

CHAPTER THREE

RESEARCH METHOD

3.1 Research hypothesis

According to the relevant theories and the reality of China's investment in Thailand, this paper proposes two hypotheses.

The theory of economics puts forward that human resources have a decisive role in the development of a market economy. It is an intrinsic growth factor. The cultivation of talents is a way to increase the level of human resources. China's FDI in Thailand can promote the optimization of labor resources, mainly because foreign companies bring together a lot of high-quality talents. At the same time, it also causes the government to train and attach high-tech personnel (Xuan, 2008).

Injecting investment into labor capital is an important way to bring about the accumulation of labor capital. Foreign investment can bring high technology and raw capital accumulation to the country, inject new vitality into the market, and promote local economic development. Chinese companies have introduced high-tech to FDI in Thailand on the basis of increasing the original capital, optimized the market structure, improved the adjustment of human resources structure and improved the overall production efficiency. By increasing the salary of advanced technology owners, the gap between them and low-level manpower increases. Therefore, China's investment in Thailand stimulated Thailand's increase in manpower input costs. Moreover, Chinese enterprises have invested in Thailand and have formed a certain regional concentration effect, attracting many high-level talents. In the earlier period, there was a serious outflow of talent in Thailand, and China's FDI in Thailand eased this trend to a certain degree and optimized the composition of Thailand's workforce.

Business investment in different countries can inject new vitality into the domestic market, increase the room for enterprise's promotion in market management, and promote the optimization of the labor force structure. Chinese enterprises stationed in Thailand provided jobs to the local labor force and raised the level of manpower in the region. At the same time, the added value of human input has stimulated Thailand's investment in previous education and manpower training, and strengthened the awareness of high-tech workforce development. At the same time as the training of the labor force, the Thai government has also adopted policy advantages to encourage high-tech talents to employ and start businesses in their own country and reduce intellectual outflows, thus optimizing the country's human

resources structure to some extent.

China's FDI to Thailand has a positive effect on its economic development. It not only increases the accumulation of original capital, but also provides various jobs, slows employment pressure in the region, and is conducive to optimizing the structure of human resources in Thailand. Therefore, China's FDI to Thailand is also conducive to the stability and development of Thai society. Chinese companies choose to invest and build factories in Thailand, mainly to take advantage of Thailand's geographical resources and low labor costs. While providing jobs to Thailand, foreign businesses can also train local workers, improve their quality, and strengthen local human resources. From the data analysis results, China's FDI to Thailand continues to increase, and the number of foreign investment projects continues to increase. The processing service jobs in these foreign investment projects are provided to local Thais, which greatly eases the local employment pressure.

Chinese enterprises' investment in Thailand has increased capital accumulation in the region, changed Thailand's industry distribution and changes, strengthened the adjustment of market structure, and accelerated industrial optimization. In general, the industrial upgrading adjustment is conducive to the coordinated progress of various industries and the balanced development of the entire market system. The main purpose of industrial structure adjustment is to make the distribution of industries more reasonable and products upgrade and upgrade. On the one hand, the presence of Chinese investors in Thailand has promoted the development of Thailand's high-tech industry, led to the development of linkage industries, and promoted overall industry adjustment and optimization. China's FDI to Thailand can provide capital assistance for the supply of intermediate products, and at the same time assist the follow-up sales, agency and service cost consumption, and optimize the market structure. On the other hand, Chinese companies entering the Thai market are conducive to changing the original industrial structure of the market, optimizing traditional manufacturing industries, improving market competitiveness, and upgrading products. Therefore, this paper proposes

Hypothesis 1: China's FDI has a positive impact on Thailand's GDP growth (Buckley et al, 2007).

According to the employment theory, the increased savings rate and the increased FDI will bring more opportunities to the local country and accelerate the economic development. This means that more people who were not fully occupied will have job now. Therefore, the paper introduces hypothesis 2.

Hypothesis 2: China's FDI causes Thailand's employment to grow.

3.2 Research design

According to the mechanism of the influence of FDI on economic growth, the paper establishes the economic growth model based on the Solow Growth Model. According to the Solow Growth model, the saving rate will increase the capital acceleration, which will in turn promote the economic growth. The Solow economic growth model has the following equation:

$Y=zF(K, L)$, in the model, Y is the total economic output, K is the capital acceleration, while L is labor. However, when the economy of a certain country is open to the outside, for the domestic country, FDI will play a similar role as the increase of the savings rate, because the capital per son will increase. As such, the Solow Growth model will be changed to the following equation: $Y=zF(K,F,L)$, in this equation, a new variable F is added. In this model, the economic condition of a certain country will be influenced by the external investment FDI.

3.3 Research tools

The tools used in the research are mainly the regression models and the related economic theories.

3.4 Data collection method

The paper uses the following variables. First is “gdp”, which measures the total economic output of Thailand, second is “FDI”, which is the direct investment of China on Thailand, and the paper analyses these variables with the data from the world bank, the IMF and other resources.

Taking into account the availability of data, this article uses Thailand's domestic gross domestic product GDP to represent the level of Thai economic development. The data comes from the World Bank database. The data on China's direct investment in Thailand's FDI, Thailand's employment, and total fixed-asset investment are derived from China's historical direct overseas investment data (Boonlua, 2011). The data on Thai employment and total fixed-asset investment comes from the World Bank database.

In order to facilitate comparison of data, the two variables of the gross domestic product and the direct investment amount of the Chinese team Thailand are taken in

logarithmic form. From Figure 4-1, it can be seen that the measurement of Thailand's economic level has shown a certain degree of growth since 2003. The lnfdi, a measure of foreign direct investment, has shown large fluctuations, trend trends fluctuate, and within a short period of time, the volatility is large. The long-term growth trend is obvious (because the logarithm reduces the data volatility).

3.5 Data analysis method

When doing the data analysis, the paper uses a variety of methods, including descriptive statistics, regression analysis etc.