

## *Original Paper*

# Role of Institutions in Economic Development of China

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### ***Abstract***

*The study has depicted the role of institutions in the economic development of China, and this leads to the elements of development in organizations. Moreover, there are various educational institutions in China that are mainly focused on the main keys to economic development. Apart from this, several top-class universities such as: Tsinghua University, Peking University and Nanjing University are providing the best education for better development of the economic systems. This study has also depicted the graphical representation of the role of institutional development from 2018 to 2022 within the Fiscal year. Various instructions have inspired economic development in China. Moreover, the researcher has stated the proper hypothesis for better and scientific measurement of the study.*

*The literature review chapter has described various themes for aligning the topic along with **Two-wheel drive, Keynesian economics theory and Marxian theory** for better understanding of the study. Theoretical underpinning is also be understood with development of conceptual framework after the entire description. The methodology chapter has been described with proper elements such as positivism philosophy, deductive research approach, descriptive research design and also mixed, method of research method. This chapter has given the advantage to determine the main survey method, which is simple random sampling, within which the entire data collection has been done. On the other hand, secondary qualitative data has been collected from the authentic articles. Moreover, the recommendation has depicted a clear idea of a better educational system for economic development in China.*

### ***Keywords***

*Government of China, Institutions, education system*

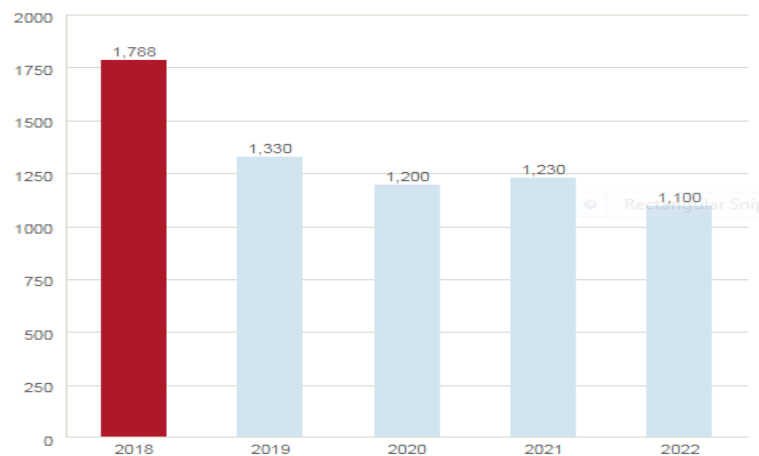
## 1. Introduction

### 1.1 Background

Institutions have an important role in the development of China and education is the main key element for the development of China. According to the statement Huang et al. (2020), many education institutions are present in China and the educational rate of China is increasing. Focusing more on education is the key point of economic development of China and students of China are more skilled and knowledgeable due to these educational institutions. Many top universities such as Tsinghua University, Peking University, and Nanjing University are present in China and the universities provide one of the best education to their students (Wu et al., 2019). The students for the universities contribute their knowledge, skills and experience in technology and economic development. Development in education the student can develop economic institutions and in economic development these institutions have an important role. Government has contributed to develop these universities and for the future development of the educational institutions is compulsory.

Many business organizations have been developed and in development of this business organization education institutions have great contributions. Economy of China is rising rapidly and in manufacturing sectors, China is one of the biggest contributors and China imports its products from most of the countries. Development of the Chinese economy depends on the economic activities of China and these economic activities help to change the economic condition of Chinese people.

### 1.2 Rationale



**Figure 1. Fiscal Year Commitment of China**

Source: worldbank.org, 2022

In this study, the economic development of China is to discuss and justify the role of the instructions in the development of China. China is an emerging developing country and the economy of this country is rapidly growing. About 800 million people are lifted out from the poverty line in China and this development is happening due to the economic development of China (worldbank.org, 2022). In this

study, problems in the development of China are to be described and the significance of the problems also be described. Impact of economic development helps to increase manufacturing in China and this increasing manufacturing helps to boost exports of China. Trade of China has increased due to increasing rate of export and these are key points to remove poverty from China. Development of the economy helps to increase economic activity of China and these economic activities are responsible for developing the economic condition of Chinese people.

Large number of education institutions helps to motivate increasing manufacturing in China and the Chinese economy has been boosted due to development of manufacturing. As per the opinion of Ahmed et al. (2021), education has inspired business and economic development. Economic development has increased the income rate of Chinese people and People have been able to remove from the poverty line. Rapid growth of the Chinese economy is possible due to institutional development. Development of institutions and its role in development of the economy is to be described in this study. Development environment has been created due to educational development and future development scope is to be discussed. Issues of the manufacturing and impact on the environment are also discussed. Limitation of economic development is important and the limitations are to also be described in a way of economic development.

### *1.3 Hypothesis Development*

HO: Institutions have no important role in the development of the Chinese economy.

H1: Institutions have an important role in the development of the Chinese economy.

### *1.4 Aim and Objectives*

Aim of this study is to analyze the importance of institutions in the development of the Chinese economy and justify the development with respect to sustainable development. Objectives of this study are

- To identify the challenges in the process of development of the economy in China.
- To find out the solutions of the existing issues of economic development.
- To identify the impact on people's lifestyle of the development of the economy.
- To find out the key institutions which have an important role in the development of the Chinese economy?

### *1.5 Research Question*

- What are issues in the process of economic development?
- What are the impacts of the development of educational institutions in economic development?
- How can people change their lifestyles due to economic development?
- What are the institutions which are responsible for developing the Chinese economy?

### *1.6 Significance of the Study*

Impact of economic development is to be described and it is known by this study. The challenges which are the barriers in the way if economic development are to be discussed and the solutions which are taken to remove the barriers. This knowledge and information are to be provided in this study. The method which is selected to make the research successful is to be described in this study.

## 2. Literature Review

### 2.1 Introduction

Different kinds of institutions have an important role in the development of the Chinese economy. In this economic development, many factors are included and the factors have a critical role to boost economic growth. The Government of China has encouraged institutions to develop economic conditions. Importance of the institutions is highlighted in this review and the key role of the institutions in the development of the economy. *Two-wheel drive, Keynesian economics theory and Marxian theory* are the important theories which are to be described in this study. It will be justified in this study that the theories play a significant role in the development of the economy.

### 2.2 Factors of Economic Development in China

China at present is one of the major developing countries in the world and the development is occurring in education, health, businesses and manufacturing. These developments have changed the economic condition of China and people of China have better opportunities to increase their economic activities. According to the statement Wang et al. (2019), the economic growth of China depends on the improvement of manufacturing. Most countries of the whole world depend on China for different kinds of components such as electronics, heavy engineering, chemicals, semiconductor and many other components. In whole world, China has created a big exporting market and tiger country fulfills demand of their countries. Improvement in manufacturing sectors is becoming possible due to development of education institutions and manpower is becoming useful by developing education systems. Other institutions such as research centers, business-related organizations and improvement of skills management institutions have made great contributions to improve the economy of China.

Export is another key factor to develop their economy of China as presently China is the biggest exporter in the world. Large scale manufacturing helps to increase export of China and this large scale manufacturing is the key point of cost effective manufacturing. Cost effective manufacturing helps to compete in the whole exporting market and then cost effective products of China get more advantages compared to the other exporting countries. According to the statement Latief and Lefen (2019), foreign investment is an important factor which helps to boost manufacturing in a country. Many giant companies have invested in China and their companies have set up their manufacturing plants in China. Cost effective and skilled workers help to manufacture large scale products and as result the foreign companies have shown interest in exporting the products to the whole world. This foreign investment helps to develop the economy by establishing a manufacturing plant in China. Institutions of China play a key role to make the workers skilled and knowledgeable to boost manufacturing.

### 2.3 Government Influence

Government has played the most important role in the development of Chinese economy. Sectors of industry, salary of workers, land distribution to the industry, in these sectors government has done full involvement. And as a result the foreign companies which are interested to invest in China are encouraged to set up their manufacturing plants in China. According to the statement Islam et al. (2021),

the government has ensured to provide land, road connectivity, better transport and availability of energy in manufacturing and the companies are impressed to set up theory plant. Availability of cost effective and skilled workers has influenced the companies and the companies have invested a lot in the Chinese market. The Government of China has provided enough raw materials which are important to increase manufacturing. This proceeding of raw materials is one of the important initiatives of the Chinese government to boost foreign investment. This rapid growth of foreign investment has improved the economic conditions. Many scholars have opposed that only government influence cannot develop the economy of China.

The Government of China has improved the educational institutions to make the students more knowledgeable and skilled. These skilled students have changed the conditions of manufacturing and availability of skilled workers has improved the business environment of China. As per the opinion of Ikram et al. (2019) influence of government is important to develop the economy of a country by improving requirements of the companies to boost manufacturers. The Chinese government has encouraged the students to involve themselves in new research for industry and technology and this improvement of research sectors has helped to introduce new technologies in manufacturing. The Government of China has made a policy to compete in exporting by making cost effective products and availability of essential commodities to manufacturing. Government has created an environment of developing manufacturing and exporting to boost the economy of the country. The requirements of the foreign companies are considered by the Chinese government to encourage manufacturing. Export duty and transportation of products are made easy to the companies and this initiative of the Chinese government helps to encourage manufacturing.

#### *2.4 Importance of Institutions for Economic Development of a Country*

Educational institutions play an important role to educate students and the students become more knowledgeable and skilled. Institutions help to motivate the students to engage themselves in national development. As per the opinion of Kaushik and Drolet (2018), economic development needs skilled and experienced workers and this need of development is fulfilled by the educated students. Students are the biggest human resources and a country must need to utilize these resources. Investment in education institutions is essential to prepare the students for the development of the economy. Different kinds of training institutions are essential to make the students skilled and the students will fulfill the requirement of the manufacturing plants. Educated and skilled workers can start new businesses and an environment of new business will be created by the experienced workers. Encouragement among the students helps to engage in differ kinds of research such research in new technology, development of new management. This environment of work plays a key role to increase many starts up and these are the main aspects to develop the economy of a country. According to the statement Beer et al. (2019), developed management and leadership are important to develop the economy of a country. The students develop their skill management in institutions. Many scholars have opposed this opinion and say that only institutions are not responsible to increase skill in management of the students.

## *2.5 Theoretical Underpinning o-w Drive Theory*

### ***Two-Wheel Drive theory***

Two-wheel drive theory has been implemented by the government of China for economic development. This theory has been implemented to increase innovation and investment in China and these innovations and investments are important to develop the economy. As per the opinion of Sjödin et al. (2018), innovation is essential to reduce additional cost in manufacturing and new technologies can increase the production of their company. Production cost is to be effective to capture a big market in the existing market and the government of China has ensured the use of innovation to develop its economy. Investment is also compulsory to increase the manufacturing plant and its capacity. Investment can develop the economy and the government of China has considered this fact.

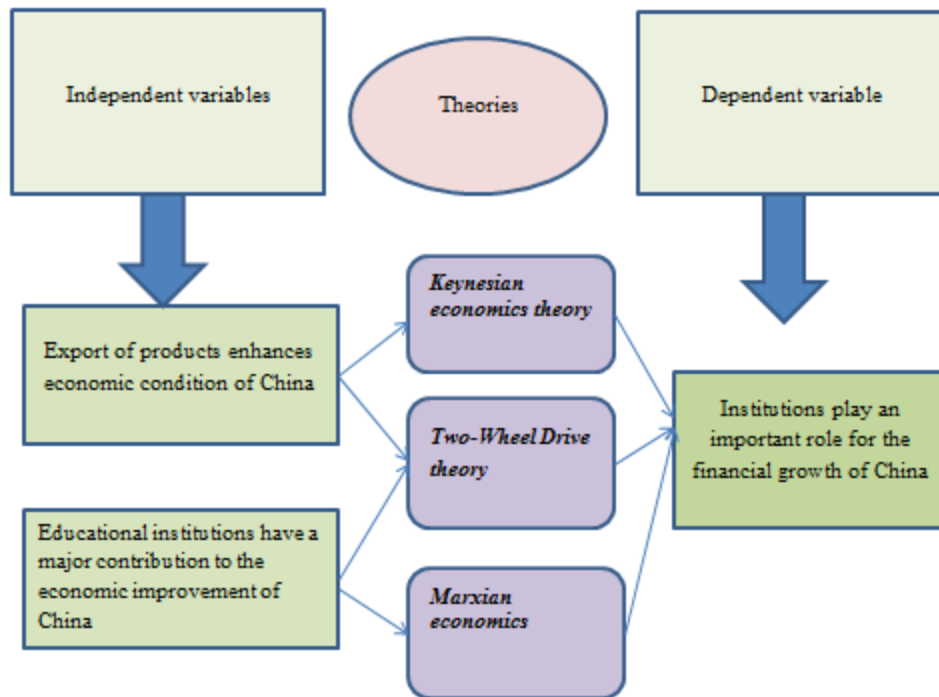
### ***Keynesian economics theory***

Keynesian economic theory is about the changes in the factors which are responsible for changing the economy of a market in a short time. In this theory, it is focused on the output of the investment in the economy such as capital, management, workers and focusing on supply and services. According to the statement Kuzminov Sorokin and Froumin (2019), capital is an essential element to boost the economy of a country and enough capital is required to increase economic development of a country. Skilled workers and effective management are also essential to increase economic growth of a country. Changes in a short time are required to improve the economy and this opinion is believed in this theory. Many scholars have opposed that short time changes can not improve the economy of a country.

### ***Marxian economics***

In Marxian economics theory, for the development of economy labor has an important role and development of labor is to be focused. As per the opinion of Huang and Zhao (2020), average working hours can provide better quality of products and this better quality of products can help to increase economic growth. Development of lifestyle is important for labor in this theory and this development can change the economy of a country.

## *2.6 Conceptual Framework*



**Figure 2. Conceptual Framework**

Source: Self-developed

### 2.7 Literature Gap

In this study, it is focused on institutions which are important to the development of the economy of China. On the other hand, other aspects are also important to increase the economic growth of China. The other aspects are technology, agriculture, supply of raw materials, and product quality. Technologies which are important to increase economic development are not discussed in this study. Development policy for workers is described in this study though this development policy is essential to motivate the workers. Enough supply and resources of the raw material are not disclosed in this study though for future development enough resources of raw materials are important.

### 2.8 Summary

Different kinds of factors are present in the Chinese economy which is important to boost economic growth. The factors are described in this study and the importance of the factors in economic growth is also discussed. Influence of the Chinese government in economic growth and then policies which are implemented by the government are described. It is focused in this study about the importance and benefits of government policy in the development of the Chinese economy. In economic growth, different kinds of institutions have important roles and the economic theories are also described.

### 3. Research Methodology

#### 3.1 Introduction

Research methodology is a procedure in which selection of research methods is to be discussed. Selection of methods is important to find out the actual result of research and discussion of the study will be as per the result of research. In the research process, research design, research approaches and the method by which data are collected are to be discussed in this research methodology. Selection of research methods depends on the research philosophy and philosophy is described in this methodology.

#### 3.2 Research Philosophy

Research philosophy is important to increase belief about the research processed, research technique in the research field. The process of collecting data and its justification is believed by this philosophy of research. According to the statement Moon *et al.* (2019), analysis of data and using technique is to be discussed as per the research philosophy. Realism, interpretive and positivism research philosophy are present in this research field and in this study positivism philosophy is selected.

##### **Justification**

Positivism research philosophy is essential to get reliable data and in this value freedom is found. Patterns and trends of research are important and for finding this positivism philosophy is compulsory.

#### 3.3 Research Approach

Research approach is then a plan in which steps of research are analyzed and details of the method are described. According to the statement Korstjens and Moser (2018) details of data collections, analysis of the research is discussed. Interpretation of research is described as the nature of the existing research. In this research method deductive approach is selected to make this research successful.

##### **Justification**

Deductive research approach is important to increase critical thinking skills and this critical thinking skill helps to increase ability of solving problems. Leadership skill development is important for business and this approach helps to increase these skills.

#### 3.4 Research Design

Researchers use research design to study about the market and the method which is important to analyze. In this research, descriptive design is selected to research the existing market.

##### **Justification**

This research design helps to find out accurate results and the answers related to the research are found out by this research design. As per the opinion of Maguire *et al.* (2018), descriptive research design is about accurate calculation of populations and the problems related to them and it works to find out the solutions.

#### 3.5 Data Collection Method

Data collection method is important to find out questions and better the results of the research. In this research, a survey method is selected to find out primary and secondary quantitative data.



### 3.6 Data Analysis

The data analysis is maintaining the standard way of the research work that can make the better way of understanding. The understanding is related to the description of the primary and the secondary data. The data collection is maintaining the better development of the research work that maintains the authenticity of the production of the better research work. The current research work for the development of the economic condition for China is discussed here to make the relevancy over the research work. From the perspective of Khalid and Zeebaree (2021), data analysis makes innovative research work that maintains the authentic information to make the better understanding of the research work. In the research work the main data analysis is based on the application of the SPSS system that depends on the development of the questionnaire.

The formation of the data analysis happens through the application of the statistical analysis based on the innovative way of the application. The data analysis is to describe the better design of the research work, as here the descriptive way. The Descriptive way of the research can be done through the application of the primary and the secondary data collection methods. The researcher makes the description using primary data collection as a qualitative way and secondary data analysis as the quality way. According to the studies of Amato et al. (2021), primary and secondary data collection methods are most vital for the research work that makes the innovative way of understanding the research. The research study has developed with the usage of authentic journals for the secondary data qualitative analysis from the year of 2021-2022.

### 3.7 Sampling Method

Primary data Collection methods happen through the sampling method that can be done through the making of the questionnaire. Making of the questionnaire can be developed from the topic related questions that make the consideration about the chosen topic and the participants should be authentic to respond to the question. As mentioned by Buschle et al. (2022), the questionnaire development is much vital for the research work that makes the better responses to have the collection of ethical primary data. The research work can maintain the authentic sources from the primary data collection method as the response comes from the numbers of participants chosen.

The study work has maintained the work with application of the simple *random sampling method* and the questionnaire development for better description. As per the studies of Brereton et al. (2022), the sampling method of the research work has maintained better application of the different types of the sampling method that are random sampling, stratified sampling and the descriptive sampling method. Researcher has developed the better questionnaire with 11 different types of questions that are related to the demographic questions and the topic-related questions. All the questions are completed by the application of the *five Likert scales* that can maintain the standard way of the responses. The researcher has developed the questionnaire for the choosing of the 101 participants. That can be managed through the asking of the local participants and all of the authentic information has been managed.

### 3.8 Ethical Consideration

Ethical consideration can be maintained through the authentic way of the research work. The work has maintained the better application or the description of the current topic. Ethical consideration made by the deductive approaches that make the better and the relevant development of the research work the work has maintained the better application of the research design. The better application of the design maintains the strategic way of the description. The authentic information is actually maintained through the better application of the data collection method that of the primary quantitative way and the secondary qualitative way.

### 3.9 Reliability

The current research works are maintaining authenticity as all the sources are most relevant. The sources depend on taking help from the authentic journals that are related to the year from 2021 to 2022. Most of the current information from the journals makes the most of the research work much authentic and the relevant primary data collection also makes the data quite authentic.

### 3.10 Summary

The research study for the chapter of the methodology makes the relevant way of the description as the application of the standard way of the approach, design and the methods. The data collection method and the analysis also describe the taking of the relevant information.

## 4. Data Analysis

### 4.1 Introduction

Data Analysis is the vital part of the research work and the systematic description of the statistical analysis. This chapter gives a detailed understanding of research work with the illustration and the interpretation of the logical techniques used in the application of the SPSS system. This research work will be completed with the help of the collection of the primary and secondary data. The primary data collection is based on the quantitative way and secondary data collection is based on the qualitative description. The primary quantitative data analysis will be based on the usages of the standard statistical application, SPSS and the secondary data analysis can be done through thematic analysis based on the topic. Researcher has chosen the descriptive way of analysis for the description of the data analysis.

### 4.2 Secondary Qualitative Data Analysis

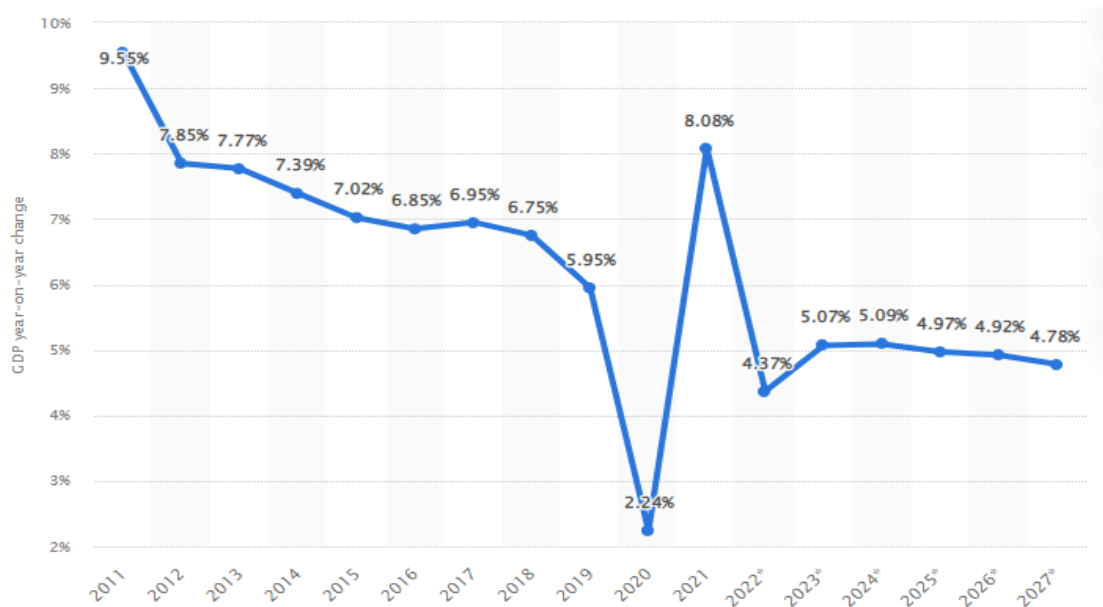
#### ***Theme 1: Fiscal decentralization affects CO2 emission in the role of institution and human capital***

Fiscal decentralization has the capacity to mitigate the carbon dioxide emission in the country of China. As per the studies of Cheng et al. (2021), fiscal decentralization is mainly the transformation of the expenditures that make the responsibilities and the assignment of the revenues to reduce the levels of the government. Fiscal decentralization can easily make a better environment that can greatly impact humans. This fiscal decentralization is the main fundamental aspect for China that makes the transition makes the China into the market economy. The country has made better activity on the highly fiscal management of the various forms of the contraction systems for the sharing of the tax.

Long term economic growth is required for the improvement of the efficiency of the public sector that will maintain the better human capital in China. The fiscal deficit is the most important term for the greater development of the economy. According to the studies of Chen and Sivakumar (2021), long term economic growth can maintain better market value with the commodities and the services for the development of the business. The institution of the human capital can be affected by the interrelationship of fiscal decentralization and the quality of the environment. The fiscal decentralization can help the government to make the policies on the implementation of the political aspects and that will maintain the improvement of the environment quality.

### ***Theme 2: Innovation leads to the great enrichment of economic growth in China***

Economic growth is always maintained through the factors of the country, basically the political factor should be stable for the growth of the economy. The Chinese government has led to the changes of the development of the Chinese economic growth that maintain the establishment of the better application of the strategies for the boost up the gross domestic production and the investment rate is high in China with the better surplus of agriculture. The real growth of the GDP in china in the year of 20221 was approximately 8.1% and the IMF estimation percentage for the GDP growth is 4.4 % in 2022 (Textor, 2022). The estimation rate of the GDP for the year of 2023 will be 5.5 % of GDP growth.



**Figure 3. Growth Rate of Real GDP in China from 2011 to 2021 with Forecasts until 2027**

Source: Textor, 2022

The above graph has shown the certain growth of the economy that enriches the market of this country. After the global pandemic, the country has taken the steps for the certain changes of the government for the growth for the better economic condition. The government of china has taken the steps for the implementation of the economic growth within the reformation of the five keys that are the policy for the

new micro economy, the growth with the stabilization of the economy, transformation of the growth pattern of the economy. The other two factors are, competition that plays a greater role and the involvement of the private sectors. The new innovation makes for a better development of the business that actually maintains the growth of the economy.

### ***Theme 3. Role of energy consumption in the sustainable economic growth in china***

Energy is related to the aspects of renewable and non-renewable energy resources that can maintain all the factors of the country. The usages of the non-renewable energy can make the development of the country less as these types of resources cannot return after use and the resources are in little supply in nature. As per the studies of Rahimi et al. (2021), the non-renewable resources can lead to the human hazard as the extraction of these resources has the bad effect like pollution. Countries like China have made use of renewable resources, these resources include solar energy, hydroelectric energy. China has made less use of the non-renewable energy for the remaining amount of this energy is comparatively less. Moreover, this type of energy creates heavy pollution, which makes the health hazard along with less effective development of the economy.

China has implemented the hydroelectric power for the better growth of the economy as this makes the less pollution with the less expenditure in the production for the business. The overall production rate also maintains with the application of the renewable energy as these types of energy are the natural resources and will not finish. According to the studies of Khan et al. (2021), the sustainable economic growth determines the term that would happen through the better development of the business of the country within the short term and the long term. China actually maintains long term economic growth by consuming the energy in the factories. Carbon emissions can be maintained through the use of solar and hydroelectric energy in production. Developing country like china has it maintaining the business with the renewable energy as cannot manage the usages of the non-renewable energy as these types of energy set less effective development and also it make the pollution that also cause the health hazard and heavy loss of the economy will result. China has the various scientists that maintain the better way of the development and with the heavy concentration of the human resources the china government can maintain the better ways of the development.

### ***Theme 4: Role of public and private sectors for economic development of China***

There are various roles of the public and the private sector in China's economic development that maintain the better development of the business environment. Economic institutions of China that are related to different types of factors, such as, political, economic and more. The Chinese government has implemented all the institutions in a systematic way. According to the studies of Abad-Segura and Gonzalez-Zamar (2021), the main role of the economic institution is maintaining the decision making programmes that are related to the better society performance .the fundamental process of the better development requires the adoption of the policies by the government. As mentioned by Tran et al. (2021), the economic institutions play a greater role for the economic development that can also maintain the sustainability of the country. The political institutions of the government are marinating the policy

development of the country, as the regulation and the political stability can maintain the better implementation for the country. Economic institutions can make better ways of the development that happen though the application of the right strategy for the business internship.

The bank of China can maintain the better development of the implication of the cost regarding strategy, the introduction of the standard strategy and help the country top implement over the sectorial development. The availability of the proper implementation plan can develop the private and the public sector of the country. As per the studies of Jassim and Al-Haidari (2021), the banking liberalization helps the better development of the public sector and there will be the assurance of economic growth. The economic growth china happen for the certain liberalization of the public sector, even the public sector also maintain the development through the better application of the regulation of bank China had joined the world trade organization in the years 2001 that make the turning point of the business .

The better surplus of the production from the buses and the better development of the business. Price control is also a part of the business can maintain the better consumption of the trade. As per the studies of Heizmann and Huth (2021), the information technology, banking sector and the insurance corporation, all of the private and the government sectors can better maintain the economic condition. The reason for this is the price for the China product is exported to various international markets. All of the China products have to maintain the price control for the concern of various types of customers. Customers can keep the Chinese products at affordable prices that maintain the GDP growth along with the sustainable economic growth.

#### *4.3 Discussion*

The discussion is based on the secondary data analysis that maintains the thematic representation of the topic. The research work has described the institutional role in the economic development of China. Here four themes are mentioned that make the standard way of understanding the research work. All themes describe topic-related things to make a better understanding of the study. The First theme describes the fiscal deficiency that affects the CO2 emission for the development of human capital.th second theme is to describe the innovation that leads to the economic growth of china. Then the third theme describes the role of energy consumption and the last theme describes the role of the public and the private sector. Moreover, the application of the SPSS system on the research work can maintain better understanding with the better advancement of the research work. The statistical consideration can be maintained through the primary data collection and the data collection can maintain the quantitative approach. On the other hand, the secondary data collection can maintain the qualitative data collection from the thematic description from the relevant ways of the sources like journals from the current years.

#### *4.4 Summary*

The above discussion is based on the methodology of the research work that describes the strategic ways of the operations. The methodology chapter actually describes the better way of the methods that includes the research design, research approach, research methods all of these approaches are related to the description of the description of the data collections and the data analysis part. In this chapter the

study is based on the approach, in this research work the deductive approach has used and in the design the descriptive way of the research method has taken that make the better understanding of the research work. The research work has made the better and the standard way of the description with the usages of the SPSS system of statistical analysis.

#### 4.5 Primary Quantitative

Statistics							
		What is your age?	What is your gender?	Institutions play an important role in economic development of China. Agree or disagree?	Educational institutions have a significant role in improving financial situation in China. Agree or disagree?	Enhancement of business conditions of manufacturing companies ameliorates economic condition of China. Agree or disagree?	Enhancement of business conditions of manufacturing companies ameliorates economic condition of China. Agree or disagree?
N	Valid	51	51	51	51	51	51
	Missing	0	0	0	0	0	0
Mean		2.29	1.71	3.29	3.33	3.35	3.20
Median		2.00	2.00	3.00	3.00	4.00	3.00
Mode		1	2	5	5	5	5
Std. Deviation		1.171	0.576	1.432	1.352	1.494	1.536
Skewness		0.326	0.102	-0.289	-0.137	-0.302	-0.206
Std. Error of Skewness		0.333	0.333	0.333	0.333	0.333	0.333
Kurtosis		-1.374	-0.503	-1.231	-1.181	-1.370	-1.438
Std. Error of Kurtosis		0.656	0.656	0.656	0.656	0.656	0.656
Sum		117	87	168	170	171	163

Figure 4. Descriptive Statistics 1

Source: developed in SPSS

Descriptive statistics help to understand the opportunities to develop the economic condition of China. Value of descriptive statistics is significant to understand the importance of the institutions in the development of the economy and impact of institutions in the overall development of China. According to the statement Acs et al. (2018), in these statistics, the importance of manufacturing companies in the process of economic development is analyzed. Economic condition of China depends on the manufacturing plant and the export of products also has an impact on the economic development of the country. In this statistics the value is about 2.29 and this value indicates the impact of institutions in the economic development average of China. Value of standard division is the key point to understanding the wide range of the economic development of China. This descriptive show that this research is organized in a wide range of participants.

**Correlations**

	Constant	Enhancement of business conditions	Export	Manufacturing plants	Educational institutions
Constant	1	.925 <sup>**</sup>	.922 <sup>**</sup>	.925 <sup>**</sup>	.925 <sup>**</sup>
Enhancement of business conditions		1	.925 <sup>**</sup>	.922 <sup>**</sup>	.925 <sup>**</sup>
Export			1	.925 <sup>**</sup>	.925 <sup>**</sup>
Manufacturing plants				1	.925 <sup>**</sup>
Educational institutions					1

**Figure 5. Correlation**

Source: developed in SPSS

Correlations indicate the authenticity of the data which are used in this research and the result is .925. This value clears the impact of educational institutions in the development of China. Manufacturing plants are also important in the development of the Chinese economy and value .922. This value is the indication of the impact of manufacturing plants in the Chinese economy. This correlation decides the importance of export in economic development.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.985 <sup>a</sup>	0.970	0.968	0.257

a. Predictors: (Constant), Enhancement of business conditions

**Figure 6. Regression**

Source: developed in SPSS

Reliability analysis is one of the most significant parts of data analysis which helps to know whether all the collected data are relevant or not. If the value is greater than 0.70 then it refers to reliable data and if the value is less than 0.70 then data is not reliable. It can be identified that the value of Cronbach Alpha is 0.974 which is greater than 0.70 (0.974>0.70). Hence, it can be stated that all the collected data are reliable.

**Reliability**

Cronbach's Alpha	N of Items
0.974	6

**Figure 7. Reliability Statistics**

Source: developed in SPSS

Model summary refers to the analysis of the value of R square and R square change in a research study. According to the model summary value of R is .985 and value of r square is 0.970. Normally R values vary among +1 and -1, it is the standard form of R values. These values determine a correlation among observed values and predicted values. Apart from this adjusted R square value is also important to know the actual correlation. According to the model summary value of adjusted R square is 0.968 and standard error is 0.257. These measures the typical amount based on the sample mean.

## 5. Conclusion and Recommendation

### 5.1 Conclusion

The Chinese economy is one of the emerging economies worldwide and development of the economy is possible by different kinds of initiatives of the government. Institutions have played an important role in developing the Chinese economy and the government of China has considered the importance of educational institutions in economic development. Educational institutions are not only responsible for developing the economy of China, other institutions such as research institutions, training institutions are also important to boost the Chinese economy. Development of the Chinese economy has changed the lifestyle of Chinese people and for this economic development about 800 million people are removed from the poverty list. This development of the economy is happening due to the development of manufacturing sectors. Foreign investment has made this possible and development of manufacturing sectors export of Chinese has increased rapidly. This rapid development in export has changed the economic conditions of China.

Foreign investment has shown interest due to availability of cost effective, skilled workers and for increasing growth of manufacturing these kinds of workers are essential. Innovation and investment are compulsory to boost economic growth. The Government of China has adopted two-wheel drive theory to increase innovation and investment in China. Government has implemented different kinds of policies to make students more knowledgeable, skilled, and experienced. Engagement of the students helps to develop the economy and the government gets benefits of implementation of the policies.

### 5.2 Linking with Objectives

#### 5.2.1 Challenges in Bringing Development to the Economy of China

China has faced so many challenges on the economic conditions that it cannot maintain the strategic growth within the economic institution. In the past years the Chinese government could not maintain a better policy for overpopulation, and after that the pandemic situation caused the loss of the business that made the challenges of economic growth.

#### 5.2.2 Solution for the Existing Issues for Economic Development

Political stability should be stronger to mitigate the challenges faced by the Chinese economy. Economic development can be managed through a better implementation plan for the business.



### 5.2.3 Impact of Lifestyle of People for the Economic Development

The economic development of China can lead to the standard ardis lifestyle of the citizens. The lifestyle of the people would be advanced after the implementation of the government.

### 5.2.4 Institutional Keys for the Development of the Chinese Economy

Political stability of the Chinese government, loan approval in the banking sectors can make the development of the Chinese economy better. Moreover, the educational sector should be implemented by the presence of better faculty. Hence the private and the public sectoral development can lead to the development of the economy.

### 5.3 Recommendation

Some steps related to the economic development of China can be recommended in this present study and these steps are interpreted below:

- ***Development of the innovative companies***

Development of innovative combat can make the development of economic condition. The innovative company should have the motivated staff that will maintain the better production and the production can maintain the standard way of the production. As per the studies of Castiglione *et al.*(2021),the innovative products of the company can maintain the better concentration of the customers. The innovative products have the concentration of the better customers that may result in better reviews for the particular product.

- ***Modern macroeconomic policy***

Pro activation of the fiscal policy and the increasing rate of the deficit can maintain the better development of the amount of stimuli. According to the studies of Hameed *et al.*(2022), macroeconomic policy can maintain the better way of the production with the standardization of the economic institution , that will maintain the better economic growth. Gross domestic production can develop through the greater degree of the production. The stabilization of growth will maintain the better consideration of the monetary policy that is based on economic growth.

- ***New monetary policy***

The bank of China maintains the combination of the monetary policy with quantity and also the price basis. The usages of both of the price basis and the qualitative policy can maintain the better framework of the macroeconomic. According to the studies of Bussière *et al.*(2021), the monetary policy can maintain the rate of the better implementation and thus approve the liquidity level and the credit and the financing will improve with the better application of the policy implementation. The management of the further improvement can deepen the rate of innovation and the certain transmission of the economic condition will maintain through the new monetary policy.

### 5.4 Future Scope

Demands of skilled and experienced workers are increasing worldwide according to the requirements of the manufacturing companies. Number of institutions is also increasing and in future the educational institutions need development to provides better education, skills to the students. Future development can

make China a manufacturing giant and dependency on products of most countries will be increased in China.

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