, when they can charge higher prices to informed customers.

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The secondary effect of learning over the threshold that will spark a Stage 1 buying frenzy, enabling a company to release early and therefore reap the benefits from both stages.

Implications
Jing admits that his research only captures certain situations in the marketplace. First, as mentioned earlier, Jing focused his analysis on complex durable goods: pre-purchase learning (via SIL and EL) plays a more significant role than the post-purchase learning seen for pre-purchase learning. Furthermore, monopolistic situations like the one modeled in Jing’s paper rarely occur in the real world, where competition is the norm in many product categories. Wildly new inventions, highly innovative products or pieces of software protected by patents might fall into this category, suggests Jing.

Nevertheless, Jing’s research sheds new light on the role that learning plays in consumers’ decision-making and on the ways that companies can use EL to shape demand and price, and therefore profit margins, higher. As a result, the company’s optimal strategy is to defer its product release to Stage 2, when it is optimal to release the product, and therefore profit margins are higher. As a result, the company’s optimal strategy is to defer its product release to Stage 2, when it is optimal to release the product, and therefore profit margins are higher. As a result, the company’s optimal strategy is to defer its product release to Stage 2, when it is optimal to release the product, and therefore profit margins are higher.
Does Conversation Eradicate Pernicious Cascades?

How do people make choices to invest in a certain company, or buy a particular product? Do they make rational choices or do they just follow the crowd? Do their choices get better if they witness the outcome of decisions others have made?

Rather than making individual choices, people are often drawn towards taking certain actions by those around them, by observing their behavior and its outcomes, and engaging in conversation.

The herd mentality – jumping on the bandwagon, following fads and fashions – is a human characteristic that behavioral scientists are keen to understand. In finance, it is a key reason for stock and asset bubbles and crashes. Although many such events seem irrational, it is still possible to gain useful insights into why they happen. Behavioral scientists do this by bringing together theories from psychology and economics, and statistically analyzing their findings.

THE INFORMATION CASCADE

Rather than making individual choices, people are often drawn towards taking certain actions by those around them, by observing their behavior and its outcomes, and engaging in conversation. This is the social learning part of decision-making. It is also possible to do what other people are doing, as their actions are presumably based on favorable information. In turn, those who follow those actions are informed, too. This phenomenon is called an information cascade.

The problem with information cascades is that they often result in uninformative outcomes as the data is not representative of all participants in the cascade. Observing the actions of others and its outcomes, and engaging in conversation. This is the social learning part of decision-making. It is also possible to do what other people are doing, as their actions are presumably based on favorable information. In turn, those who follow those actions are informed, too. This phenomenon is called an information cascade.

The first externality is that individuals fail to see the benefit to later decision-makers of adopting their actions. The second is that the quality of payoff information affects the quality of later decision-makers’ choices.

Positive developments in society are harmed by a lack of experimentation or the “road less travelled.” Consider the example of scientific research grants: although individual researchers may benefit from having a small number of broad funding channels, society will gain from having more diversity of funding organizations. This could enable more research into less frequently investigated areas.

A LITTLE LESS CONVERSATION

Observation of payoffs does not necessarily help reduce bad decision cascades. The earlier payoff information becomes known, the sooner a reinforcing cascade will start up. Conversely, if there is less conversation at the start, more information will be available for aggregation by later players before “cascades deg the flow of information.”

Moreover, conversation about payoff doesn’t seem to help. Conversation is often “noisy,” meaning that it lacks factual substance. Engaging in conversation makes it hard to pick out the real payoff information.

Information blockage

However, society can settle into patterns of continuously making sub-optimal decisions that information cascades are not strong enough to disrupt. Information blockage results only limited sayings to observation or conversation in order to occur. Information is aggregated inefficiently because of externalities.

The first externality is that individuals fail to see the benefit to later decision-makers of adopting their actions. The second is that the quality of payoff information affects the quality of later decision-makers’ choices.
Although current supply chains are optimized from East to West, China’s burgeoning middle class and rising consumer power require a re-optimization of supply chains from East to East.

Roundtable participants included leaders from Wal-Mart China, IBM Asia Pacific, Yihaodian, TAL Apparel Limited and Creditease. Leading professors from University of Michigan, University of Pennsylvania; Edwin Keh, Former COO Global Procurement of Walmart; Junling Liu, CEO of Yihaodian; and Lou Zhou, Director of Client Service Procurement of IBM Asia Pacific.

Participants agreed that as China continues at its current growth rate, Chinese companies and MNCs will benefit from more information-sharing on supply-chain management challenges and strategies. Giving scholars from leading universities and Chinese business leaders this forum to produce new collaborations is a vital step towards understanding China’s growth.

“Every competitor out there is building their own delivery capabilities. I do not think that this is efficient for a whole industry; a whole economy. My opinion is that this was not done by choice — somehow we need to help the industry develop,” said Junling Liu, CEO of Yihaodian.

Retailers like Walmart China addressed the key question of sustainability. How can companies build a quality supply base to deliver high-quality goods to customers without compromising on price or losing to cheaper e-commerce alternatives? Soft marketing of sustainable products can provide the education necessary to help consumers develop sustainable consumption habits.

Professor Morris Cohen of the Wharton School, University of Pennsylvania, commented: “Giving scholars from leading universities and Chinese business leaders this forum to produce new collaborations is a vital step towards understanding China’s growth.”
PROFESSOR CHEN FANGRUO TALKS ABOUT SUPPLY CHAIN CHALLENGES IN CHINA

As multinational companies expand in China and local businesses scale up, a key challenge is to develop and manage a sustainable supply chain in a rapidly changing economy. CKGSB Visiting Professor Chen Fangruo, a participant in the school’s recent Supply Chain Thought Leaders Roundtable, shares his thoughts on how China can shake up global supply chain management.

Why is it important to bring supply chain thought leaders to China? What role will this roundtable play in determining the sustainable development of Chinese businesses?

This roundtable is looking for the next big thing in supply chain management, with a focus on China. The conference gives [participants] the opportunity to look at the supply chain problems from a systemic standpoint.

The roundtable plays a significant role in both the way companies practice supply chain management as well as in how supply chain management is researched and taught.

What are China’s main supply chain challenges and what do you think needs to happen structurally in the next few to ten years to address these issues?

I think Chinese companies are beginning to see that it is not just about managing your operations well and reducing costs, but it also means working well with upstream and downstream partners.

I think companies are making that change and that going forward, the next step will be how to use information to rationalize the decisions on the supply chain. The next challenge is how to make use of that wealth of information to improve supply chain management.

What are some common problems MNCs face in developing sustainable supply chains in China? How do they differ from the problems that local companies face?

In general, the problems they face are similar but MNCs might have some prior experience with them. If they are gone, then your experience, expertise, and capabilities are gone.

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What is the wealth of the people? (In Chinese, suozi renca) as a contrast to the more established Wealth of Nations. While Adam Smith’s influence has caused the latter term to be tied to Western countries and the promotion of free enterprises, Wang argues that the term in China has been interpreted quite differently when Chinese use the term renca ("national wealth"). He believes it has been used to justify various flawed policies that emerged in the wake of Deng Xiaoping’s economic reforms. The goal of his latest book, The Wealth of the Chinese People, is to challenge these policies, correct the misconception by which they are justified, and propose policies that will better ensure balanced and sustained growth for China’s economy.

Hence, Wang feels, not only is it a brake on Chinese economic growth, but it is also a serious danger to its long-term social and economic stability. He believes it has been used to justify various flawed policies that emerged in the wake of Deng Xiaoping’s economic reforms. The goal of his latest book, The Wealth of the Chinese People, is to challenge these policies, correct the misconception by which they are justified, and propose policies that will better ensure balanced and sustained growth for China’s economy.

With the wealth of the people, the term "wealth of the people" (in Chinese, suozi renca) is a contrast to the more established Wealth of Nations. While Adam Smith’s influence has caused the latter term to be tied to Western countries and the promotion of free enterprises, Wang argues that the term in China has been interpreted quite differently when Chinese use the term renca ("national wealth"); he says, they mean the wealth of the ruling dynasty — or, these days, the ruling party-state. This mindset, Wang argues, has been interpreted quite differently: when Chinese think of wealth, they mean the wealth of the ruling dynasty — or, these days, the ruling party-state. This mindset, Wang argues, has been used to justify flawed economic policies that have prevented China’s boom over the past thirty years from achieving its full potential that governmental wealth and popular wealth are inevitably linked.

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China’s insufficient and inequitable growth, particularly in cities like Beijing, is discussed in CKGSB Professor Wang Xijiang’s new book The Wealth of the Chinese People.

ed by the Republican revolution of 1911 or the Communist takeover of the country in 1949. On the contrary, Wang maintains, the Maoist regime mostly resembled the dynasties as the focal point of popular hopes. He points to the campaigns of the 1950s in China, such as the collectivization of agriculture and industry, as examples of times when citizens were asked to devote their own resources to the government’s efforts, even to the point of famine, in the hope of a prosperous future where the country could “surpass England and equal America.”

For example, while the Soviet government’s control over its country’s resources allowed centrally planned development for a time, the gradual depletion of those resources caused the system to stretch until it eventually “stumped like a rabble head” in the 1980s. Wang says no example has yet been found of a non-market system that produces stable economic growth over the long term. Only governments that protect individual freedoms, create a wide space for private enterprises to develop and expand, support the ability of their populations to achieve wealth, and raise the educational standards of its citizens have been able to achieve both sustained and equitable growth.

To many in the West, this argument may not need proving. But in his book, Wang addresses several current Chinese economic policies that he contends are justiﬁable from a perspective of promoting widespread growth. While the details have varied from place to place, he says, all developed countries have achieved success by combining a desire to centralize resources rather than a desire to redistribute wealth to poorer segments of society. While Chinese Finance Ministry ofﬁcials point out that China’s levels of economic growth. Country were at China’s stage of development, their taxes were much lower. Moreover, the bulk of taxes in developed countries go to support their welfare systems, while in China the tax budget is devoted to government investment. The key economic policy debate in developed nations, Wang points out, is between parties that advocate for higher levels of taxation to support higher levels of welfare — thus favoring equity over efﬁciency — and parties that advocate cutting both taxing and welfare spending, favoring efﬁcient economic growth over equitable economic development. But because the ﬁscal system in China is built on a model that involves centralizing resources with the national government, it combines high taxes and relatively low welfare spending.

As a result, Wang asserts, growth in China has been both inefﬁcient and inequitable despite all the country’s massive development over the last 50 years. He points out that China’s per-capita GDP is still “in the ranks of lower middle income countries, even as we’ve seen a startling rise in inequality” as measured by the country’s Gini coefﬁcient.

Wang also describes the challenges that private enterprises face in many sectors due to advantages given to state-owned companies and companies with ties to government ofﬁcials. According to the traditional mindset, the success of state-affiliated companies would not be a problem: why should the government’s chosen bodies not create wealth first, if each wealth will inevitably trickle down to the rest of society? But Wang argues that these advantages actually warp the free market and permit state-affiliated companies to succeed despite insufﬁciencies and uncompetitive practices, retarding China’s levels of economic growth.

His book also delves into the ways that China’s legal system and regulatory environment, particularly in its failure to protect individual and corporate property rights and its meddling in the labor market, have acted as barriers to the development of an environment where private companies can ﬂourish. Therefore, the government’s current policies are not only inequitable, but also drag down overall economic development.

Wang does not assert that Chinese economic policies today have no room for private enterprise. Private Chinese companies have grown in strength and inﬂuence over the last thirty years, in spite of the challenges they face. But Wang views China as caught on a pendulum between the reformist mindset in favor of deceleration and the traditional urge to centralize, and he hopes his book will serve to push the pendulum toward market-oriented reforms.

In particular, he hopes that his book will serve as a wake-up call for inﬂuential segments of the Chinese public. He has been heartened by growing popular calls for tax reform, and believes that more deﬁnitions by the Chinese government to lower taxes and to divert additional funding to education and other welfare systems are a direct result of this popular demand. But he argues that the government is still not moving fast enough, either in changing its tax policies or in improving the market environment for private enterprise. He hopes that The Wealth of the Chinese People will contribute to turning these popular demands into irreversible trends. While the Chinese government’s decision-making process does not have room for direct popular input the way the Western democracies do, Wang suggests that Chinese leaders do have their pulse on the pulse of important interest groups within society. Therefore, as demand for these reforms continues to build, he believes that the government will not choose to oppose them.

Most importantly, Wang argues, Chinese leaders — and the Chinese people — should not feel complacent at their country’s continued growth ﬁgures while the developed world struggles with sovereign debt crises. The Chinese economy may be full, and European states may hover on the edge of default. But as long as developed countries in Western Europe have per-capita GDPs on average ten times the size of China, while supplying welfare systems that fully beneﬁt those in even their poorest citizen, Wang believes that China has a long way to go until it truly can call itself rich.
Chinese Leadership in an Age of Sustainability and Globalization

Shalom Saada Saar
CKGSB Professor of Managerial Practice

Over the last two decades, Chinese companies have achieved great success and growth, leading China to threaten Japan as the world’s second-largest economy. As the 12th Five-Year Plan sets China on a course to become the world’s largest economy, Chinese leaders must strategically navigate through new opportunities and obstacles in order to achieve sustainable growth. We asked CKGSB Professor of Managerial Practice Shalom Saada Saar to share his expertise on Chinese leadership and integration into the global economy and its implications for business leaders.

“Chinese leadership is in a unique position, reporting to find its own solution to its situation,” says Saar. “There is nothing wrong with searching for examples of successful business models and human aspects of motivation, but at the end of the day China needs to find its own solution to its situation.”

In your experience in teaching leadership and management, what would you consider to be the three consistent qualities of effective leaders that are needed as Chinese companies expand globally?

Most effective leaders that I have worked with from all over the world are propelled by a very clear sense of purpose. They have a crystal clear vision of what they are after. They are determined that they will succeed. Leaders have a very clear purpose in terms of what they are after. They are determined that they will succeed. They have a crystal clear vision of what they are after. They are determined that they will succeed.

Leaders also have a unique, if not superb, ability to communicate. Not only do they have the vision but they also have great communication skills in their words, interactions and ability to listen. I have always been fond of the Chinese character to listen. It has three components: listening with the ear, listening with the eye, and listening with the heart. Leaders must listen to the words, watch the body language and listen to the heart of the communicator. A good leader modifies people through the process of communication and the integrity of the vision in a way that makes people want to join their vision.

What really distinguishes a leader from a manager is their ability to coach. The worst kind of leader limits the talent of the team to their own talent. A great leader has the ability to coach so that the collective sum of the team talent and skills become far more powerful than any individual participating in the team. This requires teaching, coaching and flexibility. A leader is a coach who is able to take people to a place where they never thought they could go.

China is now in a period of rapid growth, innovation, internationalization, and competition. Can you share some insights for managing the changes that Chinese leaders will begin to face now that the Five-Year Plan calls for reducing China’s reliance on exports and creating more environmentally sustainable industries?

China is a different ball game. For the last five years that I have lived in China, I have been against taking Western solutions and imposing them on the East. There is nothing wrong with searching for examples of successful business models and human aspects of motivation, but at the end of the day China needs to find its own solution to its situation.

I think China is facing both management and leadership challenges. Management involves finding their ability to have a very clear strategy of wanting to go global and scaling to that with long-term goals in mind. You cannot only focus on the immediate goal, or the quick gain, if you want success in the long haul.

In the past, what did you find challenges the most, and in China are you using these challenges to change?

One of China’s biggest challenges is to create a structure in a way so people do not feel in boundaries. If you feel tired and predictable, you run out of energy and innovative thinking. Leaders have to focus on talent. Chinese people honor authority and very often when you honor authority you are submitted. Even though you may know how to do things better, the structure, or the culture, does not encourage you to take action. For China to grow, they must come up with ways to break through the bureaucratic approach to authority. That is going to be, in my view, an uphill battle. Innsight requires not just processes but also the removal of barriers caused by fear of failure.

If there was a vital skill that was needed for future leaders and innovators right now that would not have been true in the last 10 years ago?

To listen more and also be willing to change in light of what they hear. The success of Chinese leaders is credited to their ability to focus. You see a piece of land today and it is a high rise building tomorrow. They are execution driven. This is a great quality but if you want to grow, you have to slow down to listen to the people around you. Sometimes the solution is bigger and more powerful than you imagine.

Leaders must also implement more participations and more inclusion of people and their ideas. When I teach, I use the Chinese example of when people come to leaders they come with a gift. Their gift is their talent, but this gift is in wrapped. The role of the leader is to help them unwrap their gifts in order to reach their full potential and demonstrate their talents. The greatest quality of future leaders in China, besides listening, will be finding ways to unleash the talent and potential of the people that come into your organization.

Since you have helped organizations articulate strategic direction and identify core competencies all over the world, how would you advise leaders in those growing Chinese companies as they compete with experienced global players?

Brand reputation is going to be very critical for Chinese companies. In the 1970s, “Made in Japan” was junk and you did not buy it. Today when you talk about “Made in Japan,” it is almost like “Made in Germany.” The brand reputations of Lando and Sony are similar to what you talk about Mercedes or BMW.

I think this is the greatest lesson to learn from, as well as the great lessons for Chinese companies to achieve global success. To succeed at global expansion and achieve sustainability, leaders must have the clear vision that quality will be in the DNA of Chinese products and services.

As Chinese companies move outside of China, leaders will also have to adapt and adjust to a universal culture. The human spirit is universal, inspiring people to do the right thing and unleashing their full potential is universal. Chinese companies and their leaders will need to predict whether they are perceived globally in a welcoming manner. They have to be perceived as more than their investments and as experts or importers of money. They need to be perceived as exporters and importers of knowledge, sustainability, companionship, and social responsibility. Reputation, branding, quality, sustainability and universal standards are going to be the makers and breakers of Chinese companies.

As you are currently writing a book on the importance of both sustainability and leadership, can you share with us some of the challenges this relationship faces in more domestic companies in China branch out internationally and global management teams are put in place?

Problems are becoming more complex than they used to be. Today we have issues with the environment, of sustainability and with the human condition. I do not think there is one person who can address these problems alone. I do not think there is a dictionary between leadership and teamwork — in fact, they are complementary. A great leader can engage people around the challenge through collective brainstorming, listening, and honest dialogues. It does not take power away from the leader to say, “I have listened and let’s take a step.”

On the other hand, a good leader can also distinguish if the issue is an emergency and is able to find a decision while taking both the risks and benefits. It is a balance, yet and yang. At times, the leader must be soft and willing to listen. At other times, the leader must be bold enough to take initiative. Leaders must always take the consequences of their actions no matter what the outcome.

As more Chinese companies go global, do you have advice for dealing with cross-cultural differences in leadership?

My secret regarding cultural differences is that I think we use it as an excuse when things do not go well. It is an excuse for when you don’t want to take responsibility for lack of sensitivity, elegance or perception. I talk about the human condition in my book as the last unspared frontier. Most leaders have been able to fully understand all of the diverse needs and beliefs of people and their surroundings. In the Chinese military text The Art of War, military general Sun Tzu says, “A great general is the one who adapts to the terrain like the water adapts to the ground.”

A leader must be sensitive to their surroundings and be able to adapt and adjust. Great leaders do not impose their values, but take their time to understand their surroundings. They listen more than they talk. Are these cultural differences? Sure, but I think we make a far bigger deal of them than we need to.

“The greatest quality of future leaders in China, besides listening, will be finding ways to unleash the talent and potential of the people that come into their organization.”
**Program Focus: The CKGSB Overseas Program, London Module**

EMBA students reflect on the need for international perspective as they lead their companies’ globalization efforts.

**“I came to CKGSB because I knew I needed to grow professionally to keep up with my company’s growth. This overseas module is helping me gain crucial international perspective,” says Yin Jianfeng of Shenzhen Keybridge Communications.**

For many students an Overseas Program module is the highlight of their EMBA degree and they are eager to experience different countries with the exclusive networking opportunities that CKGSB offers. During a walk through the corridors of the House of Lords as part of the private tour, London participant Lei Wenyong, founder and chairman of agricultural products company Sichuan Tieqi Lishi Group, said, “This is my third time participating in a CKGSB module. The previous modules were to the U.S. East Coast and Spain—and there were new experiences each time. The visit to the United States Military Academy [West Point] and the courses at Columbia University both greatly impressed me.”

Students tend to see such opportunities for cultural understanding as one of the key takeaways from an Overseas Program module.

“I like historical and cultural places,” says Lei. “They allow me to broaden my thinking and see the bigger picture when I think about issues related to my own company’s management.” He notes that the current business environment in China is overly focused on producing fast and predictable results and is conservative when it comes to untested techniques and processes. “This pressure for quick results and maximal profit makes us hurried and harried and leaves few chances to consider whether or not our practices have any problems,” Lei says. “The overseas modules are usually in places with rich histories and cultural heritages. In those locations we can take time to slow down and free ourselves from the business and consumer of the commercial market.”

Lei’s classmate Yin Jianfeng also saw the overseas module as a good way to expand his global perspective. Yin is a co-founder and vice chairman of Shenzhen Keybridge Communications, which provides networking solutions for mass-transit systems, industrial systems and electrical grids.

“My company went public in 2009,” says Yin. “I came to CKGSB because I knew I needed to grow professionally to keep up with my company’s growth. This overseas module is helping me gain crucial international perspective.”

Both Yin and Lei agree that beyond academics and cultural understanding, the networking aspect of the module is also crucial. While spending their days together in a foreign country, the executives have an opportunity to bond and develop lasting relationships with each other, an important advantage as they continue to grow their own businesses globally.

**The executives have an opportunity to bond and develop lasting relationships with each other, an important advantage as they continue to grow their own businesses globally.**

**“My classmates have similar backdrops to me, and common interests,” says Lei. “We also face similar opportunities and challenges, so we have a lot in common to talk about during the trip—and the leads to mutual exchange and the chance for self-improvement.”**

At one point in the tour of the House of Lords, the EMBA students stop to admire a portrait of King Henry VIII as the guide regales them with the bloody and salacious history of the King’s reign. Portrait of his six wives flank his own.

Does learning about Henry VIII’s execution of his second wife, Anne Boleyn, translate into business success? It is hard to say for sure, though it is the type of historical and cultural perspective that the executives are seeking as global business leaders.
As a leader in China’s garment industry, CKGSB CEO Program 4th Intake alumnus Zhou Shaoxiong has established a well-known clothing brand, Septwolves, with eleven years of impressive growth in market share. Zhou has managed to combine his passion for corporate social responsibility with a strategic growth plan for Septwolves.

**CONVEYING SOCIAL RESPONSIBILITY THROUGH BRAND VALUES**

“Racially, competition in today’s garment industry colours of brand wars and culture games,” says Zhou. He believes that if a company wants to consider long-term development, it needs to focus on developing its culture and brand to support its operations. Brand building will give the company’s products a distinctive personality, as well as help gain customer loyalty.

Under Zhou’s direction, Septwolves has successfully marketed itself as a socially responsible enterprise. “When major disasters or emergencies occur, people want to use company take initiatives and help as an expression of their social responsibility. Good businesses have a responsibility to lead and influence others to take action,” explains Zhou.

In 2010, Septwolves gave substantial aid to flooded regions in Fujian and Huanan provinces, in addition to donating 20 million to the China Foundation for Youth Entrepreneurship and Employment to promote entrepreneurship in Chinese youth. Septwolves also collaborated with Beijing University’s Research Center to establish the Septwolves Cultural Development Foundation, which supports education and philanthropy. These significant contributions have helped shape it as a socially responsible corporation.

Zhou believes that gaining customers’ approval and sustaining its own development are important incentives for building a company’s corporate social responsibility. As consumer trends shift towards environmentally friendly and low-carbon lifestyles, Septwolves is responding by integrating more sustainable materials into its manufacturing process and ensuring quality sources with its suppliers.

“We dedicate a department to testing our designs and materials to ensure our operations are environmentally friendly. Our clients want a simpler and more natural way of life. They are interested in practical designs and they are starting to pay more attention to quality materials and comfort. So we use our brand values to help lead them towards a healthier lifestyle – this is an important aspect of fulfilling our social responsibility,” Zhou also says, “We focus on using environmentally friendly materials and ensuring our production process follows standards for carbon emission reductions. We aim for efficient operations while doing our best to conserve energy and reduce pollution. All this embodies social responsibility for us.”

**INTEGRATING SOCIAL RESPONSIBILITY INTO DAILY OPERATIONS**

Septwolves integrates corporate social responsibility broadly to include a general commitment for society’s most vulnerable groups in addition to a company’s responsibility to create quality products for its customers. Zhou also believes that nurturing employees’ development, creating gainful employment and adding value to society, while utilizing environmentally sound production processes are key tenets of corporate social responsibility.

With Zhou at the helm, Septwolves is integrating these key tenets of social responsibility into its daily operations. In addition to providing consumers with high-quality products and using its brand value to guide its consumers to a healthier lifestyle, Zhou believes in developing his employees to be leaders, thereby creating a more meaningful and fulfilling corporate culture.

By institutionalizing opportunities for them to learn and develop at work, Zhou’s goal is for employees to realize that their development is tied to the company’s growth. “We want our employees to understand the significance of their work. We are creating a business together with the same vision and hopes,” says Zhou.

In the following interview, Zhou Shaoxiong explains how he is leading Septwolves by integrating key tenets of corporate social responsibility.

**Corporate social responsibility must emerge from within an organization. A company’s core values, how you help your employees fulfill their maximum value, are all part of social responsibility. A business should make money because it is a necessary task, but it must also consider how its existence benefits and creates additional value for consumers and society. Only when this is achieved a company achieves sustainability.”

Why did you decide to donate to the China Foundation for Youth Entrepreneurship and Employment?

Septwolves has always been involved in student employment and youth entrepreneurial projects. I want to encourage young people to start businesses and hope that I can help in some way. They have energy and ideas but lack funding and experience. These two things are precisely what we have. We can provide the experience to help them succeed and achieve their goals.

The funds that these young people receive are all donations. When young entrepreneurs need mentors or management experience, we can provide guidance and learning opportunities. We are also considering establishing a related organization to manage this program more systematically in order to institutionalize and foster public service.

**How does Septwolves develop employees?**

Employee development is one of the most important parts of building sustainability, which is why Septwolves invests a lot in employee training. We have a department dedicated to improving training and systematically ensuring each employee receives the right training.

We encourage our employees to be leaders so we set up a platform for them to develop their entrepreneurial ventures. If an employee has a business venture, Septwolves will help develop the idea and provide training. If the employee passes training and has potential and still wishes to start his own business, we can invest in him. We can help him open a store and later his own company, and help him find other investors. If an employee has the vision and confidence, we try to nurture him with professional development opportunities. We already have a few employees that have been successful in their own business ventures.”
“Local [Chinese] management strategies tend to focus on the short-term profit of the company; the bottom line, whereas global management strategies reflect a long-term focus,” says Wang.

Before joining CKGSB’s MBA Program in 2007, Robert Zhenhua Wang worked in sales-based roles for a number of large Chinese organizations. With the ambition to move up into higher levels of management, Wang recognized his need for further development. “My long-term career goal is to be a top leader at the CEO level. While I had experience in sales, I wanted more training in finance, marketing, and operations. I joined the CKGSB MBA Program so that I could prepare for a more challenging role in the future.”

Wang saw that CKGSB’s alumni network and school vision complemented his own career goals and was attracted to CKGSB’s long-term approach to cultivating executive leadership and innovation. While an MBA student, Wang was also selected to attend the competitive Swedish Institute Management Program (SIMP), which focuses on stretching executive-level talent and developing ties between Sweden, China, Europe and India. Wang believes the long-term approach to developing executive-level talent and developing ties between Sweden, China, Europe and India. Wang believes the long-term approach to cultivating executive leadership and innovation.

After graduating with his MBA in 2008, Wang has a long-term leadership plan in his current role. Now as the Sales General Manager for South, Southeast and Northeast China for Shell Touch, Wang says, “CKGSB gave me the knowledge and skills to get to the point very quickly. I have the knowledge, skills and power to develop the right strategy for the company, and I can also link CSR to this strategy to ensure the long-term stability of the business.”

BARRY CHIEN
MBA 2010
CLASS PRESIDENT

MBA Alumni Gain Global Insight in Sweden

Robert Zhenhua Wang, MBA ‘07, was selected to join the Swedish Institute Management Program.
From government official to academic researcher, Wang Zhenyao (EMBA 16th Intake) embarks on a new chapter in his professional career. Last year, 56-year-old Wang Zhenyao (EMBA 16th Intake) became Director of the Ministry of Civil Affairs (MCA) in China’s Department of Social Welfare and Philanthropy. He then unexpectedly left this role to direct a newly established research center at the Beijing Normal University’s School of Social Development and Public Policy. This center, called One Foundation Public Interest Research Institute, is where Wang advocates for the development of the public interest sector in China.

Under Wang’s leadership, the One Foundation Public Interest Research Institute not only provides Chinese NGOs with project support and consultation, but more importantly, generates and spreads research to help educate others about philanthropy and civic responsibility. In this role, Wang is discovering that he can play a major role in spreading the values of philanthropy while also achieving professional fulfillment.

As his first act as Director, Wang Zhenyao proposed that each billionaire in China ought to donate one million yuan to a philanthropic cause. While at the ministry, Wang did lead social welfare initiatives, but he could not make such bold suggestions. As a government official, Wang pushed for the establishment of autonomous village elections, helping 900 million farmers participate in village elections. He also supported the establishment of a four-tier emergency response system for natural disasters, in addition to a more transparent system of disaster management and response. Wang also pushed for a minimum childcare standard for orphans and part of the Ministry of Civil Affairs (MCA) in China’s Department of Social Welfare and Philanthropy.

“Now as a leader of an academic institution, Wang enjoys the newfound freedom to advocate for social action and to educate others about social responsibility. To address the recent negative attention paid to philanthropic activism in China, Wang actively engages with media to offer academic insights and commentary to increase public awareness and understanding. Wealthy people and philanthropy are inherently linked—the greatest philanthropists are usually very wealthy. From a 2008 report, it was found that half of the thirty richest people in the world are involved in some sort of charitable activities. The proportion of wealthy people participating in charity is higher than other economic groups. For those with the resources, philanthropy becomes a mission, but if making donations attracts speculation and investigation into the business practices of individuals such as Chen Guangbiao, how could they be expected to take the risk?”

Wang believes that while NGOs need to be accountable to the community they are serving, the private business sector can offer some lessons on organizational structure and brand identity. This past June, the Red Cross Society of China suffered a public credibility crisis when a young woman claiming to work for Red Cross Commerce posted pictures of herself in decadent living conditions on microblogging service Sina Weibo. While against the mixing of philanthropy and commerce, “Traditionally, public philanthropy should have no relation to business practice, but modern social organizations should utilize best practices from the private sector, including business models and methods, to develop.” He explained, “The Red Cross is a nonprofit (organization) and ordinary people need charity; in this case, through attracting advertising revenue, philanthropic organizations should be able to merge these two parties together.”

Wang also cited Cao Wangde, who was awarded one of the 2010 Top Ten Philanthropists in China prize. According to current regulations, Cao Wangde’s registered charity should pay 500 million RMB in taxes, but if the stocks had been listed under Cao’s name as an individual, the taxes would not apply. There was no legal or industry precedent for stock donations like Cao’s, which is why research institutes like ours should offer some policy recommendations and guidelines.”

Wang says he has greater influence now as a private scholar than he did during his days as a government bureaucrat. “In the past I was promoting policies; now I am advocating changes in society and coming up with effective solutions,” said Wang.

In the past I was promoting policies; now I am advocating changes in society and coming up with effective solutions,” said Wang.

Wang Zhenyao, Director, One Foundation Public Interest Research Institute at Beijing Normal University
A full year into the project, CKGSB’s first major charity is nearly halfway to its final goal. The CKGSB Red Scarf Children’s Library Project has established 238 libraries in primary schools across China, half of the 500 libraries planned at the charity’s launch last October. Located in underdeveloped parts of 23 provinces, municipalities and autonomous regions, these libraries provide young children in China’s least-developed regions with a space to explore a range of donated books, from novels to study guides.

CKGSB has announced that so far, 16 million RMB has been raised by alumni and staff for the Library Project. The funds have been gathered by the China Communist Youth League, CKGSB’s co-sponsor in the project, and are now being used to establish and stock the libraries. A new transparency drive, in light of recent charity scandals in China, enables donors to check their donations all the way to their final destinations.

For many donors, contributing to the project has involved much more than giving money. From its initial phase, when children and teachers were consulted about the books most in-demand, to the opening of each library, nearly 500 CKGSB EMBA students and alumni have spent time working with children and teachers to make sure the right books get into the right hands. By volunteering, they have gotten to know the children, many of whom are the same age as their own, albeit with very different life experiences.

With many of the new library bookshelves fully stocked in time for the 2011-2012 school year, around 50,000 students are already directly benefiting from this project, a source of great satisfaction for donors. Since fall of 2010, EMBA students at CKGSB have been required to volunteer for projects over the course of their studies. Since this new policy was implemented, EMBA students and alumni have contributed more than 1,416 total work hours to public service activities. Those who do, have their names posted on CKGSB’s website, a public display of their efforts. Students often need no motivation. For many, volunteering at the school has been a moving experience, bringing home their reasons for placing such a high value on education.

In recent lectures, CKGSB Dean Xiang Bing has reminded the school’s commitment to cultivating business leaders with a sense of social responsibility. He has urged that when it comes to corporate social responsibility, business leaders need to do more than merely give money. They need to contribute management expertise and time in order to create innovative and transparent models of philanthropy. Speaking to incoming EMBA students in June 2011, philanthropist Peggy Dulany-Reddy-Keller told students that as globalization develops, entrepreneurs need to embrace a new type of leadership capability, and contemplate how to help others and serve society as a whole.

The CKGSB Red Scarf Children’s Library Project has produced a large number of offshoot models of philanthropy. Speaking to incoming EMBA students in June 2011, philanthropist Peggy Dulany-Reddy-Keller told students that as globalization develops, entrepreneurs need to embrace a new type of leadership capability, and contemplate how to help others and serve society as a whole.

A group of university freshmen. One group of EMBA students trekked out to a remote school to start a library project. Another travelled to the Qinghai Plateau, bringing books and gifts to Tibetan children at the source of the Yangtze River. It’s a group of university freshmen. One group of EMBA students trekked out to a remote school to start a library project. Another travelled to the Qinghai Plateau, bringing books and gifts to Tibetan children at the source of the Yangtze River.

"I love books, but I don’t have any at home. There aren’t any at school either. When my brother and I want to look at books, we walk through the mountains to get to town,” says Bian Yusuo (8 years old, Qinghai Province).

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Hubei: On May 28, the CKGSB Hubei Alumni Association celebrated its first anniversary by reading 3D and picture books with schoolchildren on Children’s Day.

Guizhou: Members of the EMBA 17th Intake visited Machang Primary School in Pingba County. The students received gifts and shared with the CKGSB group their hopes for the future.

Qinghai: CKGSB’s Library Project has reached the Qinghai plateau, home to the source of the Yangtze River. Tibetan children put on a performance for EMBA 16th Intake students who visited them in August to open a Children’s Library.

Chifeng, Inner Mongolia: Mongolian children in poverty-stricken Balinyouqi prefecture in Chifeng, Inner Mongolia received a donation of 670,000 RMB from CKGSB students. The money will be used for school reconstruction and e-learning equipment.

Beijing: For a week in August, a group of students and teachers from Panzhihua Hope School took part in a summer camp in Beijing hosted by EMBA 18th Intake students. Panzhihua Hope School is a recipient of a Children’s Library.

Yunnan: In July, students from the EMBA 18th and 17th Intakes visited a Nine minority primary school in Dehong, Yunnan. The CKGSB students donated books for seven libraries and 200,000 RMB to improve learning conditions.

Gansu: A group of EMBA 18th Intake students visited Xiahe county in southern Gansu Province in August, delivering extra-curricular books to students at two area schools.

Jiangsu: In August, members of the CKGSB Jiangsu Alumni Association came together with university students in Nanjing. Forty students received tuition support from a fund of 200,000 RMB donated by CKGSB students.

Beijing: Members of the MBA Class of 2010 attended a graduation party in Beijing, auctioning a range of things from home-cooked dishes and hand-designed t-shirts, to tickets for shows. They raised 20,000 RMB, enough to establish a Children’s Library.

Inner Mongolia: Just in time for the start of the new school term, a group of EMBA 18th Intake students visited Xinbaerhuyouqi, Hulunber to view two libraries being established by CKGSB.
From August 29 to 31, CKGSB and Columbia Business School held a joint program called “Global Business Strategy: China” for leading executives from the U.S., Europe, and Africa eager to learn more about China. This was the second event between the two schools to offer open enrollment geared towards multinational corporate executives. CKGSB and Columbia Business School’s top professors, with their common global perspective and understanding of China, gave students insights into China’s economy, society, businesses and commercial enterprises. They discussed how multinational corporations position themselves in the market and how they formulate development strategies in China.

“In the next decade, the world’s main force of economic growth will be Asia, with China at the center of that development. Future experts on the growth in China’s continuously developing institutional and trade environments,” said CKGSB Professor of Strategy and Innovation Lujuan Jiao, who gave a talk on the changing competitive environment for multinationals in China.

Highlights for participants were discussions between Ferrari North America CEO Marco Mattiacci, Huawei Group Chairman Dominic Ng, Harry Winston CEO Frederic de Narp, and Charlotte Chairman and CEO Jenny Wang who shared their insights into the changing Chinese consumer market and the nature of government and commercial relationships. They also discussed the effect that U.S.-China trade relations have on MNC operations and how MNCs can establish good working relations with domestic companies.

LEADERS DISCUSS CHALLENGES AT CEO DIALOGUE

On June 23, CKGSB partnered with The Conference Board to present “Dialogues with CEOs: CEO Challenges 2011,” for leaders of The Conference Board shared findings from the 2011 CEO Challenge survey, an international survey in which CEOs identify their most critical challenges. CKGSB Professor of Managerial Practice Student Suad Saric, Professor of Economics Li Wei, Associate Dean and Associate Professor of Strategic Management Ting Bosheng and CKGSB alumni participated in a breakfast roundtable and an afternoon roundtable and panel discussion. The conference brought together top managers of multinational corporations operating in China and the Asean region to discuss the rising business challenges they are currently facing and effective ways to address them.

PROFESSOR HENRY CAO RUNNER-UP TO SPÄNGLER IQAM PRIZE

One of the CKGSB Finance Department and Professor of Finance Henry Huang’s Cao’s research on the paper “Fear of the Unknown: Familiarity and Economic Decisions,” that was recently published in Review of Finance (volume 15, issue 3, July 2011). Professor Cao accepted the prize at the Annual Meeting of the European Finance Association in Stockholm, Sweden on August 19, 2011.

The Spängler IQAM Best Paper Prize is an annual prize given by the leading international journal, Review of Finance. The three best papers from the journal’s previous four issues are awarded a first place prize and two runner-up prizes.

Professor Cao’s paper offers a model to help explain why individuals tend to focus on worst-case scenarios when contemplating a decision that deviates from the status quo. This model of familiarity bias is used to examine the endowment effect, portfolio underdiversification, home and local biases and the implications for equilibrium asset pricing. The paper predicts that a modified capital asset pricing model holds when the market portfolio is replaced with a portfolio of the stock holdings of investors subject to familiarity bias.

DEAN XIANG MEETS WITH BRIC COUNTERPARTS IN MOSCOW

On September 6, INSEAD Dean Dipak C. Jain and INSEAD Deputy Dean Piet Zemsky visited CKGSB to meet with CKGSB Associate Dean Wang Wiyang and Associate Dean Liu Jieyong. They discussed with Dean Jian CKGSB’s unique faculty-managed school structure. INSEAD, an international business school with campuses in France, Singapore and Abu Dhabi, and CKGSB have long enjoyed a friendly relationship fostered by such international visits for idea exchange.

The Ernst & Young Global Growth Forum provided a platform for top business executives and experts leading the world’s most powerful institutions to share knowledge on growth optimization and market potential within current global trends in business.

Other speakers at the Forum included Gordon Bajnai, former Prime Minister of Hungary; Henry Kissinger, former U.S. Secretary of State; A.G. Lafley, former Chairman, CEO and President of Procter & Gamble; and James S. Turley, Chairman and CEO of Ernst & Young.
CKGSB KUNMING SUMMER FORUM FOSTERS INCLUSIVE GROWTH

CKGSB and the Yunnan provincial government co-hosted the 2011 CKGSB Summer Forum at the 4th Memorial Hall of Victory in Kunming, Yunnan on July 15. Over 1000 participants, including CKGSB alumni, experts, scholars and business leaders gathered to share knowledge and insights on innovative models for new development in western and southern China and the ASEAN member countries.

CKGSB Dean Xiang Bing delivered a talk titled “Global Business Courses – Inclusive Growth” that focused on how China can bridge the gap between economic growth and a peaceful society. Dean Xiang said that although China’s economic growth has captured the attention of the world, China must focus on increasing workers’ salaries, narrowing income disparity, building China’s middle class, and ensuring stability. CKGSB Economics and Human Resource Management Professor Wang Yingjian spoke on the wealth of the means as a fundamental part of a country’s economic development.

Additional speakers included Former Vice Minister of Commerce and China Center International Economic Exchanges Secretary-General Wu Jiangtang; Malaysian-Chinese business leader and Country Heights Holdings Bhd Chairman Li Jinyou; Yunnan Provincial Party Committee Secretary and Provincial People’s Congress Chairman Bai Enpei; CPC Yunnan Provincial Committee Deputy Governor Luo Zhengfu; and China Securities Regulatory Commission Inspector Division Director Nie Qingping.

The CKGSB Summer Forum has been held in Yunnan annually for the past three years. As one of the most important provinces in western China, Yunnan links the western region’s economy to the rest of China and Southeast Asia. Yunnan is not only crucial to inter-regional communication, the region’s unique culture, abundant funding sources and headquarters of many overseas Chinese businessmen makes it a center for western China’s economic growth. CKGSB Summer Forum fosters inclusive growth.

June 23, 2011, the Chinese Chamber of Commerce in China and the CKGSB co-hosted a seminar called “Strategies of Corporate Longevity” CKGSB Professor of Strategy Cho Dong-sung discussed strategies of corporate longevity.

August 24, 2011, CKGSB and the Korean Chamber of Commerce in China co-hosted a seminar called “Strategies of Corporate Longevity.” CKGSB Professor of Strategy Cho Dong-sung and two experts from Seoul National University’s L&S Center for Corporate Longevity shared insights and discussed the characteristics of corporate longevity.

The two experts from Seoul National University’s L&S Centre for Corporate Longevity shared insightful analysis of management concerns for international corporate longevity. Over 40 Korean entrepreneurs in China took part in the CKGSB and Korean Chamber of Commerce in China’s Strategies of Corporate Longevity seminar. During the three-hour seminar, Cho Dong-sung, Chief Representative and President of the Korean Chamber of Commerce, Gansu Park, other Korean entrepreneurs, and CKGSB professors participated in the energetic exchange.
CKGSB announced its expanded roster of tenured faculty and visiting faculty for the academic year 2011 – 2012. In addition to having China’s most influential alumni network and offering unparalleled insights on China through key business programs, CKGSB continues to bolster its world-class faculty as listed below:

- Professor CHEN Long is Professor of Finance (formerly of Ohio Business School, Washington University in St. Louis)
- Professor GAN Jin is Professor of Finance (formerly of HKUST)
- Professor HE Hao is Professor of Financial Practice
- Professor LI Leili is Professor of Operations Management
- Professor LI Wei is Professor of Economics (formerly of Dakota Business School, University of Virginia)
- Professor LEE Xiaoyang is Assistant Professor of Economics and Finance
- Professor LIU Jun is in Professor of Accounting and Finance (formerly of Anderson School of Management, UCLA)
- Professor OU-YANG Hao is Professor of Finance
- Professor Shakti Saha SARKAR is Professor of Managerial Practice
- Professor SONG Zhaohui is Assistant Professor of Finance
- Professor SUN Ruihong is the Distinguished Chair Professor of Marketing (formerly of T epper School of Business, Carnegie Mellon University)

CKGSB warmly welcomes new and returning visiting professors as listed below:

- Professor Jack CHEN is Visiting Associate Professor of Marketing
- Professor CUI Haitao is Visiting Assistant Professor of Marketing
- Professor Jennifer HUANG is Visiting Assistant Professor of Finance
- Professor LIU Xiaolei is Visiting Assistant Professor of Finance
- Professor Vicky TANG is Visiting Associate Professor of Accounting
- Professor LI Xuan is Visiting Assistant Professor of Finance
- Professor LI Xiang is Visiting Assistant Professor of Finance
- Professor ZHANG Tong is Visiting Assistant Professor of Finance
- Professor ZHANG Xi and Professor CHEN Long is Professor of Finance

CKGSB professors are widely acknowledged for their important research contributions. They rank sixth in a global ranking of publications in top academic journals. CKGSB faculty, through their innovative research and close relationships with leading domestic executives, provide global thought leadership on both the theory and the practical reality of business in China. They have generated important insights on subjects such as the per capita in a global ranking of publications in top academic journals. CKGSB faculty, through their innovative research and close relationships with leading domestic executives, provide global thought leadership on both the theory and the practical reality of business in China. They have generated important insights on subjects such as the

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**CKGSB Executive Summit in New York**

A group of 60 EMBA students will join CKGSB faculty, over 100 executives, government officials, entrepreneurs, and economists from China and the U.S. in New York on October 21 for the Eighth China Institute Executive Summit. This year’s speakers include Kay M. Campbell, U.S. Assistant Secretary of State for East Asian and Pacific Affairs and Julie Nixon Eisenhower. As a co-organizer with China Institute, CKGSB EMBA students will have the opportunity to serve as panelists and share their views on China in the global economy.

**November 4**

**Ernst & Young Entrepreneur of the Year**

In November 4, the annual Ernst & Young Entrepreneur of the Year awards will be held in China World Summit in Beijing. The ceremony which will award the best new entrepreneurial talent of 2011 will feature presentations from past winners, Liu Yong Hao and Gao Guangzhong. CKGSB Dean Daxiang Zhang will engage in round table discussions moderated by CKGSB Associate Dean and Associate Professor of Strategy Ying Binghong and Associate Dean and Professor of Accounting Liu Jin.

**November 7**

**Global China Business Meeting in Valencia, Spain**

A highly successful collaboration in 2010, CKGSB professors and students will attend the Global China Business Meeting this November in Valencia, Spain, where CKGSB will partner with Horasis. This will be the seventh Global China Business Meeting, which will bring together 400 business leaders from around the world to discuss the Chinese business climate with the theme “Globalizing Chinese Firms.” Since participants from CKGSB’s 2011 China CEO Program and CKGSB faculty members will attend and share their thoughts on CKGSB’s own European launch as part of a larger globalizing round.

**January 8, 2012**

**CKGSB Sanya Forum**

The annual CKGSB Sanya Forum held at the Sanya Sheraton is an exclusive gathering of alumni, business leaders, academics and visionaries from China and around the world. The weekend conference is held at the tropical resort city of Sanya on southern China’s Hainan Island. The conference generates powerful new insights into the changing face of business in China as well as its impact on the global economy. Check www.ckgsb.edu.cn for upcoming registration details.

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CKGSB’s expanded faculty for 2011 – 2012.

CKGSB UPENDING EVENTS

OCTOBER 13

**School Opening Ceremony**

On October 13, CKGSB will hold an Opening Ceremony at Diaoyutai State Guesthouse to welcome new and returning students to the new academic year. Over 900 incoming and outgoing students will share the day, along with CKGSB Dean Xiang Daxiang, faculty and dignitaries. The 2011 intakes include over 200 executive MBA students, 60 finance MBA and 50 MBA students. The ceremony will also graduate 280 EMBA students, 55 FEMBA students and 40 MBA students.

**School Opening Ceremony**

In addition to having China’s most influential alumni network and offering unparalleled insights on China through key business programs, CKGSB continues to bolster its world-class faculty as listed below:

**CKGSB Executive Summit in New York**

A group of 60 EMBA students will join CKGSB faculty, over 100 executives, government officials, entrepreneurs, and economists from China and the U.S. in New York on October 21 for the Eighth China Institute Executive Summit. This year’s speakers include Kay M. Campbell, U.S. Assistant Secretary of State for East Asian and Pacific Affairs and Julie Nixon Eisenhower. As a co-organizer with China Institute, CKGSB EMBA students will have the opportunity to serve as panelists and share their views on China in the global economy.

**November 4**

**Ernst & Young Entrepreneur of the Year**

In November 4, the annual Ernst & Young Entrepreneur of the Year awards will be held in China World Summit in Beijing. The ceremony which will award the best new entrepreneurial talent of 2011 will feature presentations from past winners, Liu Yong Hao and Gao Guangzhong. CKGSB Dean Daxiang Zhang will engage in round table discussions moderated by CKGSB Associate Dean and Associate Professor of Strategy Ying Binghong and Associate Dean and Professor of Accounting Liu Jin.

**November 7**

**Global China Business Meeting in Valencia, Spain**

A highly successful collaboration in 2010, CKGSB professors and students will attend the Global China Business Meeting this November in Valencia, Spain, where CKGSB will partner with Horasis. This will be the seventh Global China Business Meeting, which will bring together 400 business leaders from around the world to discuss the Chinese business climate with the theme “Globalizing Chinese Firms.” Since participants from CKGSB’s 2011 China CEO Program and CKGSB faculty members will attend and share their thoughts on CKGSB’s own European launch as part of a larger globalizing round.

**January 8, 2012**

**CKGSB Sanya Forum**

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You lead a multinational company in China. You want the inside track on local business.

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The China Country Manager Program was designed for people like you: high-ranking executives who need to understand and anticipate changes in the fast-moving Chinese business landscape.

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Comprehensive Course Structure
The program focuses on business at three different levels: macro, corporate and individual. Two days of classes in Beijing focus on global economics and China’s policy environment. Learn how to tap new markets and create growth opportunities for your company in China.

Three days of classes in Shanghai focus on emerging market strategies. Get the know-how you need to collaborate and compete with a rising generation of ambitious Chinese companies.

Two days of classes concentrate on leadership skills and are held in conjunction with CKGSB’s annual forum in Sanya. Network with top-level Chinese business executives, government officials and business leaders from other multinational companies.

World-class Faculty
CKGSB, founded in 2002, is a non-profit, private, independent Chinese business school. With financial support from the Li Ka Shing foundation, CKGSB has recruited professors from some of the world’s best management schools, including Wharton, Stanford and INSEAD. Our faculty provides a rare and valuable combination of international experience and on-the-ground insights into China business.

A Powerful Network of Decision Makers
Gain perspective on your own business strategy as you meet and share experiences with your classmates and alumni – the powerful network of China executives who will be your partners and competitors.

The Right Choices
Our China Country Manager Program is the course of choice for executives of multinational companies seeking a competitive advantage in China’s complex business environment.

For inquiries about the program please email cm@ckgsb.edu.cn
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China Country Manager Program
www.ckgsb.edu.cn

CKGSB offers:
• In-depth insights into the unique opportunities and challenges of China business
• Interactive sessions with prominent experts on China-specific business topics
• Company visits to gain first-hand insight into doing business in China
• Analysis of successful strategies for competing and collaborating in China
• Networking opportunities with other high-level business executives in the CKGSB alumni network

“I was hugely impressed by the extent to which China has progressed from a planned economy to a market economy and the influence Chinese companies are having on global competition.”

—UCLA Anderson School of Management EMBA participant

"The depth of insight and experience of your faculty is incredible and provides us with a great context to better understand China."

—Tony Arrell
Chairman & CEO, Burgundy Asset Management Ltd.

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The CKGSB MBA Program is a leading boutique course designed to cultivate the next generation of business leaders with unsurpassed global perspective and local insights.

The CKGSB MBA is a full-time, 12-month program based in Beijing and taught in English, with courses delivered by international professors who have served on faculties such as Wharton, Stanford, Harvard and INSEAD. Our faculty ranks sixth among worldwide business schools in research contributions and our professors take up advisory roles in global policy-making bodies. We pride ourselves on unrivalled research and hands-on knowledge of the Chinese market. We are at the forefront of Chinese business education in the next economic superpower. The CKGSB MBA Program is your ideal guide into the new opportunities of this emerging giant.

Know What’s Next.