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HOW TO EXPAND BUSINESS TO CHINA

Case Champion Door Oy

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ABSTRACT

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The purpose of this thesis was to find out about the Chinese markets and how to expand an international business there, mostly using the PESTEL analysis for the strategic management, and analyse how and if outsourcing would be beneficial for the case company, Champion Door Oy.

The theoretical foundation mostly focused on why using the PESTEL analysis is important and most efficient tool to use in a situation like this. There is also some research done on how to expand to China successfully, and overall things that are important to know for a business in this situation.

The case company, Champion Door Oy, has exported previously around the world, with multiple different countries and experience from different business cultures, politics, government, and environments. The reason that China was chosen for this research, was because the case company has interest to further expand in China, and properly fit in the country as a foreign company.

Having China as the target country for expanding the business is because it is a huge opportunity for any business. China having growing aviation industry and more airports are being built all the time, is ideal for Champion Door Oy and expanding the business over to China.

The information that was used in this thesis was gathered mostly from online articles, and literature that was found in the library, that already had previous research conducted from earlier years.

The main findings that were made while doing research for this thesis were how complicated expanding business to China from a western country can be. There are multiple things regarding the external environment that need to be taken into consideration by the case company, while they move forward with their plans on internationalization. By finding the right people and companies to work with over at the other end, China, they can maximise their odds to be successful and grow in China too.

Keywords: B2B, PESTEL, Outsourcing, Chinese markets, internationalization

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1 INTRODUCTION

Internationalization and expanding to foreign markets, to China in this case, is a growing phenomenon in the business world, especially in export projects. China provides many new opportunities for not just older and bigger businesses, but also smaller growing ones. With this, the importance of doing business in Asia as a whole, is only growing.

One of the objectives of this thesis is to recognize and develop the knowledge of Champion Door Oy's employee, so that they would have the best possible foundation when they start doing business in Asia. They already do have some history in exporting to specific countries there, but China is fairly new territory for them.

There are few issues that should be taken into consideration when trying to build and maintain relationships in Asia. The purpose of this thesis is to find out and research the marketing and selling fields in China, by mainly using PESTEL analysis.

The first part includes the introduction of the case company, Champion Door Oy. Next, there will be theoretical foundation for the whole study, that gives direction for the thesis. Then comes the main part, PESTEL analysis. It is an easy and structural way to lay out the external factors in China, that could have some impact on decision-making for the case company while expanding to China.

After going through the analysis and seeing how it could affect the case company, last part of the actual research would be going through outsourcing, why to go down that road in this case, the benefits, and risks of it.

1.1 CHAMPION DOOR OY – THE CASE COMPANY

The commissioner of the thesis, Champion Door Oy (founded in 1992) develops and manufactures vertical lifting fabric fold-up doors or aircraft hangars, shipyards and large size industrial doors, and exports these internationally all around the world. The company's main office and assembly unit is

located in Nivala, Finland, with sales, engineering and maintenance offices in Europe, Moscow, UAE and the US. (Champion Door Oy. 2021)

The company has exported to Asia before, although it is still an unknown area to them. Therefore, it is important to find out about their employees' and sales team's skills in cultural and lingual matters, so that deal making and maintaining relationships will be more efficient and beneficial with both parties.



Figure 1. Champion Door's projects' destinations. (Hosio, 2021)

1.2 THE PURPOSE AND AIM OF THE STUDY

One of the aims for this thesis is to do research and collect data on language and cross-cultural matters when doing business in China. The awareness of this helps with developing the sales team's negotiation skills and prepare them better for when the company starts spreading their export business even further in China. Here the main point is to look at China and their business possibilities through using PESTEL analysis.

Another important aim for the study is to figure out how the case company should go about expanding their business to China, especially while including outsourcing. For example, what kind of partners they should have on the other end in order to be most efficient possible with minimal costs?

1.3 RESEARCH PROCESS

The first step for the research process is to find data and information about doing business in China, and getting the theoretical foundation down, which then sets the direction and things that need to be taken into consideration.

There will also be research done on outsourcing, with the advantages, disadvantages, possible risks and if it would be beneficial for the case company while expanding to the Chinese markets. Hiring a contractor from the outside, someone who knows about business and building relationships in another culture, like Chinese, can be extremely helpful in some cases.

The biggest part of the research process would be using PESTEL analysis and evaluating the business possibilities for Champion Door Oy. PESTEL is a strategic planning method that helps businesses in reducing risks and finding opportunities in specific market areas. Analysing this data will be helpful to find out and get an efficient plan for the case company while they expand their operations further in China.

2 THEORETICAL FOUNDATION

In 2020, China's part of Finland's export of goods was 5,3 % and import of goods was 9,0 %. China's share of Finnish exports between January and August was 5,7 %. The share rose slightly from last year. China's share of imports fell from 9.0 % in the previous year, to 8,5 %.

China is the world's largest and fastest growing civil aerospace and aviation services market. In the records of CAAC (Civil Aviation Administration of China), it shows China had 283 civil airports by the end of 2019, according to the International Trade Administration. Although COVID has had decreasing effect on travelling, and aviation in general, the CAAC is still planning on constructing 216 new airports, total of 450 by the year of 2035. This would mean huge project contracts and customers for a business like Champion Door Oy. It also helps that they have done projects in different parts of China before. (International Trade Administration. 2021)

Looking at this situation from a strategic management approach in international business, it requires a practical mindset toward the constantly changing environments. Management can easily get lost in the fast changes that surround their company and matters like internationalization in this case. From a realistic point of view, strategy is defined as an activity. It is something that people do inside an organization, in ways that might be hard to intimidate. Fundamentally, strategy is understood as an action that is being taken within a business. (Instytut Handlu Zagranicznego Uniwersytetu Gdańskiego, 2016. 261-262)

The key benefits of practicing strategic management contain for example, guaranteeing the businesses' ability to avoid problems, delivering agreement in conception and act at all hierarchical levels within the business, guaranteeing consistency of strategic choices within the current and tactical ones and improving coordination of all operational and functional units within the business.

There are multiple different ways for strategic management being used by companies these days. Some of the most used have been for example SWOT analysis, customer satisfaction analysis, analysis of customers' opinions and attitudes, Porter's five forces, market segmentation and the one that will be used in this case too, PEST or PESTEL analysis. Although the last one being one of the old ways of strategic management, it is still widely used among businesses. It was the chosen method for this case too, since it represents and deals with the external environment of the

company, which is one of the issues being handled with the case company. (Instytut Handlu Zagranicznego Uniwersytetu Gdańskiego, 2016. 262)

With PESTEL analysis it is possible to map out the external environment, changes and everything related to that with a wide perspective. Its idea is to figure out changes, current situations, and possibilities on a macro level. These are things that a company itself cannot control.

External environment has a big role when it comes to profitability and growth of businesses. In order to identify possible opportunities and risks, the business has to do research and make a detailed survey of the new environment they are trying to reach. The chosen method in this case was PESTEL analysis for these specific reasons since it really holds value and shows the external environments true nature for the company. It assists the company in managing the environment that can be fast changing and complicated. A practical perspective that a business can get from this, enables the adjustment of tactical methods to adapt them to a company's needs, especially by taking into account the ideas of personnel, who directly deal with actions arising from strategic choices. (Instytut Handlu Zagranicznego Uniwersytetu Gdańskiego, 2016. 262)

A good strategy provides a company with a guide, it gives the employees something to follow. An international company, like Champion Door Oy should find opportunities in the next aspects of external environment:

- The economic conditions in China, for example, interest rates, money supply, price controls, currency
- Technology and innovation, like patent protection, improvements, automation, different processes in manufacturing
- Legal and political positions. Laws give the whole framework for businesses around the world. These would include regulations, environmental laws, tax laws, foreign trade regulations and the overall stability of government in China
- Socio-cultural aspects. Cultural differences in China compared to Finland or already existing contact countries, consumer and career expectations, level of education, habits, and culture in business-making.

(Instytut Handlu Zagranicznego Uniwersytetu Gdańskiego, 2016. 263-264)

2.1 EXPANDING TO THE CHINESE MARKETS SUCCESSFULLY

A common challenge for different nationalities entering the Chinese markets is understanding the culture and using it as a basis for conducting business and managing Chinese staff in China. Their market differs a lot from any other country in the world, socio-culturally, legislation-wise, and even technologically. Having someone on the other end, who is originally from China and is an expert when it comes to managing business and dealing with Chinese customers, is almost crucial for doing business successfully.

There are also many different provinces in China, that have many differences between them. It is important for a company to think where to start and why. For example, Peking is a good spot to take care of the state leadership, Shanghai is known for consumer products and southern part of China is known for their IT-technology and innovations, according to Kauppapolitiikka.

For Finnish companies, establishing to the Chinese markets has been beneficial especially in business-to-business field. Most Finnish companies have chosen Shanghai area, that is especially known for their machine shop and shipbuilding industries. The competition in Asia is generally extremely difficult. Usually, if a business isn't at the top in the markets in Finland, it is unlikely to be successful in China or other countries in Europe. (Ahoiem. 10. 2010)

Chinese government wants to direct foreign investing possibilities more towards the inland and balance out the inner development of the country. By using the education and fiscal politics, they want to better the knowledge and manufacturing development elsewhere than just the coast. (Ahoiem. 11. 2010)

Finnish companies establish to the Chinese markets either to produce or to sell their products or buy components or supplies. If the company is planning to conduct b2b contracts with other Finnish companies, there is usually no issue in selling and marketing the services. In this case though, having a company like Champion Door Oy that will sell to and in the Chinese markets, according to Ahoiem Lea, it is important to remember that the Chinese don't usually buy from Western countries, but other Chinese. Here again it should be remembered that having a contact person or company on the other end to help adapting to the business culture is very important.

Chinese companies have their own procedures which are almost impossible for a foreigner to understand. It is known as triple or quadruple accounting stages, that can include different information about taxes and customs for owner or leader. If capital goods aren't monitored closely, it is easy to lose profit and even have stolen IPR-rights. (Ahoniemi. 21. 2010)

3 PESTEL ANALYSIS

PESTEL analysis (political, economic, social, technological, environmental, legal) is a framework that helps companies understand the strategic risks on doing business and adapting in other environments. It is a tool that is used widely to recognize the external matters that are challenging a specific business especially when entering new markets. These external factors could be, for example, suppliers, distributors, customers, competitors, and strategic partners. While going through the analysis specifically for China, Champion Door's perspective will also be talked about, and how they could go about it. (Sammut-Bonnici, Galea. 2014)

3.1 POLITICAL

Political factors are everything about how and to what extent a government interferes in the economy or a specific industry. These issues could be for example government policy, tax policies, foreign trade, political stability, and corruption levels in China.

China is a socialist republic country, that is run by the Communist Party of China. The government is more restrictive than some other bigger economies when it comes to foreign investment, though the Chinese government does encourage industries and sectors like production of equipment or new materials, service sector, recycling, using renewable energy, high tech, and others that support protecting the environment. On the contrary, China doesn't necessarily approve of foreign investment in key sectors and investments that are aimed to benefit from speculation. Next to this, the Chinese government also plans on limiting foreign investment in highly polluting industries and processes that are resource intensive. (Santander Trade. 2021.)

Corruption has always been a significant issue in China, and it ranks 80th on the global corruption index from Transparency International, according to Stratagoras. Their latest president Xi Jinping has started fighting against it though, trying to balance it out.

At the end of 2022. The CCP (the Communist party) will hold their 20th Party Congress, that will most likely see Xi Jinping re-elected as General Secretary for at least the next 5 years. The CCP

puts emphasis into the fact that economic plans for 2022 should prioritise stability and caution. Maintaining stability and safeguarding economic expansion seems to be logical and necessary goal to keep national spirits high within China. According to Verdict, the Chinese government will support the companies that go well with its priorities and will either reject or force other companies to readjust. Basically, what this means, is that firms that are engaged in upstream high-tech sectors, will continue to get support from the government. (Houweling. 2022.)

China encouraging industries and different sectors to use more renewable technology and start recycling more is something Champion Door should look into more, to also fit the Chinese policies while moving more out there. For example, if Champion Door chooses to outsource their business and some of the supply chain, in order to compete, it would be beneficial to choose and negotiate with more environmentally friendly options, and companies and associates that would support these policies set by the Chinese government. It is important to also keep in mind, that China is planning to limit foreign investments in some highly polluting industries.

3.2 ECONOMIC

The trade between the European Union and China has been increasing significantly, in fact China overtook the US as EU's biggest trading partner in 2020 according to BBC News. While China has been the biggest source of imports for the EU, it has also become EU's fastest growing export markets. (Roesemes. 2016)

Economic factors are elements of a certain economy's performance. These include economic growth, inflation rates, exchange rates, interest rates, income of consumers and unemployment rates. These factors have either direct or indirect long-term impact on a business since it affects the purchasing power of consumers and could possibly change the demand and supply in the economy. The most used indicator of economic performance (national or specific sector) is the Gross Domestic Product (GDP) per capita. China's GDP in 2020 was worth of 14,72 trillion USD, which represents 13.04 % of the whole world's economy. (Sammut-Bonnici, Galea. 2014)

China has been experiencing incredible development in the economy in the last four decades. It's been, however, slowing down from 10 % in 2010, to just a bit over 6 % in 2019. On top of that, the

global pandemic has had a big impact on China's economic growth in 2020. Although the impact was negative, China managed to grow some economically during 2020, unlike other large economies. (Stratagoras 2021)

On the other hand, the current global pandemic as affected Champion Door Oy's businesses, since at certain points there wasn't much growth in the aviation industry.

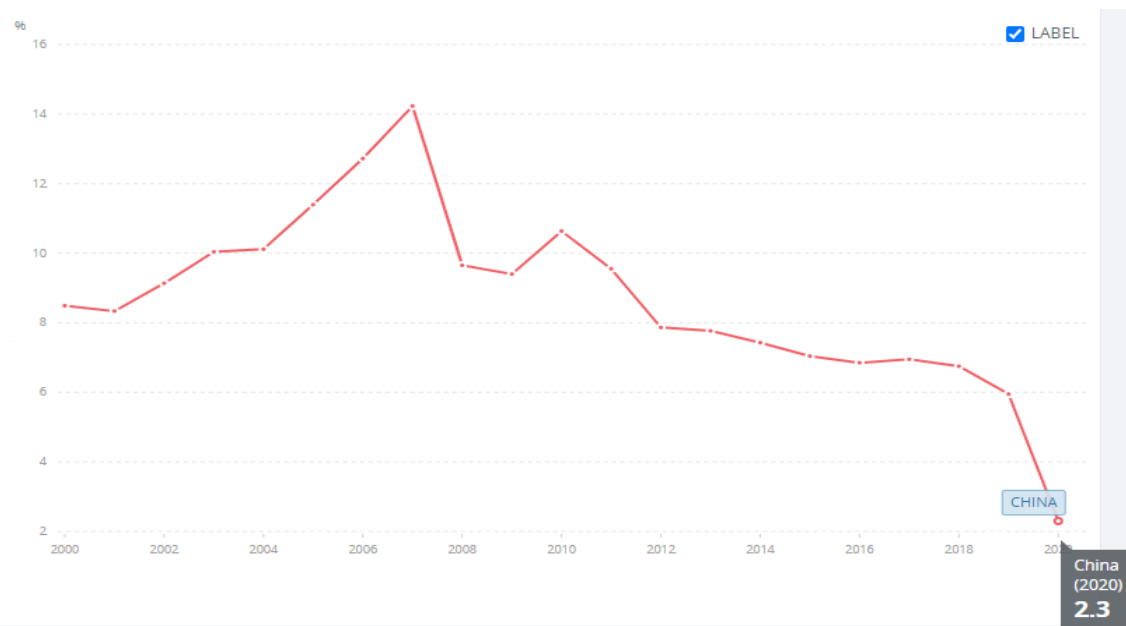


Figure 2. GDP growth (annual %) China. (The World Bank, 2021)

3.3 SOCIAL

Social factors include the general environment, that represents the demographic characteristics, norms, customs, and values of the specific population. This includes matters like population growth rate, age distribution, income levels, careers, lifestyle, and for this case study the most important part, cultural barriers. It also includes local workforce and its willingness to work under certain conditions.

It is crucial to recognize the key points in culture and behaviour while doing business in China. Building and maintaining relationships start from basic knowledge of the potential partner's culture

and how the communication works with them. It takes only one abnormal way of saying something, or interpreting wrong, and the message's receiver might get a wrong idea of it. Then, that might make the receiver suspicious or cause some distrust between both parties, which then could spiral into a loop, and cause further issues with the relationship. (Chung. 2011)

Culturally Chinese are less likely to bring up issues in communications, mainly because of their communication style of high context compared with low context and polite tendencies. In low context communication, it is very direct and honest, with all necessary information included in the conversation. This applies for example the Nordic and Scandinavian cultures, where direct and simple communication is more appreciated.

In high context culture information sharing is a lot less explicit than in low context. Here the importance of status and hierarchy play an important role in both relationships, business and personal. It is common to express the context with larger variety of words, and even go around the actual issues that are pressing the matter. This communication model is very common in, for example, many Asian cultures.

The Chinese admire and respect people who are willing to be more a part of and are not set on sturdy individualism, in both business and life. If the possible business partner is inclusive, collectivist, generally generous and modest in their behaviour and way of communicating, the Chinese will recognize us as partners, that act and communicate in a trustworthy way, which will help with their reputation as well. To keep and grow a relationship with China, the way of communicating must be gentle. Humility, respect. Collective thinking, willingness to learn and be informed, including maturity and the skills of reflecting one's work, are all points that Chinese want to see in business. (Turley. 2010)

Best, or safest way to a good outcome for both negotiation sides is to ensure a strong development for the actual relationship and adjust to it fluidly, politely, and openly to the negotiation and the relationship. It is important to not cause stress by panicking or forcing your issue. Taking time and giving time in business negotiations and building strong relationship is important in cultures like this. Being confident and setting the agenda early on will ease the process and give you some benefits in negotiation situations. China has the luxury of choice when it comes to business and

partners, so it is important to give proof of serious business intentions, how to continue the relationships and the businesses' desire for a long and mutually beneficial business dealings. (Turley. 2010)

To keep these points in mind, Champion Door should firstly get a contact person, preferably someone who is a professional in doing business and maintaining relationships in China. Another long-term option for the company could be hiring someone to train and teach the employees in sales department. This way the employees would get deeper and better knowledge about the Chinese culture and doing business successfully in China.

3.4 TECHNOLOGICAL

Technological factors concern the innovations in technology and the regulations surrounding technology that might affect the operation of the industry. These issues could be technology incentives, level of innovation, automation, r&d and overall technological change and awareness. In this case, most important part is that these technological issues might affect whether for example outsourcing production abroad is beneficial in the specific area or no.

Technology can be used to get cheaper production, improved access to products or services in business-to-business and ease the production and supply by outsourcing. (Sammut-Bonnici, Galea. 2014)

China has the world's largest online population, with over 854 million users. They have set a goal to be a leader in science and technology globally. In order to achieve this goal, China has launched 'mass entrepreneurship and innovation' programme in 2015. According to China.org, it is meant to boost employment, promote technological innovation, and stimulate industrial growth. This goal can be beneficial for a company like Champion Door, that would bring something new and foreign to the markets in addition to opening more possible positions for jobs in sales and production.

3.5 ENVIRONMENTAL

Environmental matters have come more relevant only in the recent years due to the increasing scarcity of raw materials, pollution targets and carbon footprint targets set by the governments, and pressure from NGOs like, for example, Greenpeace. This part covers the ecological aspects, such as weather, climate, environmental offsets, and climate change. All this affects how companies can and should operate, especially expanding to international markets and outsourcing.

China has a very large geological diversity, being the fourth largest country by area. The fast growth in economy has brought some serious environmental issues with it. Pollution, both air and water are a huge problem in the whole area, which of course also affects the public health. The air quality is mostly the outcome of coal usage, that is needed for all the economic growth, since it somewhat cheap source of energy. This is one reason why the government has taken some actions and limit foreign investment in highly polluting industries, as stated before. (Stratagoras 25.10.2021)

China's president, Xi Jinping has stated that China strives for being carbon neutral by the year of 2060. Coal is still very widely used in the energy economy, but hydropower, wind and solar energy is becoming more common all around. It is something to consider, when and if the business decides to outsource or expand themselves in other ways to the Chinese markets.

3.6 LEGAL

From a western perspective, business relationships can also be viewed as legal relationships. When it comes to international business area, many concerns are crucial, for example the choice-of-law provision which then specifies the whole legal framework for the contract. There needs to be a lot of consideration when applying this in doing international business with China, since many laws that might seem reasonable in the western countries, might not apply in other places. (Sun. 2010)

Legal factors may overlap with the political ones, but it includes more some specific laws. It is recommended to have a legal advisor or an attorney, due to the changing, but very important laws when it comes to doing business in foreign countries.

The legislature in China is split into national level and local level. The main legislature includes the National People's Congress (NPC), the Standing Committee of the NPS, the State Council and the local people's congresses and governments. (Roesemes. 2016.)

The NPC is the highest structure of state control and it's empowered with the rights of legislation, decision, supervision, election, and removal. One of its biggest roles is to prepare and revise the Constitution and supervise its execution. (Roesemes. 2016.)

There are 23 provinces under the Central Government in China, and 4 municipalities directly under the central government. (Beijing, Tianjin, Shanghai, and Chongqing). 5 autonomous regions inhabited by minority groups, and 2 special administrative regions. Legislative processes at local levels are quite similar to those at the central level. It's divided into two categories, which are local regulations and rules. Local regulations deal with basic laws and laws at the national level. Rules on the other hand deal with administrative regulations at the national level. (Roesemes. 2016.)

China has quite strict legislation on IP protection system. Although they are part of the World Intellectual Property Organization, these rights might not be protected in China. Businesses intellectual property must be registered separately in China again, in order to gain those rights.

China has made some huge changes in its IP laws and practice in recent years. The State Council's national IP Strategy announced in 2008 that was also further supported by multiple follow-up implementation plans on both national and local level. The main focuses of this strategy are on bettering the IP system, promotion of IP creation and prevention of IP abuse. This has shown encouraging development in the law system, the IP cases brought to court in China has since risen over a few years. (Turley. 2010.)

The range of the IP cases has increased in China, there are no more restricted to violation of trademarks, copyright, or patent. Some of the more high-profile winning IP cases that involve some foreign companies are known and heard of here and there. Some brand names that have won IP cases in China are Starbucks, Yamaha, Harley-Davidson and Porsche for trademark or copyright

violations. This however would not be an issue to a company like Champion Door Oy, and there isn't necessarily need for such legal actions at any point for this time being.

China and Chinese people are very much document-based when it comes to relationships and businesses. Many authorities require substantial documentation proving the IPR (intellectual property rights) owner's current IP rights before agreeing to any form of action. (Turley. 2010.)

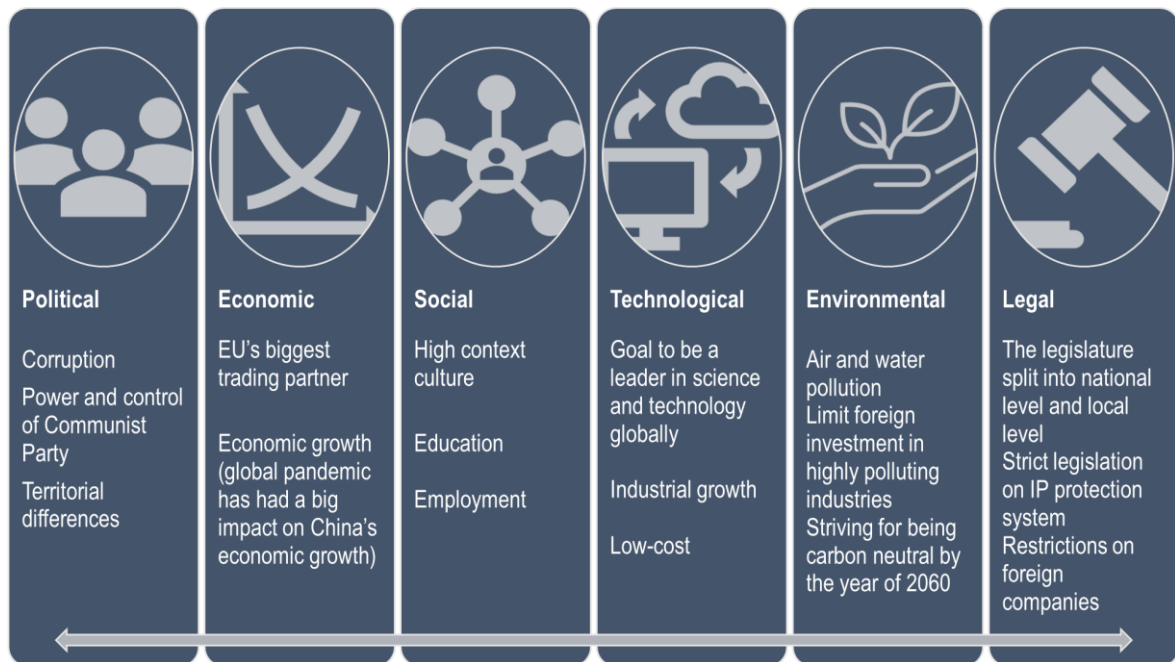


Figure 3. PESTEL analysis.

4 OUTSOURCING

Now that the market is becoming more competitive, outsourcing has become one of the most broad and profitable areas in the world. Outsourcing means delegating one or more business processes to an external provider, who then administers and manages the chosen processes to a mutually agreed standard. These could be, for example, manufacturing of components, IT systems, tax submission and other accounting tasks, training HR and administration, basic customer service and logistics. It is especially good for companies, that want to provide good, standard quality services or products but at the same time substantially reduce the budgets of certain divisions. (Dinu. 2015.)

4.1 WHY THIS METHOD

Reasons for outsourcing are for example the ability to get access to specialist expertise, all around the world without having to travel or get contact people outside the business in other parts and having possible suppliers with better capacity and access to raw materials. This can also lower the costs of certain materials, labour, and logistics, which most of the time is the main reason for outsourcing. (Dinu. 2015.)

The goals of outsourcing fall into four different categories; cost-focused, business-value-focused, strategic, and other. Cost reduction has been the most important point to companies, from the earliest studies to more recent ones. Strategic aspirations then include the organizations need to use outsourcing in a way to bring out bigger changes to the business and gaining access to global markets and providers. (Lacity, Willcocks. 2015.)

In studies that were conducted in the Nine Keys to World-Class Business Process Outsourcing, it shows that businesses mainly focused on cost reductions in outsourcing, making costs at least stable and getting rid of the non-core back-office functions. One electronics company for example, outsourced their finance and accounting to enable moving headquarters while retaining knowledge

and accomplishing business process developments. Another company in pharmaceutical field outsourced their finance and accounting functions to change away from their US location due to high cost. (Lacity, Willcocks. 2015.)

4.2 ADVANTAGES

Advantages for this are, like earlier mentioned, lower costs on labor and materials, even logistics and delivery. It is easier for the company to meet the needs of services, when there are others taking care of certain areas as said in the contract. In internationalization it is important since someone in the business doesn't have to travel or find ways of delivering materials and services to same areas all the time.

Another big benefit of outsourcing is that it makes certain operations more flexible. It is possible to add or take capacity as necessary, which then allows the business to focus on the core activities where it can add value.

4.3 DISADVANTAGES

Although there are many benefits to outsourcing, there are also some downsides to it. There could be, for example, risk that the outsourcing supplier might fail to meet the company's quality and other standards or otherwise fail to deliver. This could lead to additional costs or even loss of important customers. With this there could be a potential loss of expertise from the company, and there is also no assurance that costs will be lower.

There are also some legal risks that need to be taken into consideration when considering outsourcing. Companies like Champion Door Oy need to be aware of the laws and regulations that China might have, while not only doing business there, but outsourcing and expanding it further.

4.4 CONCLUSION

The main priority of bigger organizations in outsourcing is to focus on business and strategic benefits rather than focusing on just cost efficiencies. There are so many things to think when you are using outsourcing as a part of managing and expanding your business in a foreign country.

In conclusion, there are risks that need to be taken when choosing outsourcing of specific department, especially in internationalization. Applying this information to the case company's situation, most important parts would be getting a specialized contact person from the other end, China, and learn the laws, regulations and culture that are important to acknowledge in this case. Some of these aspects were already discussed in the PESTEL part. (Dinu. 2015.)

The PESTEL analysis (summary shown in figure 3.), shows things that could have an affect on outsourcing. Current matters in China, such as the industrial growth being fast, and at the same time low-cost has a lot of affect on how much the whole process and maintaining relationships and manufacturing could cost for Champion Door Oy, and how the industrial aspect needs to be looked at because of the environmental matters changing all the time, and the Chinese government being strict about it. The case company should start educating and finding out contact businesses from China, that are familiar with sustainable development and environmental issues that come with manufacturing.

Political factors that were dealt with also in the PESTEL analysis are also in a big part when it comes to expanding businesses and possibly choosing outsourcing. As it is shown in the summary, China's power and control are with the Communist Party, that have been stricter on foreign companies over the years, and what kind of companies are allowed to expand in their land.

All things considered; outsourcing would be beneficial for Champion Door Oy. It would help to save on some specific training costs for current employees, free up some resources so they can be used in other areas for the business. Also, transitioning to new processes and manufacturing systems could do good updates for the case company all in all. So, if the risks are taken into consideration and they are managed and monitored closely, outsourcing will benefit Champion Door Oy's process in expanding business to China.

5 DISCUSSION

China has great potential for many new possibilities for companies that are looking to expand further. One real problem for investors and companies is the lack of real information. Even many economists in Finland admit that they do not understand China enough to give reliable information about the possibilities that are brought by the Chinese markets. (Väkeväinen. 2019)

Now, China is striving to be the top country for technological development, which is what Made in China-programme was made for. The purpose for this program is to get China to be the top country for industrial automation and robotics. This could somehow be included in outsourcing for businesses like Champion Door Oy, while finding suppliers and figuring out the manufacturing process in China. In my opinion, applying some new technology and connecting with new suppliers and companies in China will be beneficial in a long run for Champion Door Oy, and will help them to get new technology to use in their processes. (Väkeväinen. 2019)

According to the PESTEL analysis, there are many things to take into consideration while expanding business to China. The future seems bright for businesses in China, and expanding there opens many new possibilities and contacts, although it seems to be forgotten how difficult it can be in reality. Especially in the world we live in right now, with COVID-19, the heated conversations between China and USA, and of course, the war between Ukraine and Russia. All of these mix the business climate in China even more, so although you have multiple professionals, who are familiar with the Chinese cultures, legislation, government etc. It is not guaranteed that expanding to China will go smooth, let alone fast.

Doing the research and figuring out the process for the thesis was definitely a huge learning experience. Not only did I learn more in depth about the PESTEL analysis and outsourcing but applying it for the case company and China helped understanding more about things that truly matter in expanding business and how difficult and complex the process can be. Especially, as stated before, in the world that we currently live in, situations and regulations can change over a very small period of time and adapting to the changes takes a lot from a company.

Global pandemic starting just over a couple of years ago, and the current war and conflicts around the world change plans and political aspects all the time. It made the process a lot more difficult, trying to keep up with the changes but also getting reliable, up to date information on the matters that were discussed in the thesis.

Another thing that made the process a bit more challenging, was adapting the analysis and outsourcing parts somehow to the case company. Finding information about the aviation industry and things that could involve the manufacturing aspect for Champion Door Oy was difficult, having little to no experience in this specific industry. Other than that, it did give a good base and direction to work off in the whole thesis overall.

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