



Research on the Impact of Foreign Direct Investment on Innovative Entrepreneurship

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Abstract. At present, the economy in China has made great progress and has become the second economy in the world. Since entering the 21st century, my country's development speed has far exceeded that of other developing countries. Since my country has achieved a lot of room for economic development in recent years, it has attracted a lot of foreign direct investment (FDI), which has a lot to do with my country's human capital. Based on this, this paper studies the impact of foreign direct investment on innovative entrepreneurship, and analyzes the role played by the dual-threshold adjustment of human capital. In the research process of this article, using the idea of empirical research, the research object is divided into three areas with human capital as the judgment index, and the research on the influence of foreign direct investment on innovative entrepreneurship is carried out.

Keywords: Foreign Direct Investment · Innovative Entrepreneurship · Impact Research

1 Introduction

For any country and society, innovation is needed. At present, our country is in the process of economic transformation. In this process, our country vigorously encourages people to start businesses, and has also formulated relevant systems so that many young people have the capital to start businesses. This has also set off a wave of entrepreneurship. Every year, entrepreneurs are developing in an increasing trend year by year. After incomplete statistics in recent years, until 2019, the number of entrepreneurs in China has reached more than 20 million [3]. And the number is still increasing by more than 20,000 per day. Although the number is very considerable, there are many The entrepreneurs are all on a whim and do not have long-term plans. They belong to the category of blind entrepreneurship. Compliant with the country's system, it often does not produce better results. The main reason is that entrepreneurs have not innovated. Following the path of others will only bring about the effect of low entrepreneurial quality.

2 The Human Capital Adjustment Mechanism of Foreign Direct Investment on Innovative Entrepreneurship

The impact of foreign direct investment on innovative entrepreneurship has two sides. It depends entirely on the development direction of the host enterprise and the education level of the enterprise, and there is a certain relationship between the two.

If the human capital of the host company is relatively low, it may encounter many problems in the process of starting a business. The new technology brought by the foreign-funded company makes the host company unable to absorb, which also exposes the problems of the company. The journey will be even more difficult. If the human capital of the host company is relatively high, it can quickly understand the new technology brought by foreign-funded enterprises, coupled with a higher degree and higher education from the country, can absorb and apply the new technology more quickly [6].

3 Build Models and Methods

3.1 Human Capital Threshold Model Construction

According to the impact of foreign direct investment on the host startup enterprise, a model is constructed for the threshold adjustment of the invested enterprise. The model is shown below.

$$\begin{aligned} \text{Inien}_{it} = & u_i + \beta_1 \text{Infdi}_{it} \cdot I(\text{hc}_{it} \leq Y_1) + \beta_2 \text{Infi}_{it} (Y_1 < \text{hc}_{it} \leq Y_2) \\ & + \beta_3 \text{Infdi}_{it} \cdot I(\text{hc}_{it} > Y_2) + \beta_4 \text{Inctrl}_{it} + \beta_5 \text{ctrl}_{it} + E_{it} \end{aligned} \quad (1)$$

3.2 Related Data and Variables

In this research, the variables that will appear mainly include the number of entrepreneurship, the number of foreign direct investment, and the situation of human capital. In addition, the quality of entrepreneurship is also related to the current market environment, the education level of entrepreneurs, and subjective Consciousness has a close relationship. These are control variables. The main data and variables are shown below [2].

Explained variable: Explained variable refers to innovative entrepreneurship. Not only China, but the world has higher requirements for innovation. The quality of entrepreneurship has a great relationship with innovation [1]. Officials interpret this as in the subjective consciousness of entrepreneurs, that the company’s products have never been seen by the public, and there are no similar products among competing companies. This standard is designated as “Innovation”.

Main explanatory variable: The main explanatory variable refers to foreign direct investment. To a certain extent, foreign direct investment determines the development direction and speed of the host enterprise. For this, FDI is used as the main explanatory variable of this study.

Threshold variable: This variable is calculated by the following formula.

$$Hc_{it} = hc_{it} (\text{Publications}_{it} + \text{patents}_{it})/L_{it}$$

In this formula, hc is the human capital adjusted according to the market environment, hc is the average level of education in the host company, measured in years, Publications are current sci-tech journal articles, Patents is the number of patents applied for, and L is For the labor force in the host company, i is the region and t is the year.

Control variables: Control variables include the impact of innovative entrepreneurship on the quality of entrepreneurship, and whether those who want to start a business can start a business. The influence of the market environment and the subjective consciousness of entrepreneurs. It mainly includes the following five aspects: ① Economic level: the GDP development of the host company. In the statistics of the results, the higher the economic level, the more innovative the host country’s companies are, and there is a high probability that they will engage in innovative entrepreneurial activities; ② Entrepreneurship cost: Generally speaking, when choosing a startup project, if the cost required is higher, you will face greater problems in the future entrepreneurial practice; ③ Financing channels, for some people who are in the entrepreneurial period For enterprises, if the financing channels are more extensive, then they can get rid of the shackles of financing, and the capital chain will have a certain guarantee; ④ State support, in recent years, my China has provided greater support for innovative entrepreneurship. Very short and no cumbersome process, then the greater the country’s support, the more convenient future activities will be; ⑤ Market environment, which has a certain relationship with the openness of the market, the higher the openness, the more entrepreneurs, There are more possibilities for innovative entrepreneurship [4].

4 Research Results

Analysis of the data of forty lower than in different countries and regions, and the use of Stata17.0 software for statistics, the specific research results are shown below.

After the establishment of the model, it is necessary to evaluate the threshold of human capital. Generally speaking, a dual-threshold adjustment mechanism is selected for evaluation [7]. There are three types of thresholds: single threshold, double threshold and triple threshold. In order to ensure the authenticity of the data, Bootstrap is used to calculate 500 times. The specific data is shown in Table 1.

Table 1. Threshold variable test

	Model	F	P	Critical value		
				1%	5%	10%
Hc	Single threshold	32.50	0.015	20.035	26.001	36.030
	Double threshold	31.10	0.002	17.003	19.032	25.352
	Triple threshold	11.03	0.331	20.032	29.995	47.335

Table 2. Threshold Evaluation

	Valuation	95Boven Confidence Interval
Y1 (Threshold)	13.0232	{13.0224, 13.0441}
Y2 (Threshold)	17.7652	{17.6350, 17.7733}

Table 3. Research results

variable	Low human capital countries/regions	middle Human Capital Countries/Regions	High human capital countries/regions
economic development	0.018 (0.94)	0.094 (1.84)	0.117 (1.98)
Start-up cost	-0.228 (-2.69)	-0.501 (-1.71)	-0.508 (-3.41)
Financing channels	0.028 (0.81)	0.018 (2.48)	0.025 (1.50)
State support	0.057 (0.74)	0.126 (1.71)	1.84 (0.211)
Market environment	0.251 (1.66)	0.105 (1.69)	0.147 (2.65)

Then the threshold value is estimated, and the specific data is shown in Table 2.

In this regard, forty countries and regions are classified according to human capital, low human capital $hc \leq 13.0232$, medium human capital $13.0232 \leq hc \leq 17.7652$, and high human capital $hc > 17.7652$. The specific data are shown in Table 3.

In the reality of the statistical results, foreign direct investment has a certain impact on innovative entrepreneurship, and it has a great relationship with the dual threshold of human capital. The threshold value is estimated to be 13.0232 and 17.7652. Division, the impact on different regions also has certain differences. First of all, in low human capital areas, foreign direct investment mainly has a negative impact, because entrepreneurs in low human capital areas are not sufficiently educated, they do not understand many advanced management concepts and advanced technologies, and their digestibility is relatively high. weak. The main manifestation is that innovative entrepreneurship has been suppressed, and the quality of entrepreneurship is not high enough. In the middle human capital area and high human capital area, it has a certain positive impact. At that time, it has better digestion ability in these two areas., It has a good absorption effect on the advanced technology brought by foreign direct investment and can be digested [5].

In addition, in areas with high human capital, the positive coefficient of innovative entrepreneurship is somewhat different from that in areas with medium human capital. At that time, because in areas with high human capital, some entrepreneurs will receive foreign investment. The olive branch thrown by enterprises, thus giving up entrepreneurship and employment. Finally, innovative companies have a wide range of financing channels and are supported by the state, which can improve the quality of entrepreneurship to a

certain extent. The high cost of starting a business will cause greater problems in the future [8].

5 China's Economy Should Be an Efficient Strategy for Foreign Direct Investment

5.1 Improve the Quality of the Mixed Use of FDI in China

In line with the transformation of China's economic growth mode from extensive to intensive cup, the use of foreign direct cold investment should also change from quantity to quality. Whether to promote China's technological progress is the main standard of the quality of foreign direct investment. Therefore,

In order to improve the quality of foreign capital aid, we must first raise the technical content and technical level of high utilization of foreign capital. It is necessary to build a selective entry standard of burning technology to control the technology level of foreign capital and improve the contribution of foreign capital to the technological development of China's party industry. To make a breakthrough in the use of top foreign direct investment, it is crucial to innovate the way of using foreign direct investment. In addition to the traditional way of joint venture, cooperation and sole proprietorship enterprises, it is also necessary to adapt to the main ways of international capital investment, and gradually adopt the acquisition of multinational companies to benefit foreign capital. Therefore, we need the capital market and the property rights trading system, in order to reduce the legal risk of investors.

5.2 Promote the Improvement of Chinese Technology Digestion, Innovation and Wrist Development Ability

Found the technology through technology trade, because the money for gambling should not match, technology absorption can splash is not strong, ignore the market development, high cost original reason, there are a considerable proportion of skill introduction project can not very good role, or when suction needle digestion, the introduction of skill has fallen behind. In this case, the government's push for technological technology is particularly serious. In the national research project of key projects and key laboratory research Xue give support at the same time, the government should take various measures, the enterprise technology and give the necessary support and inclined, under the condition of permission, can even through administrative interest means, mandatory scattered in enterprise technical force group woven together, around the pain of the core of industrial development in our country technology spring collective "research" school assignment.

6 Conclusion

To sum up: foreign direct investment on innovative companies is deeply affected by the adjustment of the double threshold of human capital. In the research results of this article, FDI will inhibit innovative entrepreneurship in low human capital areas; it can

improve medium and high human capital for the quality of regional entrepreneurship, the most suitable region for foreign direct investment is China Human Capital. At that time, because the region in China Human Capital has better development space, there is a certain development potential, and there will be no frequent job-hopping phenomenon. Have high application value. In this regard, regions with low human capital are best to increase their own threshold through the support of the state. For regions with medium human capital, it is most suitable to use foreign direct investment for innovative entrepreneurship; for regions with high human capital, more should be used. Communicate with other companies to promote the development of innovative entrepreneurship.

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