

Duke's Fuqua School of Business / CFO Magazine Business Outlook

Results for 21 Chinese firms (own-firm changes expected during the next 12 months)

	Dec 2015	Sept 2015	Jun 2015	Mar 2015	Dec 2014
Weighted Averages for	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months
Earnings growth*	4.0%	-21.1% Median=5.0%	5.0%	2.9%	5.7%
Capital spending	1.8%	-8.6%	12.4%	-0.1%	6.3%
Advertising and marketing spending	1.2%	-9.2%	2.2%	1.4%	8.1%
Technology spending	2.9%	-9.3%	5.6%	1.7%	7.8%
R&D spending	2.7%	-8.9%	5.8%	2.2%	4.9%
Employment – full-time	-1.1%	-3.7%	10.0%	1.1%	2.2%
Employment – temporary	-0.2%	-2.9%	1.8%	0.6%	0.5%
Outsourced Employment	0.8%	-0.3%	-0.1%	0.5%	3.4%
Wages and Salaries	5.0%	1.2%	8.2%	2.2%	6.5%
Productivity	2.8%	-6.6%	5.5%	1.0%	4.1%
Inflation (Chg in prices of own-firm products)	0.7%	-4.2%	0.2%	-0.2%	3.4%
Health Care Costs	0.6%	-0.3%	1.5%	2.2%	2.6%
Dividends*	0.0%	-11.8%	0.0%	0.0%	5.4%
Cash on balance sheet*	-12.7%	-9.0%	1.2%	4.3%	3.2%
Share Repurchases*	0.0%	0.0%	0.0%	0.0%	0.0%
Revenue	4.3%	-7.4%	13.8%	2.0%	11.4%
Mergers and Acquisitions	Not asked.	52.9% plan to acquire; mainly for product and geographic diversification.	Not asked.	40.7% plan to acquire; Foreign targets in 17.0% of acq. 21.1% plan to sell part or all of firm.	Not asked.

* indicates public firms only. All other numbers are for all survey respondents (including private). The reported averages are weighted by revenue or number of employees, so that large firms are weighted more heavily.

Chinese BUSINESS OPTIMISM
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	Dec 2015	Sept 2015	Jun 2015	Mar 2015	Dec 2014
	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.
Optimism about the country's economy	More opt: 14.3% Less opt: 76.2% No chg: 9.5%	More opt: 11.8% Less opt: 76.5% No chg: 11.8%	More opt: 18.2% Less opt: 50.0% No chg: 31.8%	More opt: 14.3% Less opt: 57.1% No chg: 28.6%	More opt: 20.0% Less opt: 60.0% No chg: 20.0%
Country optimism level	47.7	55.1	62.0	66.5	61.4
Optimism about own company	More opt: 9.5% Less opt: 57.1% No chg: 33.3%	More opt: 5.9% Less opt: 52.9% No chg: 41.2%	More opt: 18.2% Less opt: 36.4% No chg: 45.5%	More opt: 25.0% Less opt: 46.4% No chg: 28.6%	More opt: 25.0% Less opt: 50.0% No chg: 25.0%
Own company optimism level	54.0	62.4	64.0	69.3	59.9

Top Concerns for Chinese Businesses

- Economic uncertainty
- Weak demand for your products/services
- Rising wages and salaries
- Employee productivity
- Currency risk
- Regulatory requirements
- Corporate tax code [domestic]
- Government policies
- Geopolitical/health crises
- Attracting and retaining qualified employees