"Internet+", Entrepreneurs' Investment and Audit Fee

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Abstract

In the Internet era, the real economy and the internet are deeply integrated, and the "Internet+" business model comes into being. Under the modern risk-oriented theory, the risk of customer material misstatement becomes an important factor that auditors focus on, and also becomes the starting point of audit execution and audit pricing. Investment behavior is certainly a factor that auditors need to mainly focus on when assessing the risk of material misstatement. Based on the background of the enterprise's implementation of the internet business model and drawing on the existing research results at home and abroad, this paper takes the non-state-owned listed companies in 2013-2018 as the research sample, and uses the modern audit risk-oriented theory. The investment behavior is divided into two parts—the financial investment and long-term equity investment to research the impact of the two types of investment on the audit fees from the theoretical and empirical perspectives. Besides, we also analyze the adjustment effect of "Internet+" on the relationship between investment behavior and audit fees. Studies have shown that the level of enterprises' investment will significantly increase audit costs. Further research shows that "Internet+" strengthens the relationship between corporate investment behavior and audit fees.

Keywords

"Internet+", Entrepreneurs' Investment, Audit Fee

1. Introduction

In the 2019 government work report in China, the concept of "Internet+" was repeatedly mentioned, and references such as "Internet+ education", "Internet+ supervision" and "Internet+ supervision" appeared in the report for the first time. At the same time, the subject of "Internet+ real economy" has also received

extensive attention from both academics and practitioners, and the "Internet+" theory has thus been born. The real economy is the foundation of a country's wealth creation. The integration of the Internet and the real economy has obvious cross-industry and cross-domain characteristics. At present, the synergy development of internet companies and the real economy, especially traditional manufacturing, are still in their infancy. Enterprises build their own advantages in platforms, talents, technologies, and layouts one after another, and take the initiative to take integrated applications as the starting point, accelerate the expansion into the production field, and help the traditional industry to transform and upgrade. In the "Internet+" background, a series of policy dividends for innovation and integration have provided good opportunities for traditional companies' strategic transformation. Various industries have used the Internet as a new technology or marketing method.

The competition of the traditional real economy has intensified, and the industry has undergone rapid iterative changes. As business civilization enters the same stage of competition between industrial capital and financial capital, entrepreneurs are facing an era of rapid and iterative changes in various industries. It is necessary to understand the industry under the guidance of capital, promote the industry by means of investment, and promote the appreciation of wealth. Entrepreneurs who know how to invest can go through cycles and protect wealth. Because once industrial capital is combined with financial capital, financial capital can amplify the power of the industry when the industry is good, and when the industrial cycle rotates, it can allocate the wealth to the best position. Therefore, entrepreneurs will not only focus on production, operation and innovation, but also gradually focus on investment and gradually shift their functions to investors. The Chinese well-known financial author Wu first proposed the concept of "entrepreneur investors" in 2017, which is an integrated role of entrepreneurs and investors, with distinctive amphibious characteristics, living in the real industry to maintain sustainable development, and on the other hand living in capital market, to allow our wealth to increase in value during the movement. "Entrepreneur investors" is a more in line with China's business conditions and future survival.

Based on the background of the implementation of the internet business model by private enterprises, this paper starts from the audit risk-oriented theory and draws on existing research results at home and abroad. The entrepreneur's investment behavior is divided into two parts: financial instrument investment and long-term equity investment. This perspective studies the impact of two types of investment behavior on audit fee. The research in this paper mainly involves the following two aspects. First, from the perspective of equity investment and financial instrument investment, I explore the impact of entrepreneurial investment behavior on audit costs. Second, I explore the role of "Internet+" in regulating the relationship between entrepreneurs' investment behavior and audit costs.

2. Literature Review and Research Hypothesis

2.1. Research on "Internet+"

In the theoretical research community, "Internet+" was considered as a business model. The earliest interpretation of the business model comes from Timmers, which considers the business model to be an "architecture of products", services, and information flows [1]. And after that, Mgretta and Rappa have different definitions of the business model. Mgretta considers the business model to be a story that explains how a manufacturer operates [2]. Rappa believes that the most basic meaning of a business model is the method of doing business [3]. They all treat the business model as a fixed, static abstract system, and it is limited to seeing it as improving the functions of the enterprise. In the era of the Internet, the interconnectedness of the internet has broken the original business barriers and corporate boundaries, and the understanding of business models has also been disrupted. It has begun to focus on interactions with customers, key stakeholders of the enterprise. Shafer *et al.* believes that the elements of a business model include strategic choice, value network, value creation, and value capture [4]. The customer value is determined during strategic choice, and the relationship between the enterprise and the user is emphasized in the value network element. Johnson *et al.* believe that the business model contains four main aspects: customer value proposition, profit model, key resources, and key processes [5]. Osterwalder *et al.* believe that companies should not only penetrate the principle of customer-centricity in multiple value links of business model design, but also consider customers as the most fundamental source of enterprise value [6].

In China, in March 2015, the Ali Research Institute issued the "Internet+" research report in China, which systematically studied "Internet+" for the first time. Alibaba proposed that "Internet+" refers to the diffusion and application process of a set of information technologies (including mobile Internet, cloud computing, and big data technologies) based on the internet in various sectors of economic and social life. The process of "Internet+" is also the process of transformation and upgrading of traditional industries, which promotes the level of internet in various industries. The driving force of "Internet+" lies in cloud computing, big data and the new division of labor network. Luo Yan and Li Liangyu believe that there is a common logic in business model innovation in the Internet era, that is, a community-centric platform model or a platform model under the community logic [7]. The internet has overturned previous business models, and these changes are mainly reflected in: community platform replace the technology research as the main isolation mechanism for enterprises; the community becomes a heterogeneous resource for enterprises and has a decisive influence on product design; cross-border collaboration has become the new normal for business. Xie Ping believes that the internet business model can significantly reduce transaction costs and information asymmetry, improve the efficiency of risk pricing and risk management, expand the boundary of transac-

tion possibilities, and enable both supply and demand parties to trade directly [8]. It is not difficult to see that the business model in the internet era pays more attention to the interaction between users and enterprises, and the business model has become a dynamic system.

The Internet business model mainly reflects the following feature:

1) It pays more attention to communication and interaction with customers. Customer orientation is the core of the internet business model. From the perspective of the enterprise, the internet's disintermediation function enables the market to perceive the direct interaction between the enterprise and the consumer [9], so it can better understand the market needs of consumers through the use of big data and cloud computing and other technical methods, accurately calculate the consumption habits and characteristics of each individual, so as to meet the different needs of different individuals [10]. From the perspective of customers, the internet has solved the problem of information asymmetry in the traditional market. Customers can get more information about products, and they have more and more autonomy in product selection.

2) It reduces transaction costs and increase corporate profits. Since the cost of information transmission is almost zero, the marginal cost of each additional product is very low, and even close to zero [8]. Involving a large number of users helps the company to create products that meet the needs of users, which also makes the company reduce the cost of value creation while increasing user satisfaction [11].

3) It promotes the establishment of a good corporate ecology, and helps the company to maintain a dynamic competitive advantage. The internet-based business model is also an innovative economy. By connecting everything, it can realize the integration and innovation of the new generation of information technology and traditional industries, and thereby promote the improvement of corporate innovation capabilities [12]; "Internet+" can also easily attract all kinds of talents (including corporate customers) to participate and promote innovation [10]. Yan Haichao and Yang Bowen believe that the function of "Internet+" is "Internet+" and "+Internet" [13]. After the integration of the internet with traditional industries, through cross-industry integration and organizational innovation, it serves as a technological form and mode of thinking. In a nutshell, "Internet+" will promote the improvement of corporate innovation capabilities from the perspectives of information, technology (software and hardware), human resources, resource integration, and the ecosystem [9] [14].

In empirical research community, Chinese researchers mainly focus on the economic consequences of internet business models, including the impact of "Internet+" on corporate performance, audit costs, and corporate value.

1) "Internet+" and corporate performance. Morris *et al.* argued that the main difference between a business model and a strategy is that the business model is "value creation" oriented and the strategy is "building a competitive advantage" oriented [15]. The difference between the two is not large. At present, most for-

eign definitions of business models are at the strategic level [16]. Regardless of whether the value activity is implemented before or after strategy implementation, the internet business model can be understood as the strategic behavior of the enterprise [17], and it will inevitably have an impact on corporate performance and value performance. Wan Xing and Yang Jing researched 1918 theaters on the O2O platform and found that choosing a third-party Internet platform can significantly improve theater performance [18]. By using a large sample of traditional enterprises, Yang Deming and Liu Yongwen found that "Internet+" promoted the improvement of corporate performance through the mediating variable of differentiation [19]. Compared with companies that did not implement "Internet+", companies implementing "Internet+" increased their average earnings per share by approximately 31%, while return on assets increased by an average of approximately 24%.

2) "Internet+" and market performance. Research by Yang Deming and Lu Ming found that the implementation of Internet business models by listed companies will expose auditors to higher risks [20]. Therefore, auditors need to increase audit costs and increase audit procedures. Therefore, the implementation of internet business models by listed companies will significantly improve audit costs. Tan Songtao *et al.* used the launch of the "Easy Interactive" network communication platform of the Shenzhen Stock Exchange in 2010 as an exogenous shock and the Shanghai Stock Exchange listed company as a control group to prove the establishment of the internet ("Easy Interactive" platform) can improve the accuracy of investor information acquisition information and thereby improve the efficiency of market information [21]. Yang Deming and Bi Jianqin conducted empirical research based on the theory of asset specificity, and found that with the implementation of the "Internet+", the company's external investment has increased significantly, the company's internal investment will significantly increase the company's valuation, and the implementation of "Internet+" will strengthen the positive impact of corporate external investment on company valuation [22].

2.2. Hypothesis Development

Audit pricing fully reflects the audit risks stemming from the company's internal governance [23]. According to the audit risk model, audit risks can be divided into material misstatement risks and inspection risks. Among them, the level of material misstatement risks = inherent risks*control risks. The inherent thinking of modern risk-oriented auditing is that any auditing business must control the audit risk to an acceptable level of risk, or determine the highest risk links and departments through internal control testing and other methods [24]. In the following, we will analyze the impact of entrepreneurial investment behavior on audit costs from two aspects, inherent risk and control risk.

Inherent risk refers to that without considering the internal control structure, due to internal factors and the influence of the objective environment, the possi-

bility of major errors in the company's accounts, transaction categories, and overall financial statements. Bloomfield pointed out that when auditing account balances, auditors must first assess the inherent risk that account balances are misreported [25]. The results of investment activities are mainly reflected in the increased frequency and scale of investment activities (investment in financial assets, acquisition of mergers and subsidiaries, etc.). The impact of these investment activities on inherent risks is mainly reflected in the following three aspects: 1) Investment activities increase business complexity. After the enterprise implements investment behavior, more business and participants enter the enterprise, which makes the industry situation more complex, business model more diverse, and the business uncertainty of the enterprise increase; 2) Some investment activities hide serious agency conflicts, the complexity of investment activities provides a large space for the use of statements to decorate or financial fraud, this means earnings management is more common, and operating and financial risks are relatively large [26]; 3) The judgement of investment statements are subjective. For example, transactional financial assets and available-for-sale financial assets held by an enterprise are measured at cost when acquired, and are subsequently measured at fair value at the end of the period. However, changes in the fair value of tradable financial assets are included in the current profit and loss, while changes in the fair value of available-for-sale financial assets are included in owner's equity. There is the possibility of potentially significant misstatement. Auditors need to make more efforts, such as appointing more experienced auditors, expanding the scope of substantive testing, and performing.

Control risk refers to the possibility of misstatement of a certain type of transaction, account balance, or disclosure. The misstatement alone or in conjunction with other misstatements is significant, but is not detected and corrected by internal control in time. We believe that entrepreneurial investment behavior will increase the control risk of enterprises. This is because enterprises in rapid changes will have certain changes in their organizational forms, business operations, and personnel structure, and their business diversity and complexity will be corresponding. The improvement of the local environment requires that the internal control of the enterprise be adjusted and updated accordingly to the new environment and situation [27]. After investment, it takes a lot of time to integrate new and old resources and run in. The internal control system cannot adapt to the new business scale for a period of time, and thereby increases the control risk of the enterprise.

In general, entrepreneurial investment behaviors increase both inherent risks and control risks, and thus increase audit costs by increasing the risk of material misstatement. Therefore, based on the above analysis, the first hypothesis of this article is proposed.

HI: entrepreneurial investment behavior will increase audit costs.

2.3. "Internet+", Entrepreneurs' Investment and Audit Fee

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"Internet+" makes everything extreme [12]. In the past, in order to pursue the scale and scope of economies, products produced on the market were the same or similar. Among homogeneous products, companies that can increase production efficiency and reduce costs gain advantages and gain a foothold in the market. On the one hand, "Internet+" makes products closer to customers, and can be customized according to customer needs, using the long tail effect to quickly gain market share. Products produced by enterprises are usually multi-variety, small batches, and quick refurbishment [9]. This makes the investment behavior of enterprises in the process of resource integration has a very special type. The assets obtained through investment are for a specific market segment or only for temporary product strategies. On the other hand, the internet era is highly uncertain, and manufacturers' business models are also highly random and unstable. Manufacturers do not have a strong fortress to rely on and support, and everything is constantly changing [7]. Therefore, investment with asset specificity will bring more risks to the enterprise. The risks of asset specificity have also been confirmed in existing articles: Kim found that when a company's industry experiences negative cash flow or deteriorating financial conditions, the target company with more industry-specific assets received M&A premiums are significantly lower than companies which has more general assets [28]. Wang found that as the specificity of assets increases, the negative effects of capital mismatches will increase [29].

Therefore, based on the above analysis, the second hypothesis of this article is proposed.

H2: "Internet+" will strengthen the relationship between entrepreneurs' investment behavior and audit costs.

3. Sample Data and Research Design

3.1. Sample Data

This article takes non-state-owned listed companies from 2013 to 2018 as a research sample, and deletes the industry of software and information technology service, and in the industry of manufacturing, we also exclude the industry of software and information technology service, computer communications and other electronic equipment, internet and related service. What's more, we exclude listed companies on GEM, financial listed companies; and listed companies with missing data and outliers.

The reason why private enterprises are selected as the research sample is because: first, compared with state-owned enterprises, the entrepreneurial spirit of

private enterprises is better exerted. Loose constraints allow entrepreneurs to maximize their innovation and decision-making capabilities, and their entrepreneurial spirit can create the largest market rent or value [30]. Secondly, although state-owned enterprises in China have the phenomenon of surplus manipulation caused by executives' promotion, ideal salary and job retention, etc., compared with private enterprises, state-owned enterprises have obvious advantages in obtaining qualifications for listing, obtaining bank loans and related resources. State-owned enterprises with continuous losses are also rarely ordered to delist, so state-owned enterprises generally do not have incentives to meet securities regulatory policies, and the risk of material misstatement in the audit of financial statements is significantly lower than that of private enterprises.

The reason why 2013-2018 was selected as the research sample was because "Internet+" was first mentioned in November 2012 when Yu Yang spoke at the Fifth Mobile Internet Exposition. He pointed out that in the future, "Internet+" formula that combined the products and services of our industry with the multi-screen full-network cross-platform user scenarios we have seen. The "Internet+" concept mentioned in this article focuses on the state of the integration of the internet and traditional industries, and the status of industrial upgrading through the implement of "Internet+" in traditional industries. Therefore, we chose the starting point of our research in 2013.

In the end, a total of 7384 samples were obtained for this study. The data sources of this article include: an index reflecting the company's implementation of the internet business model is collected and collated by our annual report; other financial data involved in the study are from the CSMAR and WIND databases.

3.2. Variable Definition

1) Internet business model (In_behave, In_number)

Referring to Yang, we construct the internet action index (In_behave) to reflect the implementation, investment and involvement degree of the company [20]. To be specific, we first identify the key words about the internet business model, which include: internet, internet business model, internet era, internet thinking, mobile internet, internet, internet+, e-commerce, online and offline, O2O, B2B, B2B, C2C, B2C, C2B and so on. On this basis, according to the description information of these keywords in the annual report, the investment degree of each company in the internet business model is judged, and the degree of implementing the internet business model of each company is scored. If the internet business model is one of the main investment directions of the enterprise in that year, or the enterprise regards the internet business model as its main business, then In_behave takes 4 points. If the enterprise actively participates and implements the internet business model, In_behave takes 3 points. If the enterprise participates in and implements the internet business model relatively, in-behave takes 2 points. If an enterprise implements an internet business

model or passively does so, In_behave takes 1 point; if the implementation of the internet model is not mentioned in the annual report of the enterprise, then the internet action index is 0. Of course, the above indications are inevitably has the problem of subjective judgment, so we use two ways to avoid the problem of subjective judgment: first, for each annual report, there are three researchers for its rating, if the difference is very big, the annual report must be reviewed, and on this basis, we average the grades. Second, in order to avoid the problem of subjective judgment, we use the indication of time that internet business model was disclosed in the annual report to construct the index (In_number), and reflect the degree to which enterprises implement internet business model.

2) Independent variable (FI, KZK, KZ)

This article uses three indicators to measure entrepreneurial investment behavior from different perspectives.

From the perspective of investment effects, long-term equity investment can be divided into three categories: one is investment that has obtained control rights, which mainly refers to the ability to determine the direction of financial and operating decisions of an enterprise or unit, and can be obtained from operating activities in a controlled manner interest. The second is investment that has obtained joint control rights, which mainly refers to collectively controlling economic activities of enterprises in accordance with investment agreements. The third is the investment that has significant impact, which generally refers to the ability to participate in and decide on the financial and operating activities of an enterprise. Among these three types, controlled investment has the most important influence. It can determine the invested company's business development, financial policies and other decisions, and can control the income of the company's operating activities. Therefore, we set separate indicators to observe such behavior when measuring investment behavior. Considering that there is no indicator that can measure the control investment in the disclosure of financial statements, we refer to Zhang for the measurement of the subsidiary's current ratio [31]. Without considering the conversion between the equity method in the parent company statement and the cost method in the consolidated statement, we define the difference between the parent company's long-term equity investment (control, joint control, significant impact) and the consolidated statement long-term equity investment (joint control, significant impact) as the parent company's investment holding, and the total assets of the consolidated statement shall be treated as relative figures. KZ shall be used to represent the parent company's controlling investment while KZK measures the long-term equity investment of the parent company, including control, joint control and significant impact investments, and reflects the overall external equity investment of the company, specifically equal to the parent company's long-term equity investment/total assets of the consolidated statement. FI measures the investment of financial instruments, which is equal to (Trading financial assets + derivative financial assets + net loans and advances + net available-for-sale

financial assets + net held-to-maturity investments + net investment real estate + net repurchase financial assets + Long-term equity investment)/Total assets of the consolidated statement.

In summary, FI, KZK, and KZ three types of indicators can comprehensively measure an enterprise's external investment situation, including both equity and debt investments, as well as control and influence investments.

3) Other control variables

We have added the company size, Big 4 accounting firm, asset-liability ratio (Lever), inventory to assets ratio, net receivables to assets ratio, other net receivables to assets ratio, sales growth rate, asset-liability ratio, loss as the control variable, the specific variable definition is shown in Table 1 [32] [33] [34] [35]. In

Table 1. Variable definitions.

Variables	Definitions
Lnfee	Natural logarithm of audit costs
In-number	Number of internet business model disclosures
In-behave	Action index, 0, 1, 2, 3, 4 distribution
FI	Investment in financial instruments, Transactional financial assets + derivative financial assets + net loans and advances + net available-for-sale financial assets + net held-to-maturity investments + net investment real estate + net repurchases)/total assets of the consolidated statement
KZK	Parent company long-term equity investment, parent company long-term equity investment/consolidated statement total assets
KZ	Parent company controlled investment, (Transactional financial assets + derivative financial assets + net loans and advances + net available-for-sale financial assets + net held-to-maturity investments + net investment real estate + net repurchases)/Total assets in the consolidated statement
Behave*FI	Intersection of In-behave and FI
Behave*KZK	Intersection of In-behave and KZK
Behave*KZ	Intersection of In-behave and KZ
Num*FI	Intersection of In-number and FI
Num*KZK	Intersection of In-number and KZK
Num*KZ	Intersection of In-number and KZ
Size	Company size, natural logarithm of company total assets
Big 4	Dummy variable, the accounting firm is 1 for the Big Four, otherwise it is 0
Lever	Financial leverage, total liabilities/total assets
Inv	Proportion of inventory, total inventory/total assets
Rec	Percentage of accounts receivable, total accounts receivable/asset
Tunnel	Percentage of other accounts receivable, other accounts receivable/total assets
Growth	Sales growth rate
Roe	Return on equity, profit after tax/total equity
Loss	Dummy variable with a loss of 1, otherwise 0

order to avoid the effects of extreme values, this paper performs a bilateral 1% winsorize process on all continuous variables.

3.3. Empirical Model

I construct models (1)-(3) to test hypothesis 1. In models (1)-(3), the explanatory variables are investment behaviors—FI, KZK, and KZ, and the explained variable are audit costs (Lnfee). If hypothesis 1 holds, then β_1 is significantly positive, reflecting that the entrepreneur's investment behavior significantly raises audit costs.

I construct models (4)-(6) to test hypothesis 2. In models (4)-(6), the explanatory variables are the crossover terms of "Internet+" and investment behaviors (Behave*FI, Behave*KZK, Behave*KZ), the explained variable is the audit fee (Lnfee). If Hypothesis 2 holds, then the crossover term coefficient β_2 is significantly positive, indicating that the implementation of "Internet+" has strengthened the role of investment behavior in increasing audit costs.

$$\begin{aligned} Lnfee = {} & \alpha + \beta_1 FI + \beta_2 Size + \beta_3 Big4 + \beta_4 Lever + \beta_5 Inv + \beta_6 Rec \\ & + \beta_7 Tunnel + \beta_8 Growth + \beta_9 Roe + \beta_{10} Loss + \varepsilon_t + \varepsilon_{i,t} + \varepsilon \end{aligned} \tag{1}$$

$$\begin{aligned} Lnfee = {} & \alpha + \beta_1 KZK + \beta_2 Size + \beta_3 Big4 + \beta_4 Lever + \beta_5 Inv + \beta_6 Rec \\ & + \beta_7 Tunnel + \beta_8 Growth + \beta_9 Roe + \beta_{10} Loss + \varepsilon_t + \varepsilon_{i,t} + \varepsilon \end{aligned} \tag{2}$$

$$\begin{aligned} Lnfee = {} & \alpha + \beta_1 KZ + \beta_2 Size + \beta_3 Big4 + \beta_4 Lever + \beta_5 Inv + \beta_6 Rec \\ & + \beta_7 Tunnel + \beta_8 Growth + \beta_9 Roe + \beta_{10} Loss + \varepsilon_t + \varepsilon_{i,t} + \varepsilon \end{aligned} \tag{3}$$

$$\begin{aligned} Lnfee = {} & \alpha + \beta_1 FI + \beta_2 Behave*FI + \beta_3 In\_behave + \beta_4 Size + \beta_5 Big4 \\ & + \beta_6 Lever + \beta_7 Inv + \beta_8 Rec + \beta_9 Tunnel + \beta_{10} Growth + \beta_{11} Roe \\ & + \beta_{12} Loss + \varepsilon_t + \varepsilon_{i,t} + \varepsilon \end{aligned} \tag{4}$$

$$\begin{aligned} Lnfee = {} & \alpha + \beta_1 KZK + \beta_2 Behave*KZK + \beta_3 In\_behave + \beta_4 Size + \beta_5 Big4 \\ & + \beta_6 Lever + \beta_7 Inv + \beta_8 Rec + \beta_9 Tunnel + \beta_{10} Growth + \beta_{11} Roe \\ & + \beta_{12} Loss + \varepsilon_t + \varepsilon_{i,t} + \varepsilon \end{aligned} \tag{5}$$

$$\begin{aligned} Lnfee = {} & \alpha + \beta_1 KZ + \beta_2 Behave*KZ + \beta_3 In\_behave + \beta_4 Size + \beta_5 Big4 \\ & + \beta_6 Lever + \beta_7 Inv + \beta_8 Rec + \beta_9 Tunnel + \beta_{10} Growth + \beta_{11} Roe \\ & + \beta_{12} Loss + \varepsilon_t + \varepsilon_{i,t} + \varepsilon \end{aligned} \tag{6}$$

4. Empirical Test Results and Analysis

4.1. Descriptive Statistics

Table 2 makes a descriptive statistical analysis of the main variables. Among the 7384 sample data, the average value of FI is 0.0211, the average value of KZK is 0.2512, and the average value of KZ is 0.2229, indicating that the investment in the control, joint control, and major impact categories is greater than the investment in financial instruments. The In_behave reflects the degree of "Internet+" implemented by enterprises, the median is 1 and 2271 data values are 0 which accounting for 30.76% of the total sample size, indicating that "Internet+" is an emerging business model. Currently, there are still 30.76% of private en-

terprises that have not implemented any internet-related activities, and "Internet+" has not yet fully penetrated in private enterprises.

Table 3 presents descriptive statistics by groups which are classified according

Table 2. Descriptive statistics.

Variables	Mean	P50	Sd	Min	Max	N
Lnfee	13.6531	13.5924	0.5701	12.6115	15.5216	7384
FI	0.0211	0.0020	0.0471	0.0000	0.2878	7384
KZK	0.2512	0.2116	0.2013	0.0000	1.1235	7384
KZ	0.2229	0.1818	0.1920	0.0000	1.0624	7384
In_behave	1.4354	1.0000	1.3042	0.0000	4.0000	7384
In_number	11.1709	3.0000	23.3066	1.1565	473.0000	7384
Size	21.9907	21.9054	1.1565	19.2710	25.4414	7384
Big4	0.0371	0.0000	0.1890	0.0000	1.0000	7384
Lever	0.4150	0.3991	0.2056	0.0586	0.9268	7384
Inv	0.1559	0.1185	0.1437	0.0000	0.7266	7384
Rec	0.1183	0.0935	0.1071	0.0000	0.5060	7384
Tunnel	0.0184	0.0079	0.0329	0.0001	0.2252	7384
Growth	0.1734	0.1097	0.4371	-0.6627	2.8079	7384
Roe	0.0689	0.0753	0.1430	-0.7475	0.4342	7384
Loss	0.1022	0.0000	0.3030	0.0000	1.0000	7384

Table 3. Descriptive statistics by group.

Sample	Statistics	Lnfee	FI	KZK	KZ	In_number	In_behave
Companies that implement the internet business model	Mean	13.4537	0.0187	0.2411	0.2135	0	0
	P50	13.3847	0.0004	0.2018	0.1764	0	0
	Sd	0.5014	0.0463	0.1961	0.1866	0	0
	N	2271	2271	2271	2271	2271	2271
Companies that don't implement the internet business model	Mean	13.7416	0.0221	0.2557	0.2270	2.0730	16.1326
	P50	13.6530	0.0032	0.2166	0.1841	2.0000	7.0000
	Sd	0.5764	0.0474	0.2034	0.1943	1.0651	26.5415
	N	5113	5113	5113	5113	5113	5113
Total	Mean	13.6531	0.0211	0.2512	0.2229	1.4354	11.1709
	P50	13.5924	0.0020	0.2116	0.1818	1.0000	3.0000
	Sd	0.5701	0.0471	0.2013	0.1920	1.3042	23.3066
	N	7384	7384	7384	7384	7384	7384
Statistical	T	20.5937***	2.8578***	2.8918***	2.7889***	92.7408***	28.9648***
	Z	21.1360***	10.2320***	2.9290***	2.8000***	70.8240***	69.7600***

a. The T statistic value is the mean test of relevant variables in two samples, and Z is the Wilcoxon test of relevant variables in two samples.

to whether the company implements the internet business model (if the number of internet disclosures of the company is 0, it is considered that the company has not implemented the internet business model, otherwise it has implemented an internet business model). Compared with the samples that did not implement the internet business model, in the samples that implemented the internet business model, the average and median of audit costs were higher. The T test and Z test also show that the two groups of samples had significant differences at the level of 1%. This is consistent with the results of Yang [20]. At the same time, the mean values of FI, KZK, and KZ of the samples that implemented the internet business model were also higher. Both the T test and the Z test showed that there were significant differences between the two groups of samples at the level of 1%, which to some extent initially verified our reasoning in assumption 1.

4.2. Empirical Results

Table 4 shows the test results of Hypothesis 1. Columns (1), (3) and (5) are regressed with FI, KZK, and KZ as independent variables and Lnfee as the dependent variable. Considering that the audit costs of enterprises are often closely related to the pricing of the previous year, we further add the data of the previous period of audit costs as a control variable in the model. The model also reflects the influence of investment behavior change in audit costs. Columns (2) (4) (6) will add the control variable (Lag_lnfee), and test again. We can see that the test results did not change significantly. The regression results show that when KZK and KZ are used to represent investment behavior, the coefficient β_2 is significantly positive, and investment behavior significantly increases audit costs; when investment behavior uses FI as proxy variable, investment behavior does not increase audit costs. This means the level of enterprises' investment will significantly increase audit costs. It is worth noting that financial investment doesn't influence the audit fee.

Table 5 shows the test of Hypothesis 2. Columns ((1), (3), (5)) use the crossover terms of as independent variables, and audit costs as dependent variables. Considering that the audit costs of enterprises are often closely related to the pricing of the previous year, we further added the data of the previous period of audit costs as a control variable in the model ((2), (4), (6)) are listed as the results after adding Lag_lnfee. The results show that the transfer coefficient is significantly positive, indicating that "Internet+" strengthens the relationship between entrepreneurs' investment behavior and audit costs. This means that compared with companies that have not implemented "Internet+", entrepreneurs who have implemented "Internet+" are likely to cause greater risks, which will lead to higher audit costs.

Considering the subjectivity of the variable (In_behave) that measures "Internet+" in this article, we use the substitute variable (In_number) that is not affected by judgment to re-regress the model. In_number stands for the number of internet business model disclosures. It is the number of manual statistics based

Table 4. Investment behaviour and audit fee.

Variables	Independent variable: FI		Independent variable: KZK		Independent variable: KZ	
FI	−0.0601	−0.0784				
	(−0.6386)	(−0.7501)				
KZK			0.3579***	0.4013***		
			(16.0999)	(16.5766)		
KZ					0.3810***	0.4262***
					(16.4986)	(17.1798)
Size	0.3401***	0.2692***	0.3221***	0.2521***	0.3182***	0.2473***
	(45.3040)	(30.4368)	(43.6709)	(29.4812)	(42.9905)	(28.8708)
Big4	0.2125***	0.2390***	0.2340***	0.2544***	0.2359***	0.2564***
	(5.7149)	(5.5417)	(6.4284)	(6.0873)	(6.4876)	(6.1475)
Lever	0.1050***	0.0959***	0.1445***	0.1436***	0.1526***	0.1529***
	(3.7500)	(3.2029)	(5.2534)	(4.9241)	(5.5460)	(5.2458)
Inv	−0.0549	−0.0806*	−0.0126	−0.0285	−0.0158	−0.0374
	(−1.2533)	(−1.7410)	(−0.2941)	(−0.6370)	(−0.3700)	(−0.8370)
Rec	0.0603	0.0036	0.0794	0.0839	0.0687	0.0762
	(0.9533)	(0.0539)	(1.2850)	(1.2801)	(1.1121)	(1.1669)
Tunnel	0.5741***	0.2810***	0.6530***	0.4159***	0.6505***	0.4183***
	(5.3547)	(2.6232)	(6.2300)	(4.0014)	(6.2132)	(4.0341)
Growth	−0.0028	0.0150**	−0.0073	0.0090	−0.0086	0.0079
	(−0.4453)	(2.3787)	(−1.1604)	(1.4606)	(−1.3780)	(1.2824)
Roe	−0.0254	−0.0230	−0.0381	−0.0229	−0.0407	−0.0239
	(−0.9207)	(−0.8465)	(−1.4096)	(−0.8682)	(−1.5066)	(−0.9096)
Loss	0.0366***	0.0270**	0.0261**	0.0185	0.0254**	0.0174
	(3.0181)	(2.2630)	(2.1949)	(1.6039)	(2.1349)	(1.5079)
Lag_lnfee		0.2916***		0.2869***		0.2891***
		(22.1163)		(22.4622)		(22.6911)
_Cons	6.0000***	3.7149***	6.2943***	4.0138***	6.3828***	4.0920***
	(37.3407)	(17.8404)	(40.1426)	(19.9465)	(40.5752)	(20.3390)
Year effect	yes	yes	yes	yes	yes	yes
Code effect	yes	yes	yes	yes	yes	yes
N	7384	5784	7384	5784	7384	5784
R-sq	0.5340	0.5735	0.5540	0.5994	0.5550	0.6012

a. The numbers in parentheses are the T values obtained by cluster adjustment of the company. *** indicates a significance level of 0.01, ** indicates a significance level of 0.05, and * indicates a significance level of 0.1.

Table 5. "Internet+", entrepreneurs' investment and audit fee.

Variables	Independent variable: FI		Independent variable: KZK		Independent variable: KZ	
FI	0.0502	0.0510				
	(0.9570)	(0.9101)				
Inter_FI	−0.1271	−0.1483				
	(−1.0437)	(−1.0970)				
KZK			0.0552***	0.0354***		
			(4.6523)	(2.7962)		
Inter_KZK			0.2693***	0.3384***		
			(9.4606)	(10.6405)		
KZ					0.0547***	0.0329**
					(4.4100)	(2.4955)
Inter_KZ					0.2912***	0.3670***
					(9.7347)	(11.1484)
In_behave	0.0139***	0.0121***	−0.0045	−0.0016	−0.0029	0.0001
	(3.9856)	(3.3268)	(−0.9766)	(−0.3182)	(−0.6354)	(0.0156)
Size	0.3349***	0.2645***	0.3146***	0.2469***	0.3109***	0.2424***
	(44.1326)	(29.6309)	(42.0655)	(28.5538)	(41.4248)	(27.9741)
Big 4	0.2089***	0.2362***	0.2308***	0.2513***	0.2318***	0.2528***
	(5.6266)	(5.4854)	(6.3580)	(6.0195)	(6.3894)	(6.0676)
Lever	0.1114***	0.1017***	0.1522***	0.1489***	0.1605***	0.1580***
	(3.9794)	(3.3992)	(5.5415)	(5.1082)	(5.8383)	(5.4234)
Inv	−0.0564	−0.0821*	0.0015	−0.0220	−0.0033	−0.0318
	(−1.2914)	(−1.7771)	(0.0357)	(−0.4899)	(−0.0762)	(−0.7110)
Rec	0.0565	−0.0012	0.0657	0.0668	0.0559	0.0607
	(0.8947)	(−0.0184)	(1.0646)	(1.0190)	(0.9074)	(0.9283)
Tunnel	0.5508***	0.2613**	0.6332***	0.4026***	0.6286***	0.4039***
	(5.1398)	(2.4391)	(6.0510)	(3.8759)	(6.0129)	(3.8967)
Growth	−0.0037	0.0141**	−0.0084	0.0081	−0.0098	0.0070
	(−0.5780)	(2.2353)	(−1.3516)	(1.3157)	(−1.5617)	(1.1358)
Roe	−0.0301	−0.0264	−0.0440	−0.0265	−0.0461*	−0.0271
	(−1.0912)	(−0.9726)	(−1.6318)	(−1.0066)	(−1.7095)	(−1.0331)
Loss	0.0349***	0.0255**	0.0245**	0.0173	0.0236**	0.0162
	(2.8807)	(2.1406)	(2.0681)	(1.5013)	(1.9925)	(1.4029)
Lag_lnfee		0.2902***		0.2843***		0.2866***
		(22.0422)		(22.2608)		(22.4827)
_Cons	6.1052***	3.8867***	6.4698***	4.2218***	6.5517***	4.2958***
	(37.6492)	(18.1804)	(40.5956)	(20.2324)	(40.9870)	(20.5771)

Continued

Year effect	Yes	Yes	Yes	Yes	Yes	Yes
Code effect	Yes	Yes	Yes	Yes	Yes	Yes
N	7384	5784	7384	5784	7384	5784
R-sq	0.5358	0.5751	0.5566	0.6008	0.5574	0.6025

a. The numbers in parentheses are the T values obtained by cluster adjustment of the company. *** indicates a significance level of 0.01, ** indicates a significance level of 0.05, and * indicates a significance level of 0.1.

on the disclosure of "Internet+" in the annual report of the company. The result is showed in Table 6. The results show that using In_number instead of In_behave, Hypothesis 1 and Hypothesis 3 still hold.

5. Conclusions

This article takes non-state-owned listed companies from 2013-2018 as a research sample, constructs the "Internet+" action indicator (In_behave) and "Internet+" disclosure times (In_number) to measure the degree of corporate implementation of "Internet+", and constructs investment in financial instruments (FI) and long-term equity investment (KZK, KZ) to measure the investment behavior of enterprises, and finally explores the relationship between entrepreneur investment behavior and audit costs in the background of "Internet+".

The research conclusions of this paper mainly include three points:

1) The level of enterprises' investment will significantly increase audit costs. The reason for this phenomenon is that modern audit risk-oriented theory requires auditors to take further responses on the basis of assessing material misstatements in financial reports. Therefore, the company's material misstatement risk (equal to the inherent risk*control risk) affects audit costs by affecting audit risks. On the one hand, investment behavior affects inherent risks. Investment activities increase the complexity of an enterprise's business, the possibility of earnings management exists because of serious agency conflicts, and subjective judgments have been identified for some investment financial statement projects, all of which have led to an increase in the inherent risks of the enterprise and thus affected audit risks. On the other hand, investment behavior affects control risk. Investment activities require a lot of time to integrate new and old resources and run in. The internal control system cannot adapt to the new business scale for a period of time and risks the failure of internal control.

2) "Internet+" strengthens the relationship between entrepreneurial investment behavior and audit costs. The main reason for this phenomenon is: "Internet+" makes everything extreme. In order to meet the unique needs of different customers, the investment behavior of enterprises in the process of resource integration is extremely specialized, investment with asset-specific will bring a higher possibility of capital mismatch for the enterprise, and thus bring greater risks to the enterprise.

Table 6. Use the substitution variable (In_number) to test hypothesis 2.

Variables	Independent variable: FI		Independent variable: KZK		Independent variable: KZ	
FI	−0.0062*	−0.0034				
	(−1.8844)	(−1.0244)				
Num_FI	0.0098	−0.0366				
	(0.0975)	(−0.3264)				
KZK			0.0028***	0.0020***		
			(4.7677)	(3.3721)		
Num _KZK			0.3111***	0.3634***		
			(13.1052)	(13.9922)		
KZ					0.0028***	0.0019***
					(4.6294)	(3.1019)
Num_KZ					0.3326***	0.3892***
					(13.4365)	(14.5729)
In_behave	0.0011***	0.0009***	−0.0004	−0.0002	−0.0004	−0.0001
	(5.3921)	(4.3909)	(−1.5006)	(−0.7999)	(−1.2756)	(−0.5232)
Size	0.3320***	0.2620***	0.3157***	0.2466***	0.3119***	0.2420***
	(43.4623)	(29.2151)	(42.2535)	(28.5136)	(41.6169)	(27.9380)
Big 4	0.2064***	0.2337***	0.2274***	0.2476***	0.2287***	0.2494***
	(5.5611)	(5.4293)	(6.2625)	(5.9341)	(6.3038)	(5.9885)
Lever	0.1101***	0.1003***	0.1486***	0.1466***	0.1568***	0.1557***
	(3.9356)	(3.3540)	(5.4135)	(5.0347)	(5.7121)	(5.3515)
Inv	−0.0526	−0.0766*	−0.0008	−0.0198	−0.0049	−0.0292
	(−1.2050)	(−1.6582)	(−0.0176)	(−0.4415)	(−0.1138)	(−0.6540)
Rec	0.0569	−0.0022	0.0806	0.0817	0.0707	0.0746
	(0.9007)	(−0.0319)	(1.3074)	(1.2497)	(1.1483)	(1.1434)
Tunnel	0.5514***	0.2664**	0.6217***	0.3963***	0.6186***	0.3988***
	(5.1478)	(2.4888)	(5.9398)	(3.8173)	(5.9161)	(3.8494)
Growth	−0.0033	0.0147**	−0.0076	0.0088	−0.0090	0.0077
	(−0.5234)	(2.3362)	(−1.2198)	(1.4393)	(−1.4452)	(1.2519)
Roe	−0.0277	−0.0243	−0.0460*	−0.0273	−0.0482*	−0.0279
	(−1.0073)	(−0.8948)	(−1.7065)	(−1.0368)	(−1.7882)	(−1.0629)
Loss	0.0360***	0.0266**	0.0254**	0.0181	0.0245**	0.0170
	(2.9711)	(2.2365)	(2.1406)	(1.5734)	(2.0717)	(1.4750)
Lag_lnfee		0.2884***		0.2833***		0.2856***
		(21.8836)		(22.1931)		(22.4131)
_Cons	6.1719***	3.9178***	6.4401***	4.1951***	6.5251***	4.2700***
	(37.7711)	(18.3290)	(40.5100)	(20.3168)	(40.9342)	(20.6830)

Continued

Year effect	Yes	Yes	Yes	Yes	Yes	Yes
Code effect	Yes	Yes	Yes	Yes	Yes	Yes
N	7384	5784	7384	5784	7384	5784
R-sq	0.5364	0.5755	0.5569	0.6014	0.5578	0.6030

a. The numbers in parentheses are the T values obtained by cluster adjustment of the company. *** indicates a significance level of 0.01, ** indicates a significance level of 0.05, and * indicates a significance level of 0.1.

The theoretical value of this article is that the internet era will have a significant impact on the way of business and competition of private enterprises. The existing literature mainly focuses on the nature and characteristics of internet business models and their direct economic consequences for companies. Few scholars have studied the impact of the internet on entrepreneurial investment behavior. This article has broadened the research boundary of the economic consequences of internet business models from the perspective of entrepreneurial functions, and has certain theoretical significance.

The practical value of this article is that modern audit risk-oriented theory requires auditors to take further audit responses on the basis of assessing major misstatements in client financial reports. Investment behavior is undoubtedly an important factor that auditors need to focus on when assessing the risk of material misstatement. This article studies the impact of entrepreneurs' investment behavior on audit fee and further explores whether such changes will strengthen this positive impact. This article provides government departments the policy implications for strengthening the investment risk management and has provided empirical evidence for accounting firms' risk assessment procedures in the context of the "Internet+".

The possible innovations of this article are as follows: First, this article examines the impact of entrepreneurial investment behavior on audit costs from a new perspective—"Internet+", and finds that "Internet+" strengthens the impact of investment behavior on audit costs and enriches related research in the field of influencing factors of audit pricing; second, different from previous research focusing on "Internet+", which mainly focuses on the theoretical characteristics of the internet and the subversion of traditional industries, this article studies the relationship in the "Internet+", entrepreneur's investment and audit fee in the empirically, which expands the empirical dimension of "Internet+". Third, Sun and Liu defined financial assets as the sum of financial asset investment, long-term equity investment, and investment real estate investment, and found that the higher the degree of finance, the higher the audit costs [36]. In this paper, by subdividing the investment, it is found that the control, joint control and major impact investments significantly affect audit costs, but the impact of financial asset investment on audit costs is not obvious. Investment provides relevant risk warnings for the other stakeholders in the market.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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