Direct investment characteristics, problems and countermeasures of Chinese enterprises in countries along the Belt and Road

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Abstract: The Belt and Road Initiative is a major strategy proposed by the Chinese government to strengthen economic ties with countries along the route and promote mutually beneficial cooperation. As an important practice of the Belt and Road Initiative, Chinese enterprises' direct investment in countries along the route shows some general characteristics, while Chinese enterprises also face various problems such as high investment risks, cultural differences, and social responsibility issues in the process of direct investment. This paper aims to conduct in-depth research on these issues and propose corresponding countermeasures to promote the investment activities of Chinese enterprises in countries along the Belt and Road. First of all, risk management measures should be adopted, a comprehensive assessment of political, economic, cultural and other factors in countries along the Belt and Road, scientific and reasonable investment plans should be formulated, and the supervision and risk control of investment projects should be strengthened. Second, we should pay attention to technical cooperation and personnel training, improve the technological level of countries along the Belt and Road through technology transfer and technological innovation, and promote economic development and regional cooperation. In addition, we need to pay attention to the social responsibility awareness of enterprises in the process of direct investment, pay attention to environmental protection, etc., and establish a good corporate image and reputation, so as to promote the realization of the "Belt and Road" initiative and jointly promote economic development and prosperity. Finally, this paper concludes that in the face of many problems and challenges, Chinese enterprises need to have a high degree of strategic vision, cultural understanding and risk management capabilities, while focusing on innovation and development, and are committed to achieving mutual benefit and win-win results and achieving common prosperity.

Keywords: Belt and Road Chinese enterprises, direct investment, problem countermeasures

1. Introduction

As a major strategy of the Chinese government, the "Belt and Road" initiative aims to strengthen economic cooperation with countries along the Belt and Road and promote mutually beneficial development. As an important part of the construction of "Belt and Road", the direct investment scale of Chinese enterprises in countries along the Belt and Road has increased year by year, becoming an important force to promote the construction of "Belt and Road". The direct investment of Chinese enterprises in the countries along the Belt and Road route involves many fields, such as infrastructure, manufacturing, energy and so on. However, with the continuous expansion of the investment scale, related problems and challenges also appear, such as political, economic, cultural and other problems, which have brought great challenges to the investment of Chinese enterprises in countries along the belt and Road.

In this context, this paper aims to explore the characteristics, problems and countermeasures of Chinese enterprises' direct investment in countries along the Belt and Road Road. This paper uses literature data method, statistical analysis method and other methods to analyze the direct investment characteristics, problems and challenges of Chinese enterprises in countries along the Belt and Road, and puts forward corresponding countermeasures and suggestions, so as to provide practical and theoretical support and guidance for Chinese enterprises to invest in countries along the Belt and Road.
2. Related concepts and theories

2.1. International division theory

The theory of international division of labor is an important theory in economics. It points out that different countries should specialize according to their respective advantages in production and trade, and cooperate and communicate on a global scale, so as to achieve the maximum economic benefits. The core idea is to make use of the differences between countries, so that each country can focus on its own strengths, so as to improve production efficiency and economic benefits. For example, some countries have rich natural resources and can focus on the production of raw materials, while others have advanced technology and human resources that can focus on the production of high value-added products, which can not only improve production efficiency, but also promote the development of the global economy. Another important feature is that it promotes the development of global trade and markets. Through specialization and cooperation, countries can trade and communicate more easily, thus promoting the development of the global market, reducing production costs, and improving the quality and competitiveness of products. It can promote economic development and trade cooperation among countries, but also improve global economic efficiency and market competitiveness.

2.2. OFDI theory

Foreign direct investment refers to the act of direct investment in enterprises, projects or assets abroad to obtain economic benefits. The theory of OFDI mainly includes two aspects: international investment theory and enterprise internationalization theory.

According to the international investment theory, multinational companies will be affected by domestic and international factors when making foreign direct investment. Domestic factors include policy, law, economic and cultural aspects, while international factors include international market, international trade and international finance aspects. When making OFDI, multinational companies need to consider these factors to ensure the safety and efficiency of the investment.

The theory of enterprise internationalization mainly discusses the motivation and purpose of making foreign direct investment in multinational companies. According to the theory of enterprise internationalization, the main purpose of multinational companies is to obtain more income and market share. In addition, multinational companies can also acquire resources and technologies through foreign direct investment to improve their competitiveness.

The theory of FODI is an important theoretical basis for multinational companies to invest overseas. It can help multinational companies to better understand the impact of domestic and international factors on investment, so as to conduct FDI more scientifically and reasonably.

3. Overall characteristics of Chinese enterprises' direct investment in countries along the Belt and Road Belt and Road

3.1. The overall situation of direct investment by Chinese enterprises in countries along the Belt and Road

Since 2013, direct investment by Chinese enterprises in countries along the Belt and Road route has shown a rapid growth. According to the Ministry of Commerce, by the end of 2020, Chinese enterprises had invested more than $1.3 trillion in countries along the Belt and Road routes, covering more than 60 countries and regions, covering a number of fields, including infrastructure construction, industrial investment and trade[1].

Specifically, among the countries along the Belt and Road routes, Chinese enterprises invest heavily in Southeast Asia, South Asia, Central Asia and other regions. Among them, Southeast Asia is the most active area for Chinese enterprises, involving areas mainly including energy, transportation, etc. South Asia and Central Asia are also key areas for Chinese enterprises to invest, mainly involving infrastructure construction, manufacturing, etc.
3.2. Characteristics of Chinese enterprises' direct investment in countries along the "Belt and Road" belt and Road

3.2.1. The investment scale has increased year by year, and the key areas are relatively concentrated

With the deepening of the "Belt and Road" initiative, the direct investment of Chinese enterprises in countries along the Belt and Road has increased year by year. In terms of investment, energy, infrastructure construction, manufacturing and other fields are the key areas for Chinese enterprises to invest. These areas are closely related to the core goals of the Belt and Road initiative, which can promote the economic development of countries along the Belt and Road, and also contribute to the international development of Chinese enterprises[2].

3.2.2. Diversified investment modes and flexible cooperation modes

Chinese enterprises invest in the countries along the Belt and Road routes, including sole proprietorship, joint venture, merger and acquisition and other forms. In addition, Chinese enterprises have also adopted a variety of cooperation modes, such as intergovernmental cooperation, inter-enterprise cooperation, financial cooperation, etc., to meet the needs of different countries and regions.

4. Problems of Chinese enterprises' direct investment in countries along the Belt and Road Belt and Road

4.1. Policy risks and risk issues

The policy risks faced by Chinese enterprises in direct investment in countries along the Belt and Road route mainly include the following aspects. First of all, the policy environment of some countries along the Belt and Road is relatively unstable and has high political risks, which will bring greater uncertainty to the investment decisions of Chinese enterprises. For example, some countries may have political unrest, social instability and other problems, or policy changes and regulatory adjustments, which may have a greater impact on the investment plans of enterprises. Secondly, the policies and regulations of some countries along the Belt and Road are relatively complex, and there are many restrictions and norms on the investment activities of enterprises, which will also have a great impact on the investment decisions of enterprises[3]. For example, some countries have more restrictions and norms on the access conditions, tax policies, labor laws and other aspects of foreign capital, which may increase the operating costs and risks of enterprises. Finally, the policy environment in some countries along the Belt and Road is quite uncertain, and it is difficult to guarantee the effect of policy implementation, which will also have a greater impact on the investment of enterprises. For example, some countries may have the policy implementation effect of a large lag, or the policy implementation is not enough, which may lead to enterprises facing greater risks in the investment activities.

4.2. Cultural differences

Chinese companies will face some cultural differences when making direct investment in countries along the Belt and Road route. These differences may have an impact on the operation and management of enterprises, first, language is a significant cultural difference. In some countries along the route, such as Pakistan and Bangladesh, English is not the main language. Furthermore, differences in accent and language habits may exist even in English-speaking countries. Secondly, religious belief is also an important cultural difference. Some countries along the route, such as Indonesia and Malaysia, are mostly Muslim countries. In these countries, Muslim religious beliefs have had a profound influence on commercial activities and social behavior. For example, Muslims have specific eating habits and etiquette norms, which enterprises need to pay attention to and respect to avoid conflicts and misunderstandings.

Thirdly, cultural values are also a significant cultural difference. In some countries along the routes, such as India and Myanmar, there are social and cultural values different from those of China. For example, in India, the concept of family and community is very important, so businesses need to consider how to build good relationships with the local community. In addition, some countries along the Belt and Road may have different business ethics and conduct norms, and enterprises need to comply with local laws, regulations and business norms.

Finally, the political and institutional differences are also an important cultural difference. In some countries along the Belt and Road, political stability and government support are crucial to the development of enterprises. For example, in some African countries, political instability and corruption
can have a negative impact on business operations.

4.3. Single investment industry structure

Belt and Road The initiative is an important strategy for China's opening up, among which direct investment in countries along the Belt and Road is an important way of economic cooperation. However, the single structure of the investment industry is a common problem. This problem is mainly due to the relatively low level of economic development of some countries along the Belt and Road, and their economic structure is relatively single, mainly dominated by resource development and export. Therefore, China's outbound investment is also mainly concentrated in these areas, such as oil, minerals, infrastructure, etc. This single investment industry structure may lead to some problems.

First, over-reliance on certain industries may increase China's investment risk. Since the investment is concentrated in certain industries, such as oil and minerals, once these industries encounter difficulties, it will directly affect the investment return of China. For example, China's oil investment may face greater risks in some countries due to fluctuating international oil prices. In addition, the high political instability and security risks in some countries along the Belt and Road also increase the uncertainty and risks of Chinese investment[4].

Secondly, this single investment structure may also lead to the over-dependence of the economies of some countries along the routes on certain industries, limiting the economic growth of these countries. Since China's investment is mainly concentrated in some traditional industries, these countries may lack the support and development of more emerging industries. This will not only limit the economic growth of these countries, but also limit their industrial upgrading and innovation capacity. At the same time, this single investment structure may also lead to environmental problems, for example, due to excessive reliance on resource development, which may lead to environmental pollution and ecological damage.

4.4. Lack of international competitiveness of enterprises

The management ability of enterprises themselves is the basis for participating in international competition. At present, some Chinese enterprises have the problems of lack of standard operation ability and experience in the process of investment in countries along the Belt and Road. Transnational operation is different from domestic investment, especially in the relatively complex and changeable investment environment of countries along the Belt and Road, the operation ability of enterprises themselves is facing a greater test. The business strategies of many Chinese enterprises do not have scientific planning and rational long-term positioning, which affects the development of China's direct investment along the "Belt and Road" line. At the same time, driven by the policy, some private enterprises have invested a large amount of funds in the countries along the Belt and Road in recent years, and their investment behavior also appears irrational to some extent. The reason for these problems is that, on the one hand, the imperfect internal management and the lack of international talents restrict their transnational operation ability; on the other hand, the enterprise itself does not have a competitive advantage to become the bottleneck for their transnational investment[5].

4.5. The construction of talent team lags behind

The direct investment of Chinese enterprises in countries along the Belt and Road is increasing, but in the investment process, the problem of lagging talent team construction has gradually emerged. At present, Chinese enterprises often lack the understanding of the local market and culture in their investment in the countries along the Belt and Road route. As a result, enterprises have difficulties in recruiting and cultivating local talents to find talents that are really suitable for the needs of enterprises. At the same time, there is also a lack of professional talents and management talents within the enterprise, so it is difficult to effectively carry out overseas business. Secondly, Chinese enterprises often have the problem of brain drain in their investment in countries along the Belt and Road route[6]. Due to the lack of understanding of the local market and culture, it is difficult for enterprises to provide a good working environment and career development opportunities for their employees, resulting in a high employee turnover rate. At the same time, the training and incentive mechanism for employees is not perfect, which is also one of the main reasons for the brain drain. Finally, Chinese enterprises often lack long-term strategic planning and talent team construction in their investment in countries along the Belt and Road routes. Enterprises tend to pursue profit maximization in the short term, while ignoring the cultivation of talents and strategic planning. As a result, it is difficult for enterprises to obtain a sustainable competitive advantage in the long-term development.
5. Direct investment countermeasures of Chinese enterprises in countries along the Belt and Road

5.1. Strengthen policy risk management

Facing the policy risk of direct investment in countries along the Belt and Road route, Chinese enterprises should take a series of measures to deal with it. First, strengthen policy research and risk assessment, have an in-depth understanding of the policies and regulations, social environment and economic conditions of countries along the Belt and Road, accurately assess investment risks, and formulate reasonable investment strategies. Secondly, to establish and improve the risk management system, strengthen risk prevention and control, establish a risk early warning mechanism, and timely find and solve the possible risk problems. Third, we should actively carry out policy communication and cooperation, establish good cooperative relations with governments, enterprises and social organizations of countries along the Belt and Road, strengthen information exchange and cooperation and coordination, and jointly solve policy problems encountered in investment. Fourth, improve the core competitiveness of enterprises, strengthen technological innovation and personnel training, improve the quality of products and services, and enhance the market competitiveness of enterprises and the ability to resist risks. Finally, enterprises need to strengthen compliance management, reasonably avoid financial and tax risks, and actively cooperate with local governments and relevant departments for supervision. Strengthen audit exchanges with countries along the Belt and Road, and timely rectify and solve existing problems.

5.2. Enhance cross-cultural exchanges and cooperation

With the continuous advancement of the Belt and Road initiative, Chinese enterprises' investment and cooperation in countries along the Belt and Road are becoming more and more frequent. However, due to cultural differences and language barriers, cross-cultural exchanges and cooperation have become important problems restricting the development of enterprises. Therefore, in order to enhance cross-cultural exchanges and cooperation, Chinese enterprises can take the following measures. First, we need to strengthen cultural training and personnel exchanges. Enterprises can organize cultural training to improve employees' understanding and cognition of the culture of countries along the Belt and Road, and enhance the ability of cross-cultural communication. In addition, enterprises can also send employees to countries along the Belt and Road for field visits and exchanges through personnel exchanges, so as to have an in-depth understanding of the local culture and market conditions, and provide more detailed information for their investment and cooperation. Second, we need to establish a platform for cross-cultural cooperation. Enterprises can establish a cross-cultural cooperation platform, which can provide services and support for enterprises in countries along the Belt and Road, and promote the development of cross-cultural cooperation. The platform can include cultural exchange, business negotiation, technological innovation and other aspects, to provide enterprises with more diversified cooperation opportunities and services. Third, we should attach great importance to language learning and translation work. Language is the basis of cross-cultural communication, so enterprises should pay attention to language learning and translation. Enterprises can organize language training to improve the language level of employees, and establish professional translation teams to provide professional translation services for business activities to avoid communication barriers caused by language barriers. Fourth, we will focus on cultural integration and innovation. Enterprises can learn from the local culture and experience, combine it with their own culture and experience, create more competitive products and services, and provide a broader space for the development of enterprises.

5.3. Optimize the industry structure of investment

First of all, vigorously excavate local resources and develop investment in resource-based industries. Belt and Road Countries along the Belt and Road are rich in resources. Chinese enterprises can invest in local resource-based industries. At the same time, Chinese enterprises can also invest in mineral mining and processing to improve the utilization rate of local mineral resources. Second, we will strengthen investment in the manufacturing industry and raise the level of the industrial chain. When Chinese enterprises make direct investment in countries along the Belt and Road route, they should strengthen their manufacturing investment and improve the industrial chain level. This will provide more support for the local economic development, and will also improve the competitiveness of Chinese enterprises in the local market. For example, in some countries with backward manufacturing industries, Chinese enterprises can invest in electronics, automobiles and machinery manufacturing to improve the local manufacturing level, as well as the local employment rate and economic growth rate. Finally, focus on
the local market demand and invest in service industries. When Chinese enterprises make direct investment in countries along the Belt and Road route, they should pay attention to the demand of the local market and invest in service industries. This will not only provide support for the local economic development, but also improve the competitiveness of Chinese enterprises in the local market. For example, in some countries where service industries are underdeveloped, Chinese enterprises can invest in financial, medical, education and other services to meet the needs of the local market and improve the living standards of local residents.

5.4. Give full play to the advantages of enterprises and enhance their international competitiveness

First of all, enterprises should understand the local market. Chinese enterprises should have a deep understanding of the demand and competition of the local market, and formulate marketing strategies and product plans suitable for the local market. By giving full play to their technological advantages, Chinese enterprises can improve the quality and competitiveness of their products through technological innovation. In the countries along the Belt and Road route, some fields may lack advanced technology, and Chinese enterprises can improve the local technology level through technology transfer or technology cooperation. Reducing costs, Chinese enterprises can improve their competitiveness by reducing costs. In countries along the Belt and Road route, some labor costs are low, so Chinese enterprises can improve the price competitiveness of their products by optimizing production processes and reducing costs. Chinese enterprises should strengthen their environmental protection and social responsibility in their direct investment in countries along the Belt and Road routes. This will not only improve the image of Chinese enterprises in the local market, but also bring a positive impact on the local society and the environment. For example, in some environmentally sensitive countries, Chinese enterprises should pay attention to environmental protection and adopt advanced environmental protection technologies to reduce their impact on the local environment[8]. At the same time, Chinese enterprises should also pay attention to social responsibility, provide support to local communities, and carry out charitable activities. This can improve the reputation of Chinese enterprises in the local market and establish a good corporate image.

5.5. Give full play to the advantages of human resources and strengthen the construction of talent team

Chinese enterprises should strengthen technological innovation and talent training in their direct investment in countries along the Belt and Road routes. This will improve the competitiveness of Chinese enterprises in the local market and provide support for the local economic development. For example, in some technically backward countries, Chinese enterprises can invest in technological innovation, introduce advanced production technology and management experience, and improve the level of local industries. The talent management of Chinese enterprises in overseas markets should take into account the local culture, laws and regulations, and establish a local talent management mechanism, including talent recruitment, training, evaluation, incentive and other aspects, so as to better attract and retain excellent local talents. At the same time, Chinese enterprises should also pay attention to talent training, provide training and employment opportunities for local talents, and improve the quality and competitiveness of local talents. Chinese enterprises can actively introduce talents suitable for overseas business through various channels, such as overseas recruitment websites, talent intermediary agencies, overseas students, etc. At the same time, we should strengthen the training and management of overseas talents to improve their ability and level to adapt to overseas markets. Chinese enterprises in overseas markets also need to strengthen cross-cultural exchanges and communication, including language, culture, habits and other aspects. Chinese enterprises should provide relevant training and support to their employees to help them better adapt to the local culture and market environment, and enhance their competitiveness in the local area.

6. Conclusion

Under the "Belt and Road" initiative, the direct investment of Chinese enterprises in countries along the Belt and Road has increased year by year, involving energy, infrastructure, manufacturing, agriculture, finance and other fields. However, in the process of direct investment, Chinese enterprises are also faced with various problems, such as high investment risk, cultural differences and social responsibility problems. In order to effectively solve these problems, risk management measures should first be taken to make a comprehensive assessment of the political, economic, cultural and other factors of the countries
along the Belt and Road, formulate scientific and reasonable investment plans, and strengthen the supervision and risk control of investment projects. Secondly, we should pay attention to technical cooperation and personnel training, improve the technological level of countries along the Belt and Road through technology transfer and technological innovation, and promote economic development and regional cooperation. In addition, we need to pay attention to the sense of social responsibility in the process of direct investment, pay attention to environmental protection and other aspects, establish a good corporate image and reputation, so as to promote the realization of the "Belt and Road" initiative, and jointly promote economic development and prosperity. In short, in the face of various problems and challenges, Chinese enterprises need to have a high degree of strategic vision, cultural understanding and risk management ability, and at the same time pay attention to innovative development, committed to achieve mutual benefit and win-win results and common prosperity.

References