

# **FOREIGN DIRECT INVESTMENT OF CHINA IN PAKISTAN AND PERFORMANCE OF CEMENT INDUSTRY IN PAKISTAN**

**By**

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## MBA Thesis

### 2<sup>nd</sup> Half-semester Progress Report & Thesis Approval

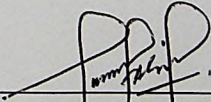
#### Supervisor-Student Meeting Record

No.	Date	Place of Meeting	Topic Discussed	Signature of Student
5	18 Feb 2016	Faculty Room	Data Integration	Amnazaadi
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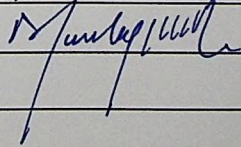
#### APPROVAL FOR EXAMINATION

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I hereby certify that the above candidate's thesis has been completed to my satisfaction and, to my belief, its standard is appropriate for submission for examination. I have also conducted plagiarism test of this thesis using HEC prescribed software and found similarity index at ----- that is within the permissible limit set by the HEC for the MBA thesis. I have also found the thesis in a format recognized by the Department of Management Sciences.

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## Abstract

**Purpose:** In this research study the aim is designed to analyze the impact of foreign direct investment in the form of Chinese foreign direct investment and its result impact on the overall performance of the cement industry in Pakistan to understand the development in the cement industry of Pakistan to analyzed the growth and standardization process along with development to meet the growing local and international demand of the industry.

**Research Methodology:** The data is collected for the period of 2000 to 2015 including dependent variables i.e. export performance, production capacity and effective capital utilization and independent variable i.e. foreign direct investment of China.

**Findings of the Research:** the coefficient matrix for the regression model between foreign direct investment in the form of Chinese foreign direct investment and log of the Export performance of the cement industry indicates that the elasticity of foreign direct investment to export performance of the cement industry of Pakistan is 0.494 and it is significant at 5 percent level of significance i.e. sign. Value is 0.044. Similarly, the coefficient matrix for the regression model between foreign direct investment in the form of Chinese foreign direct investment and log of the production capacity of the cement industry indicates that the elasticity of foreign direct investment to production capacity of the cement industry of Pakistan is 0.458 and it is significant at 10 percent level of significance i.e. sign. Value is 0.065. Finally, The coefficient matrix for the regression model between foreign direct investment in the form of Chinese foreign direct investment and effective capacity utilization of the cement industry indicates that the elasticity of foreign direct investment to effective capacity utilization of the cement industry of Pakistan is -0.455 and it is significant at 10 percent level of significance i.e. sign. Value is -0.455 means that industry has crossed, in their current operational framework the economy of scale therefore resulting in negative impact on the effective capital utilization.

**Practical Implications:** The findings of this research study are considered as a base in light with the findings of the previously conducted and policy recommendation are designed to explain the idea of foreign direct investment in the development of manufacturing industry as sleeted in this research cement industry of Pakistan.

**Keywords:** Foreign direct investment, Cement Industry

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Chapter 1 Introduction