

**THE UNIVERSITY OF HONG KONG
FACULTY OF BUSINESS AND ECONOMICS**

FBEC2003 Creativity, Innovation & Entrepreneurship in China I

GENERAL INFORMATION

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Other important details: NA

COURSE DESCRIPTION

This course provides students with a comprehensive study of economics, innovation, and entrepreneurship in the context of business practices in the Greater Bay Area in China. It aims to build up students' understanding of basic knowledge about innovation and entrepreneurship, the importance of innovation in promoting economic development in China, and the economic rationales of entrepreneurial activities related to innovation. Specific focus is given to (1) general concepts of innovation, entrepreneurship and economy in China; (2) the economics behind innovation, entrepreneurial activities, as well as the interrelationship in between; (3) the environment and culture for effectively promoting the innovation for the firms.

This course combines lectures, discussions, case studies, and group work on pre-visit preparation. Students will be exposed to various opportunities to apply the concept and principles of economics in analysing the issues in the innovation economy, exploring the business opportunities and searching for best business strategies from the perspective of entrepreneurs and managers.

Workshops, visits and interactive sessions with guest speakers will be arranged during the course period to engage students and enhance their understanding about various topics and issues related to innovation and entrepreneurship.

COURSE OBJECTIVES

1. To grasp the concepts of creativity, innovation and entrepreneurship
2. To gain in-depth understanding of the development, challenges and opportunities of the innovation economy in China
3. To understand the economics behind the innovation and entrepreneurship
4. To practice integrating economic principles and learned experience into the professional aspirations
5. To prepare students for a successful career in China or related to China

FACULTY LEARNING GOALS

Goal 1: Acquisition and internalization of knowledge of the programme discipline

Goal 2: Application and integration of knowledge

Goal 3: Inculcating professionalism

Goal 4: Developing global outlook

Goal 5: Mastering communication skills			
Goal 6: Cultivating leadership			
COURSE LEARNING OUTCOMES			
Course Learning Outcomes		Aligned Faculty Learning Goals	
On completion of this course, students are able to:			
CLO1 Be familiar with the innovation-related business and economy in China, especially the Greater Bay Area		Faculty Goal 1, 2	
CLO2 Acquire the economics concepts and principles of innovation and entrepreneurship		Faculty Goal 1, 2, 3	
CLO3 Acquire various experience and business practice related to innovation in China and be able to integrate it into solving issues related to innovation economy		Faculty Goal 1, 2, 4, 5	
CLO4 Demonstrate ability of applying economic principles and analytical skills in problem solving in innovation-related business		Faculty Goal 1, 2, 3, 4, 5	
CLO5 Develop global view of innovation and be able to integrate it into understanding of entrepreneurial practices when doing business		Faculty Goal 1, 2, 3, 4, 5	
CLO6 Demonstrate effective written skills, communication skills, and team work skills through discussion, presentations, and paper writing.		Faculty Goal 3, 5, 6	
COURSE TEACHING AND LEARNING ACTIVITIES			
Course Teaching and Learning Activities		Expected study hours	Study Load (% of study)
T&L1. Lectures with in-class discussion and class work		18	15%
T&L2. Group-based pre-visit preparation		36	30%
T&L3. Term essay		30	25%
T&L4. Self-study		36	30%
Total		120	100%
Assessment Methods			
Assessment Methods	Brief Description (Optional)	Weight	Aligned Course Learning Outcomes
A1. Class Participation		30%	CLO1, CLO2, CLO3
A2. Team preparation on guest-speaker/visit session		30%	CLO1, CLO2, CLO3, CLO4, CLO5, CLO6
A3. Term Essay		40%	CLO1, CLO2, CLO3, CLO4, CLO5, CLO6
Total		100%	
STANDARDS FOR ASSESSMENT			
Course Grade Descriptors			
A+, A, A-	Strong evidence of superb ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate, and synthesis.		
B+, B, B-	Strong evidence of the ability to fulfill the intended learning outcomes of the course at all		

	levels of learning: describe, apply, evaluate, and synthesis.
C+, C, C-	Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning such as describe and apply but not at high levels of learning such as evaluate and synthesis.
D+, D	Evidence of basic familiarity with the subject.
F	Little evidence of basic familiarity with the subject.

Assessment Rubrics for Each Assessment (Please provide us the details in a separate file if the space here is not enough)

1. **Class Participation: 30%**

Effective participation is very important to guarantee the quality of the learning outcome. Basically, students' participation is evaluated through two aspects:

- a. **Attendance and punctuality:** This is the basic requirement of participation. Students are required to attend all the classes on time. Excused absence is allowed but has to notify the instructor at least one day ahead. Sick leave can be requested on the day of class.
- b. **Contribution of the discussion:** Discussion is a very important part of the learning process of this class. During the process of lectures and presentations, you are encouraged to ask questions, give comments that could lead the discussion to a new direction. Please be less concerned about the "right" or "wrong". The main purpose of discussion is to help students develop ability of systematic thinking and skills of effective communication. All of your contribution are valuable and will be tracked during the discussion.
- c. **Note:** If you are not comfortable with discussing in the class, please come to talk with the instructor during the consultation time. We can work together to get it solved.

2. **Team preparation on guest-speaker/visit sessions: 30%**

Students' preparation for and performance during the guest talks or firm visits will also be evaluated. More detailed information about the assessment method will be provided based on the handout.

3. **Term Essay: 40%**

The last assessment of this course is the individual term essay. Based on the lectures, handouts, guest-speaker/visit sessions and all other reading materials covered in this class, each student should choose one specific topic and finish writing a short essay. The purpose of this essay is to encourage students to develop ability of critical thinking and learn to apply basic theory and principles to analyze economic issues related to innovation and entrepreneurship.

Requirements:

- Students will be notified of the deadline of this essay in due course.
- The topic of essay should be specific and related to the materials covered in class. Students will be notified of the deadline of submitting the topic of their essay in due course.
- Format: (1) a cover page indicating the title of paper, name, student ID (if available), department (if available); (2) double space with no more than 10 pages in total (including tables, graph, reference, etc.); (3) Font: Times New Roman; size: 12.

Guideline of content:

The topic of the essay should be related to the innovation and entrepreneurship in China, for example, it can be a case study, solving a question in business practice, or comparing the innovation economy between China and other countries.

Students can choose to follow the logic of what—why—how to construct the paper (up to student's preference). That means you are suggested to introduce the background and propose your research question/topic (what) in the first part of your paper. Then you should analyze the reason (why) and how this issue is solved (how). Both quantitative and qualitative method can be used in your paper (up

to your specialization).

COURSE CONTENT AND TENTATIVE TEACHING SCHEDULE

The modules of this course are grouped into two major parts. The first part focuses on the general introduction of innovation and entrepreneurship, growth of innovation economy in China, as well as a comparison of innovation-driven economy between China and US. The second part further discusses the economics behind the innovation and entrepreneurship. Topics covered in this section include the relationship between innovation, entrepreneurship and economy, the economic reasons of innovation, and how it guides the entrepreneurs' choice of business strategy. The last part of this section is to discuss the role of government and public policy implications relating to innovation and entrepreneurship.

Section 1 An Overview: Economy, Innovation, and Value-creating Entrepreneurship

- 1.1 Understanding the Key Elements: Creativity, Innovation, and Entrepreneurship
- 1.2 Innovation Economy in China: Incentives, Transition and Growth
- 1.3 Value-Generated Innovation Strategy, Social Environment and Culture in the Bay Area: United States vs China

Section 2 Economics of Innovation and Entrepreneurship

- 2.1 Innovation, Entrepreneurship and Economic Growth Pattern
- 2.2 Drivers of Innovation: Research & Development, Patent, and Foreign Direct Investment
- 2.3 Optimal Choice of Entrepreneurs in Developing Innovations
- 2.4 Economics of Entrepreneurial Strategy: Product, Competition and Market Structures
- 2.5 Innovation Environment and Entrepreneurial Activities: Government, Policies and Institution

REQUIRED/RECOMMENDED READINGS & ONLINE MATERIALS

The recommended readings are drawn from the field of economics, innovation and entrepreneurship:

Books:

- Ron Adner, "The Wide Lens: A New Strategy For Innovation", NY: Portfolio Hardcover, 3/1/2011
- Robert D. Hisrich, Michael P. Peters, and Dean A. Shepherd, "Entrepreneurship", McGraw-Hill, 2012.
- John Bessant and Joe Tidd, "Innovation and Entrepreneurship", Wiley, 2016
- Barry Naughton, "The Chinese Economy: Transitions and Growth", MIT Press, 2007.
- Gregory C. Chow, "Chinas' Economic Transformation", Second Edition, Blackwell Publishing, 2007.

Papers and articles:

- Romer, Paul M. 1990. "Endogenous Technological Change." *Journal of Political Economy* 98(5): S71-S102.
- Aghion, Philippe, and Peter Howitt. 1992. "A Model of Growth through Creative Destruction." *Econometrica* 60(2): 323-351.
- Mokyr, Joel. 2005. "The Intellectual Origins of Modern Economic Growth." *Journal of Economic History* 65(2): 285-351.
- Manso, Gustavo. 2011. "Motivating Innovation." *Journal of Finance* 66(5): 1823-1860.
- Lerner, Joshua, and Julie Wulf. 2007. "Innovation and Incentives: Evidence from Corporate R&D." *Review of Economics and Statistics* 89(4): 634-644.
- Novak, Sharon, and Scott Stern. 2008. "How Does Outsourcing Affect Performance Dynamics? Evidence from the Automobile Industry." *Management Science* 54(12): 1963-1979.
- Gallini, Nancy, and Suzanne Scotchmer. 2002. "Intellectual Property: What is the Best Incentive System." *Innovation Policy and the Economy* 2: 51-77
- Wright, Brian. 1983. "The Economics of Invention Incentives: Patents, Prizes, and Research

Contracts.” *American Economic Review* 73(4): 691-707.

- Kremer, Michael. 1998. “Patent Buyouts: A Mechanism for Encouraging Innovation.” *Quarterly Journal of Economics* 113(4): 1137-1167.
- Scotchmer, Suzanne. 1991. “Standing on the Shoulders of Giants: Cumulative Research and the Patent Law.” *Journal of Economic Perspectives* 5(1): 29-41.
- Sampat, Bhaven, and Heidi L. Williams. 2015. “How Do Patents Affect Follow-on Innovation? Evidence from the Human Genome.” *NBER Working Paper* #21666.
- Galasso, Alberto, and Mark Schankerman. 2015. “Patents and Cumulative Innovation: Causal Evidence from the Courts.” *Quarterly Journal of Economics* 130(1): 317-369.
- Budish, Eric, Benjamin N. Roin, and Heidi Williams. 2015. “Do Firms Underinvest in Long-Term Research? Evidence from Cancer Clinical Trials.” *American Economic Review* 105(7): 2044–2085.
- Hall, Bronwyn H., and Rosemarie H. Ziedonis. 2001. “The Patent Paradox Revisited: An Empirical Study of Patenting in the US Semiconductor Industry, 1979-95.” *RAND Journal of Economics* 32(1): 101-128.
- Hegde, Deepak, David C. Mowery, and Stuart J.H. Graham. 2009. “Pioneering Inventors or Thicket Builders: Which U.S. Firms Use Continuations in Patenting?” *Management Science* 55(7): 1214-1226.
- Aghion, Philippe, Nick Bloom, Richard Blundell, Rachel Griffith, and Peter Howitt. 2005. “Competition and Innovation: An Inverted U-Relationship.” *Quarterly Journal of Economics* 120(2): 701-728.
- Gans, Joshua S., and Scott Stern. 2003. “The Product Market and the Market for Ideas: Commercialization Strategies for Technology Entrepreneurs.” *Research Policy* 32: 333-350.
- Gilbert, Richard. 2006. “Looking for Mr. Schumpeter: Where Are We in the Competition-Innovation Debate?” *Innovation Policy and the Economy* 6: 159-215.
- Kortum, Samuel, and Joshua Lerner. 2000. “Assessing the Contribution of Venture Capital to Innovation.” *RAND Journal of Economics* 31(4): 674-692.
- Hellmann, Thomas, and Manju Puri. 2000. “The Interaction between Product Market and Financing Strategy: The Role of Venture Capital.” *Review of Financial Studies* 13(4): 959-984.
- Hellmann, Thomas, and Enrico Perotti. 2011. “The Circulation of Ideas in Firms and Markets.” *Management Science* 57(10): 1813-1826.
- Hsu, David H. 2006. “Venture Capitalists and Cooperative Start-up Commercialization Strategy.” *Management Science* 52(2): 204-219.
- Baumol, William J. 2002. “Entrepreneurship, Innovation and Growth: The David-Goliath Symbiosis.” Working Paper, New York University.
- Gans, Joshua S., David H. Hsu, and Scott Stern. 2002. “When Does Start-up Innovation Spur the Gale of Creative Destruction?” *RAND Journal of Economics* 33(4): 571-586.
- Furman, Jeffrey L., Michael E. Porter, and Scott Stern. 2002. “The Determinants of National Innovative Capacity.” *Research Policy* 31(6): 899-933.
- Delgado, Mercedes, Michael E. Porter, and Scott Stern. 2009. “Clusters, Convergence, and Economic Performance.” Working Paper, MIT

MEANS/PROCESSES FOR STUDENT FEEDBACK ON COURSE

- ✓ The Student Evaluation of Teaching and Learning (SETL) questionnaire conducted by the University of Hong Kong
- ✓ Online response via Moodle site
- ✓ Others: Students are welcome to pass their suggestions and comments to the office of the Faculty of Business and Economics in the University of Hong Kong (please specify)

COURSE POLICY (e.g. plagiarism, academic honesty, attendance, etc.)

The University Regulations on academic dishonesty will be strictly enforced! Please check the University Statement on plagiarism on the web: <http://www.hku.hk/plagiarism/>

Academic dishonesty is the behavior in which a deliberately fraudulent misrepresentation is employed in an attempt to gain undeserved intellectual credit, either for oneself or for another. Any type of academic dishonesty will not be tolerated, such as plagiarism, cheating, or unauthorized collaboration.

ADDITIONAL COURSE INFORMATION (e.g. e-learning platforms & materials, penalty for late assignments, etc.)

Please note that the syllabus and schedules may be changed at the instructor's discretion.