

## **CHAPTER V**

### **CONCLUTIONS AND RECOMMENDATIONS**

#### **5.1. Conclusions**

As the situation currently stands, China still gathers a lot of interest from foreign companies. However some resent developments in China has made many firms to move out from China or think twice before setting a business there. Many cities suffer from severe pollution, where lack of strong government intervention has not resulted in much of improvements so far. Many experts have doubts in government's economic statistics as figures do not seem to reflect on where Chinese market currently stands. Trade has started to suffer from weakened global demand and like for many other countries, also for China exports are the main driver for economic growth.

Being a develop country, China created its attractiveness over cheap manufacturing. However decreased exports have reduced raw material accessibility, while labour and land costs have been increasing. In fact, a recent research from Boston Consulting Group shows that many countries have surpassed China in average manufacturing cost, but many companies do not have up to date information about the situation. Another aspect is that Chinese people are aging very rapidly due to extensive use of one-child policy.

Data analysis from 100 participants show clear interest on all the variables introduced in conceptual framework. From independent factors laws & requirements showed the most amount of importance, economic situation came second, and country profile was considered third important overall. Only factor that did not show as much of importance was the political situation, which shared more neutral opinions. Hypotheses testing followed the same trend as all other factors except political situation showed positive relationship with China's attractiveness in international business.

#### **5.2. Recommendations**

Companies that are considering to expand their business have to consider many different factors, which can vary depending on their field of business. While not every imaginable factor could not be involved in this research, the study can provide a good guideline for Chinese government on what values possible future investors find important. Based on

the data analysis main focus should not be improving political situation, as long as it remains to be relatively stable. Instead the government should focus on actions that can help GDP growth to climb back up improving China's overall trade environment. Another thing from economic point of view is to stabilise Chinese currency as recent fluctuations create understandable doubts among investors. Chinese government also need to proof their economic statistic accuracy for foreigners, as many experts believe there has been some manipulation.

What comes to laws and regulations in China, the most important thing is that entering the market should be made as easy as possible. China should look into their current barriers and think about reducing at least some of them. They should also push for creating trade agreements with new countries. People also saw protection over copying to be very important and so far Chinese government has been very uninterested to solve this issue. Many international companies have sued Chinese companies without and success. Some sources point out that Chinese government is also participating in copying, so these matters might not get better anytime soon.

Lastly, further development could be made towards improving infrastructure. Big cities suffer from huge traffics as there are too many cars on the road. Chinese government seem to put too much interest on movement to urban areas, as people living in rural areas are finding it hard survive. More investments should be put towards helping these underdeveloped area to grow. Investments naturally require money and China's national debt is not showing very healthy figures currently. No country can invest capital everywhere, but this study can give a good reference on what areas could be prioritized.

While this study came together from personal interests for the researcher, it can also be a good base for further studies as time goes by and both national and global situations change. Research can also be useful for any individual or company thinking to expand their businesses abroad, whether it was China or some other country they had in mind. Additionally it can help those who have the power to change different aspects related to foreign direct investments.