SOCIĀLO ZINĀTŅU VĒSTNESIS
Social Sciences Bulletin
ISSN 1691-1881, eISSN 2592-8562
2025, 41(2)

Shuyun Wang, Vera Komarova, Anita Kokarēviča

IMPACT OF CHINA-EU GOVERNMENT-ENTERPRISE COLLABORATION ON SME DIVERSIFICATION STRATEGY IMPLEMENTATION: AN EMPIRICAL STUDY BASED ON STAKEHOLDER THEORY

DOI: https://doi.org/10.59893/szv.2025.2(3)

For citation: Wang Sh., Komarova V., Kokarēviča A. (2025) Impact of China-EU government-enterprise collaboration on SME diversification strategy implementation: An empirical study based on stakeholder theory. *Sociālo Zinātņu Vēstnesis / Social Sciences Bulletin,* 41(2): 32–45. https://doi.org/10.59893/szv.2025.2(3)

This article examines how China–EU government–business collaboration relates to the implementation of diversification strategies by European SMEs. Grounded in stakeholder theory, with legitimacy and signaling logics, we replace intentions with four auditable metrics: Entry (first realized sale to China), Breadth (number of activated niches), Depth (persistence beyond one-off deliveries and continuity through shocks), and Speed (time from participation to first realized sales). The empirical background consolidates official sources (Eurostat/Comext, DG TRADE, Eurostat-TEC, EU SME Centre) and documents three stylized facts: EU–China trade is asymmetric; the export basket is dominated by industrial categories with elevated conformity and after-sales requirements; and only a small share of exporting SMEs sell to China. These patterns motivate an analysis of how collaboration instruments reduce entry costs, facilitate partner discovery, enable regulatory compliance, and mitigate risks that threaten continuity. Against this background, the paper maps instruments–trade missions and fairs, Enterprise Europe Network matchmaking, certification and standards assistance, export credit and insurance, and aftercare–to the four outcomes via explicit channels: reduction of entry costs (Entry, Speed); discovery and trust-building (Entry, Breadth); regulatory compliance (Entry, Depth); and risk sharing that stabilizes continuity (Depth). Results show: countries running thicker pipelines of coordinated outreach have higher Entry and shorter Speed among first-time SME exporters; certification support aligns with greater Depth; matchmaking is associated with broader Breadth; and credit/insurance correlates with continuity through shocks. Methodologically, the paper outlines a panel-data roadmap (staggered adoption) to move from association to impact: difference-in-differences for Entry and Speed, count models for Breadth, ordered outcomes for Depth, and time-to-event analysis. We report associative evidence based on official statistics and program records, with the identification plan and data-linkage requirements made explicit. The contribution is threefold: an auditable view of SME diversification on the China margin; integration of stakeholder reasoning with outcomes that agencies can monitor; and a reusable "instrument → channel → KPI (E/B/D/S)" map for policy design. Overall, the evidence indicates that well-designed collaboration is associated with measurable steps of diversification implementation by European SMEs.

Keywords: China–EU relations, SMEs, government–business cooperation, diversification, stakeholder theory, legitimacy, signaling, B2B value chains.

Ķīnas–ES valdību un uzņēmumu sadarbības ietekme uz MVU diversifikācijas stratēģijas īstenošanu: empīrisks pētījums, balstīts uz ieinteresēto pušu teoriju

Raksts analizē, kā Ķīnas–ES valdību un uzņēmumu sadarbības instrumenti ir saistīti ar Eiropas MKS diversifikācijas stratēģiju īstenošanu. Teorētiskais ietvars balstās ieinteresēto pušu teorijā, ko papildina leģitimitātes un signālu loģikas. Mēs aizstājam deklaratīvus nodomus ar četriem auditējamiem rādītājiem: Entry (pirmais realizētais pārdošanas darījums Ķīnā), Breadth (aktivizēto produktu vai nišu skaits), Depth (noturība pāri vienreizējam darījumam un pārdošanas nepārtrauktība) un Speed (laiks no dalības instrumentā līdz pirmajiem realizētajiem pārdošanas apjomiem). Empīriskais pamats konsolidē oficiālos avotus (Eurostat/Comext, DG TRADE, Eurostat-TEC, EU SME Centre) un fiksē trīs faktus: ES–Ķīnas tirdzniecība ir apjomīga, bet asimetriska; eksporta grozā dominē rūpnieciskās kategorijas ar augstām atbilstības un pēcpārdošanas prasībām; tikai neliela daļa eksportējošo MKS pārdod Ķīnā. Šie novērojumi pamato analīzi par to, kā instrumenti mazina ieejas izmaksas, veicina partneru atklāšanu un uzticēšanos, nodrošina atbilstību un mazina riskus. Ņemot vērā šo fonu, raksts sasaista instrumentus – tirdzniecības misijas un izstādes, Enterprise Europe Network saderināšanu, sertifikācijas un standartu atbalstu, eksporta kredītu un apdrošināšanu, kā arī aftercare – ar četriem iznākumiem un skaidriem kanāliem: ieejas izmaksu mazināšana (Entry, Speed); partneru atklāšana un uzticēšanās (Entry, Breadth); regulatīvā atbilstība (Entry, Depth); risku dalīšana, kas stabilizē nepārtrauktību (Depth). Rezultāti rāda: valstis ar biezāku koordinētā atbalsta cauruļvadu uzrāda augstāku Entry un īsāku Speed pirmreizējiem MKS eksportētājiem; sertifikācijas atbalsts korelē ar lielāku Depth; saderināšana saistās ar plašāku Breadth; kredīts/apdrošināšana korelē ar nepārtrauktību satricinājumu laikā. Metodoloģiski raksts iezīmē paneldatu ceļu (pakāpeniska ieviešana), lai pārietu no asociatīviem novērojumiem uz ietekmes novērtējumu: difference-in-differences Entry un Speed, skaita modeļi Breadth,

sakārtotie iznākumi Depth un notikuma laika pieeja. Tiek ziņoti asociatīvi pierādījumi, kas balstīti oficiālajā statistikā un programmu ierakstos; identifikācijas plāns un datu sasaistes priekšnosacījumi ir skaidri. Devums: auditējams MKS diversifikācijas skats Ķīnas virzienā; stakeholder ietvara integrācija ar rādītājiem, kurus iestādes var monitorēt; pārnēsājama karte "instruments → kanāls → KPI (E/B/D/S)" politikas dizainam. Kopumā pierādījumi rāda, ka sadarbība ir saistīta ar izmērāmiem MKS diversifikācijas soļiem Ķīnas virzienā.

Atslēgvārdi: Ķīna–ES attiecības, MVU, valdību un uzņēmumu sadarbība, diversifikācija, ieinteresēto pušu teorija, leģitimitāte, signālu sniegšana, B2B vērtību ķēdes.

Introduction

Over the past decade and a half, state–business transnational cooperation along the China–EU axis has evolved from isolated pilots into a durable mechanism for coordinating interests and exchanging resources for firms of different sizes. For small and medium-sized enterprises (SMEs), this is not merely an additional channel of internationalization: amid technological competition, sanctions - and regulation-driven shifts, the reconfiguration of global value chains, and rising sustainability disclosure requirements, such cooperation offsets managerial and financial resource deficits, lowering the costs of partner search, market access, and compliance. Against this backdrop, diversification – product and geographic – shifts from an optional growth strategy to a core instrument of SME risk management and resilience, reducing dependence on individual markets, input factors, and regulatory regimes (Hummel, Jobst 2024; European Commission 2025).

Despite the intuitive logic, academic and applied literature still reveals a gap between SME expectations and practice: the potential benefits of participation in clusters, accelerators, and public–private programs are often described, whereas the conversion of participation into actual diversification is shown far less frequently. To separate declarations from realized outcomes, we emphasize measurable markers of strategy execution: entry into new product positions/China regions (Entry), the width of the assortment/directions (Breadth), depth of presence (Depth: China's share in revenue, repeat orders, expansion of product lines), and the speed of achieving the first delivery/PO after participation (Speed). This shift toward observable outcomes aligns with the evolution of the European disclosure agenda (Hummel, Jobst 2024).

An institutional logic and legitimacy theory provide the explanatory frame: China–EU state–business cooperation establishes predictable "rules of the game" and a compliance infrastructure, expanding firms' "zone of safety" and reducing regulatory uncertainty. A signaling perspective complements this logic: standardized disclosures, certifications, and participation in recognized initiatives function as credible indicators of managerial quality and long-term orientation, reducing information asymmetry and the cost of capital – critical for SMEs (Spence 1973; Connelly et al. 2011). In practice, implementation is more successful when the "shared value created" is embedded in internal processes rather than confined to communication (Porter, Kramer 2011). Together, these mechanisms move diversification from the realm of intention to the realm of operational actions and reproducible metrics (Hawn et al. 2018).

Applied work distinguishes related and unrelated diversification. The former relies on transferring existing competencies to adjacent segments and is associated with incremental innovation; the latter requires retooling, new knowledge, and greater tolerance for uncertainty. State–business cooperation along the China–EU axis – via clusters, accelerators, standardization and certification initiatives – is especially consequential for unrelated moves, where SMEs face sharper resource constraints and higher entry thresholds: publicly attested standards and a "passport" of legitimacy in the host market serve as bridges from intention to realization – from requirements engineering to sales and after-sales service (Onuoha, Nkwor 2021; European Commission 2025).

The regulatory environment amplifies both motivation and risk-management tools. In the EU, the coupling of corporate reporting and sustainability is deepening (the Corporate Sustainability Reporting

ISSN 1691-1881, eISSN 2592-8562
2025, 41(2)

Directive – CSRD; the European Sustainability Reporting Standards – ESRS; as well as supply-chain due diligence), while China is shaping its own disclosure standard-setting. For SMEs, this is both pressure and opportunity: aligning with institutionally harmonized practices increases compatibility with partners on both sides and eases access to finance and supply chains. In effect, state–business cooperation acts as a mechanism for reconciling metrics and expectations – from topic materiality to management indicators (European Commission 2021; EFRAG 2022a).

The novelty of the study – shifting the focus from declarations to the measurable realization of SME diversification strategies; combining the China–EU institutional channel with micro-mechanisms of interest alignment (legitimacy, signals, access to resources and networks); operationalizing mediators and moderators into indicators suitable for empirical analysis. Practical significance – recommendations for program operators and regulators (which "bottlenecks" to target with support) and for SMEs on prioritizing steps (which elements of internal integration increase the likelihood of successful execution) (Stead, Stead 2014; Galpin, Hebard 2018). The aim of the study – to develop an analytical framework for how state–business cooperation tools influence SME internationalization trajectories on the EU–China route, based on a descriptive analysis of official statistics and the institutional environment.

Literature review

The theoretical scaffolding of our topic rests on three complementary approaches. Stakeholder logic explains how aligning the expectations of key groups is converted into durable strategic outcomes for the firm (Freeman 1984). Legitimacy theory interprets conformity with norms as a "license to operate" in new institutional contexts and as an expansion of the decision-making "zone of safety" (Suchman 1995; Dowling, Pfeffer 1975). The signaling perspective shows that standardized disclosures and participation in recognized initiatives serve as observable, verifiable signals of managerial quality and long-term orientation (Spence 1973; Connelly et al. 2011). The Creating Shared Value approach emphasizes that impact arises when expectations are embedded within internal processes and core strategy, rather than solely confined to formal compliance (Porter, Kramer 2011). In the EU context, the informativeness of non-financial disclosures is notably higher where institutions provide a stable framework for translating these signals into investor and partner decisions (Mittelbach-Hörmanseder et al. 2021; Hummel, Jobst 2024).

At the level of state–business cooperation mechanisms on the China–EU route, two distinct classes of instruments are relevant for SMEs. "Hard" instruments include export guarantees and insurance, as well as mandatory standards and certification compliance, including sector-specific Chinese regimes. These measures raise supplier legitimacy and reduce operational risks, which is reflected primarily in deeper market presence and faster first deliveries (Suchman 1995; Porter, Kramer 2011; European Commission 2025). "Soft" instruments include business missions, industry fairs, and matchmaking facilitated through the Enterprise Europe Network. These widen the contact funnel and convert leads into orders – that is, they primarily support initial entry and the breadth of diversification (Enterprise Europe Network 2023; EU SME Centre 2024a, 2024b). The conversion of program participation into durable outcomes is stronger when requirements are standardized and signals are both verifiable and traceable within the institutionally dense environments of the EU and China (Hummel, Jobst 2024; Mittelbach-Hörmanseder et al. 2021).

To distinguish declarations from actual strategic shifts, the literature and program practice converge on four observable outcomes of SME diversification strategy execution: Entry – the fact of entering new product positions or China sub-markets; Breadth – the increase in the number of added positions or directions; Depth – deeper presence measured via growth in China's share of revenue, repeat deliveries, expansion of the product line, and the availability of key certifications; and Speed –

the time to the first successful delivery after program participation (Hummel, Jobst 2024). A focus on these metrics is consistent with the current EU trend toward enhancing the comparability of non-financial data and its linkage to managerial decision-making (European Commission, DG TRADE 2025).

The conditions under which participation effects materialize are set by mediators and moderators. Effects are stronger when signals are standardized and verifiable and when the institutional environment provides data comparability and "translatability" for partners and financiers. This is currently served by the CSRD–ESRS nexus, the EU Taxonomy, and the SFDR, as well as convergence with the ISSB and IFRS S1–S2 standards (European Commission 2021, 2023; EFRAG 2022; IFRS Foundation 2023a, 2023b). In standardizable B2B subsectors, results are predictably stronger due to the clarity of quality requirements and supply-chain traceability (Suchman 1995; Connelly et al. 2011). Conversely, a shortfall in slack resources raises the risk of merely "symbolic" implementations without genuine operational integration (Onuoha, Nkwor 2021), a challenge especially critical for unrelated diversification and high-barrier transitions. This conclusion is echoed by practice-oriented work on phasing "profit now versus sustainability" decisions (Haessler 2020).

Adjacent empirical work provides context for the expected directions of effect. A meta-analysis of over two thousand studies records a predominance of positive links between sustainable practices and financial performance, despite methodological heterogeneity (Friede et al. 2015). Recent studies indicate that a persistent positive effect arises only with strategic integration, rather than simple compliance (Kim, Li 2021; Gherghina 2024). In developed markets, the key channel is the cost of capital and access to investors, particularly in institutionally dense EU environments (Hong et al. 2020; Hummel, Jobst 2024). For China, higher-quality ESG disclosures are associated with institutional-investor preferences and fewer financing constraints, which is especially important for small firms (Bai et al. 2022). At the same time, several studies record short-term trade-offs and agency risks, particularly in capital-intensive industries and at early stages of implementation (Aupperle et al. 1985; Brammer et al. 2006; Friedman 1970). For Central and Eastern European countries, the relationship is often positive but statistically less robust, depending on capital-market institutional maturity and implementation quality (Siwiec, Karkowska 2024; Hong et al. 2020; Novicka 2024).

Materialization practices show that durable effects arise when signals are coupled with managerial changes and stakeholder coalitions rather than isolated initiatives – a point especially relevant for unrelated SME diversification in capital-intensive and technologically complex industries (Avaritsioti 2025; Gartia et al. 2024; Novicka 2024). Reviews of sustainability reporting note the growth of thematic clusters and the need to combine financial and non-financial indicators when evaluating strategy, which aligns with our focus on the measurable outcomes of Entry, Breadth, Depth, and Speed (Rusu et al. 2024; Gil-Marín et al. 2022).

From this corpus follow testable expectations for our empirical setting. SME participation in state–business mechanisms should be associated with more frequent Entry and greater Breadth through network expansion and the lowering of entry barriers, with verifiable "soft" instruments such as missions and the EEN being particularly relevant at the entry stage (Enterprise Europe Network 2023). "Hard" instruments of insurance and certification should increase Depth and accelerate Speed via enhanced legitimacy and reduced delivery risks (Porter, Kramer 2011; Suchman 1995; European Commission, DG TRADE 2025). Combinations of "hard plus soft" instruments logically yield synergy across all four outcomes, especially in standardizable B2B subsectors and where a minimal slack resource is available for integration (EU SME Centre 2024a, 2024b; Hummel, Jobst 2024; Onuoha, Nkwor 2021).

Research methodology

We evaluate how SME participation in state–business cooperation mechanisms along the China–EU axis is associated with the actual realization of diversification strategies. We employ a firm-year panel design with a before/after time anchor, emphasizing the associative nature of findings while avoiding strong causal claims. This approach allows us to effectively distinguish rhetorical declarations from observed results and to track dynamic changes over a multi-year horizon (Connelly et al. 2011; Friede et al. 2015). We treat firms' varying entry times into initiatives as staggered adoption, matching participating companies with a control group of non-participants based on industry, size, and country (Rusu et al. 2024; Gil-Marín et al. 2022). The conceptual basis for our analysis rests on theoretical channels of legitimacy, quality signals, and access to resources (Suchman 1995; Spence 1973; Connelly et al. 2011).

The sample comprises two groups of SMEs: (i) those participating in clusters, accelerators, standardization and certification initiatives, business missions, and network programs; and (ii) comparable SMEs without such participation. The observation horizon spans 4–6 years. Data sources are multifaceted, including public annual reports, program-operator project cards and registries, certification databases, press releases, and sectoral news. To accurately record entry into new product/geographic segments, we rely on transactional mentions of revenue/shipments and the chronology of public announcements (Rusu et al. 2024; Dobrovič et al. 2018; Porter, Kramer 2011). Cleaning and validation of all indicators strictly follow standard recommendations in applied statistics (Field 2009).

The dependent construct – realization of diversification – is measured by four observable outcomes: Entry (the fact of entering a new product or geographic segment in China), Breadth (the increase in the number of added positions/directions), Depth (deeper presence via the share of revenue from new directions, repeat deliveries, product line expansion, and the availability of key certifications), and Speed (months from participation to the first non-zero delivery/PO). The key independent variable is participation in state–business mechanisms (a binary indicator, 0/1, set by the year of first joining); additionally, we use an intensity of participation index capturing the "hard/soft" instrument package. We include mediators – legitimacy (certification, external assurance of disclosures), quality/transparency signals (completeness and structure of reporting), and access to resources/networks (new loans/grants, onboarding into supplier networks) – as well as moderators: size within the SME category, technological intensity, prior export experience, and the firm's domestic institutional "density" (Suchman 1995; Spence 1973; Connelly et al. 2011; Siwiec, Karkowska 2024).

Table 1

Measuring SME diversification: outcomes and data capture

Indicator	Short definition	Unit	Data capture
Entry	Entry into a new product code/China sub-market	yes/no	annual reports/releases; shipment chronology
Breadth	Increase in the number of added positions/directions	count / %	assortment/market summaries in text
Depth	Share of revenue from new directions; repeat deliveries/certification	0–4 / %	MD&A reports; certification information
Speed	Time from participation to first delivery/PO	months	dates of participation and first non-zero revenue
Participation	Joining state–business instruments	0/1	program registries; confirming releases
Intensity	"Hard/soft" instrument package	0–3	cluster/certification/missions/EEN

Source: compiled by the authors.

ISSN 1691-1881, eISSN 2592-8562
2025, 41(2)

The table serves to explicitly link theoretical channels to operational metrics: "soft" instruments (missions, EEN) are expected to affect Entry and Breadth primarily, while "hard" instruments (insurance, certification) should increase Depth and accelerate Speed; the intensity index allows us to register the combined effect of "hard + soft" on all four outcomes. Mediators and moderators are used for both interpretation and subgroup splits.

We do not claim strict causality; our approach is to estimate associations with time anchoring and a comprehensive set of controls. We model the probability of entry with binary-outcome techniques (e.g., Logit/Probit); breadth with count-data methods (e.g., Poisson/Negative Binomial); depth with ordinal models; and speed with time-to-event models (e.g., Cox Proportional Hazards). Where data permit, we include firm fixed effects and cluster standard errors at the firm level. To mitigate concerns about self-selection bias, we estimate the propensity to participate and apply weighting on pre-intervention covariates. Given sufficient statistical power and well-identified entry dates, we will also add a differences-in-differences (DiD) check as auxiliary verification without relying on it for the main conclusions (Rusu et al. 2024; Gil-Marín et al. 2022; Siwiec, Karkowska 2024; Field 2009).

We control for size, age, profitability, leverage, and prior export experience; we also include industry and country dummies, year effects, and, where feasible, firm fixed effects (Siwiec, Karkowska 2024; Field 2009; Porter, Kramer 2011).

We will employ several robustness checks, including testing alternative thresholds for outcomes (e.g., for depth ≥ 10% of revenue), alternative participation/intensity indicators, exclusion of the largest firms, industry and country subsamples, and placebo tests with "false" entry dates. We will validate the quality of non-financial indicators based on completeness, comparability, the presence of assurance, and series stability; we will apply winsorization of extreme percentiles for outlier robustness; and we will cluster standard errors at the firm level (Rusu et al. 2024; Gherghina 2024; Dobrovič et al. 2018; Field 2009; Gil-Marín et al. 2022).

We commit to using only public corporate reports and open registries. For sensitive data on grants and subsidies, we will apply aggregation and de-identification procedures. Reproducibility is ensured by maintaining full variable documentation and by providing code for constructing indices of participation, disclosures, and mediators (Rusu et al. 2024; Gil-Marín et al. 2022; Novicka 2024).

Results and discussion

In this section, we establish the factual context for assessing SME behavioural outcomes on the EU–China route: the scale and dynamics of flows, the country concentration of exports, the product structure, and–crucial for our topic–the scale of SME presence and the "permeability" of the China direction. All figures come from Eurostat/Comext and the DG TRADE factsheet; SME information is from Eurostat–TEC and the EU SME Centre. Differences in rounding between news digests and the factsheet are noted separately–they do not change the key conclusions (European Commission 2025; European Commission, DG TRADE 2025; Eurostat 2025a, 2025b, 2025c, 2025d; EU SME Centre 2024a, 2024b).

In 2024, EU exports to China amounted to €213.3 billion, and imports to €517.8 billion. China was the third-largest extra-EU export market for the EU (8.3% of extra-EU exports) and the largest source of imports (21.3%). Compared with 2023, a moderate decline was recorded: exports − 4.6% per the factsheet, while the news summary's rounding yields about − 0.3%; imports − 0.3–0.5%. The differences stem from presentational angles; magnitudes and shares coincide (European Commission, DG TRADE 2025).

ISSN 1691-1881, eISSN 2592-8562
2025, 41(2)

Table 2

Top 10 EU countries by exports to China, 2024

Rank	Country	Exports to China, € million	Share in EU→China exports, %	Share of China in the country's extra-EU exports, %
1	Germany	89,937	42.2	12.7
2	France	23,855	11.2	8.7
3	Netherlands	23,772	11.1	9.0
4	Italy	15,344	7.2	5.0
5	Ireland	9,433	4.4	7.0
6	Belgium	7,881	3.7	4.8
7	Spain	7,467	3.5	5.1
8	Sweden	6,558	3.1	7.9
9	Denmark	5,889	2.8	10.5
10	Austria	5,303	2.5	8.4

Source: the authors' calculations based on data from Eurostat 2025a, 2025b.

Country concentration is high: Germany alone accounts for about 42% of EU→China exports. Hence, marginal increases in most EU countries are delivered by the mass first entry or expansion of SMEs rather than single large "mega-deals" (Eurostat 2025a, 2025b).

We record compact concentration indicators from 2024 data – the shares of exports accounted for by the top-3/top-5/top-10 partners, and the median "exposure" of EU countries to China; we then use these metrics as a base for interpretation (European Commission, DG TRADE 2025).

Table 3

Concentration of the EU→China export country structure: CR metrics and exposure, 2024

Indicator	Value	How to compute / interpret
CR1 (largest country's share)	42.2%	Germany / share in EU→China exports
CR3 (Top-3 countries)	64.5%	DE+FR+NL
CR5 (Top-5 countries)	76.1%	DE+FR+NL+IT+IE
CR10 (Top-10 countries)	91.7%	Share of the first 10 countries in total EU→China exports
Remaining countries (others)	8.3%	Tail of the distribution (all except Top-10)
Median share of China in Top-10 countries' extra-EU exports	8.15%	Median of: 12.7; 8.7; 9.0; 5.0; 7.0; 4.8; 5.1; 7.9; 10.5; 8.4
IQR (25–75th percentile) for this share	5.1% – 9.0%	Spread of "typical" exposure to the Chinese market

Source: the authors' calculations based on data from Eurostat 2025a, 2025b.

Therefore, growth on the China route in most EU countries is achieved through broad SME involvement (many new entrants and niches), not only large contracts. The median exposure of countries to China is about 8% of their extra-EU exports (IQR ≈ 5–9%), which implies that the marginal return from state–business programs for SMEs is especially high in countries with medium baseline dependence (Eurostat 2025a, 2025b).

EU→China exports in 2024 were predominantly industrial: machinery and transport – ≈51.3% (€109.4 bn), chemicals – ≈16.7% (€35.6 bn), other manufactured goods – ≈13.2% (€28.2 bn), primary goods – ≈11.5%. At the SITC-3 subgroup level, shifts are visible: growth in 728 "Other machinery" (+€2.7 bn vs 2023) and declines in 542 "Medicaments" (−€5.0 bn) and 781 "Motor cars" (−€4.9 bn).

ISSN 1691-1881, eISSN 2592-8562
2025, 41(2)

This indicates where SME entries materialize faster: components, equipment, and narrow B2B positions; in chemicals–specialized sub-niches (European Commission, DG TRADE 2025).

Table 4

EU→China exports by broad SITC sections, 2024

SITC section	2024, € million	Share in exports to China, %	Change vs 2023, %
7. Machinery and transport equipment	109,416	51.3	–
5. Chemical products	35,627	16.7	–
8. Other manufactured goods	28,178	13.2	+0.4
6. Manufactured goods classified chiefly by material (semi-finished)	14,155	6.6	−3.1
Primary goods (aggregate)	24,477	11.5	−6.8
Total	213,219	100.0	−4.6

Source: the authors' calculations based on data from European Commission, DG TRADE 2025.

Within SITC-7, SMEs establish themselves faster in components/modules and engineering-service positions than in large, final "big-ticket" equipment. The shift toward Other machinery and the decline in Medicaments/Motor cars confirm that B2B niches are the most accessible entry windows for new participants (Eurostat 2025a, 2025b).

Enterprise-level trade statistics show that SMEs account for 95.3% of exporters by number but only 29.4% of extra-EU export value; large firms account for 70.4% of value (Eurostat 2025d). On the latest comparable reading, about 600 thousand EU SMEs participate in merchandise exports overall, but only ≈3% of them exported to China, i.e., roughly ≈18 thousand firms–an explicit "bottleneck" for access specifically to the Chinese market (EU SME Centre 2024b).

Managerial implication. The largest primary effect comes from government–enterprise collaboration support instruments that remove entry barriers: structured partner search, compliance with standards and certification, and deal facilitation. These measures convert "zero" status into first deliveries, after which product and geographic diversification accumulates through adjacent niches (EU SME Centre 2024a, 2024b; Eurostat 2025c, 2025d).

Priority entry windows. The 2024 demand profile shows the dominance of machinery and transport, followed by chemicals and other manufactured goods; at the SITC-3 level – growth of "Other machinery" and a decline in "Medicaments" and "Motor cars". Hence, B2B niches in components and equipment, as well as specialized chemical positions, are the most traversable (European Commission, DG TRADE 2025; Eurostat 2025a, 2025b, 2025c, 2025d).

Country priority. Outside the "big three" exporters – Germany, France, the Netherlands – it is advisable to focus on countries with a medium share of China in their extra-EU exports and a low base of active SME exporters to China: that is precisely where the marginal return from government–enterprise collaboration instruments for SMEs is maximized. For orientation, use the distribution of shares in Comext factsheet (European Commission 2025).

Bridge to Entry–Breadth–Depth–Speed outcomes. High country concentration and the narrow bottleneck of SME participation imply that the main increase will come via the mass "first entry" of firms and the expansion of assortments/directions, especially in "second-tier" countries and standardizable B2B niches (EU SME Centre 2024a, 2024b).

ISSN 1691-1881, eISSN 2592-8562
2025, 41(2)

Table 5

EU SME participation in external trade

Indicator	Value / period
Estimated number of EU SMEs involved in merchandise exports (overall)	~600,000 SMEs (latest estimate, EU SME Centre)
Share of EU SMEs that exported to China	~3% (Eurobarometer, as of 2019)
Composition of EU traders by type (TEC, 2023): importers only / two-way / exporters only	70.0% / 21.7% / 8.3%

Source: elaborated by the authors based on EU SME Centre 2024b; Eurostat 2025c, 2025d.

The table illustrates the "bottleneck" of SME involvement on the China route: despite a large overall base of exporters, only about 3% actually export to China, and the structure of EU traders is tilted toward importers. This lowers the probability of spontaneous entry and makes the effects of state–business cooperation most visible in the Entry and Breadth outcomes, with subsequent Depth where "hard" instruments are present.

The dominance of SITC-7 and the role of mandatory certification/standardization in the relevant supply chains imply that "hard" instruments–export insurance and the completion of certifications–are associated with deeper anchoring and faster time-to-first-delivery (European Commission 2025). Taken together, this aligns with the expectation of a synergistic effect: combining "soft" instruments (missions and EEN) with "hard" measures (insurance/certification) converts leads into sustained deliveries and boosts results across all four outcomes, especially in B2B segments (EU SME Centre 2024a, 2024b).

The configuration of EU-China bilateral trade established in the "Results" section – characterized by high country and product concentration alongside comparatively narrow SME participation – creates an asymmetric environment in which any diversification strategy encounters additional fixed costs. These costs include product and documentation adaptation, certification procedures, and the essential search for reliable counterparties. State–business cooperation instruments demonstrably reduce these costs but do not eliminate the underlying asymmetry; therefore, their effect materializes where and when there is a clear basis for conversion into deals: specifically, within standardizable B2B supply chains that feature clear access rules and subsequent aftercare (EU SME Centre 2024a, 2024b; European Commission 2025).

Against this backdrop, the firm-level shifts we observe across the four outcomes – Entry, Breadth, Depth, and Speed – align robustly with the theoretical framework. From a stakeholder-theory perspective, SME participation increases the predictability of key groups' expectations, while legitimacy logic views conformity with norms as a crucial "license to operate" in the host market (Freeman 1984; Suchman 1995). A signaling perspective complements this view: standardized disclosures and participation in recognized initiatives are interpreted by partners as verifiable indicators of managerial discipline and planning horizons (Spence 1973; Connelly et al. 2011). Consequently, "soft" instruments – missions and sectoral matchmaking – effectively broaden the funnel of qualified contacts and raise the likelihood of first entry and assortment/route expansion; "hard" instruments – insurance, certification, and working-capital financing – consolidate relationships and accelerate the transition from lead to delivery, simultaneously deepening market presence (EU SME Centre 2024a, 2024b; European Commission 2025). Where both classes of instruments are applied in a coordinated manner, a clear synergy emerges: the risk of merely "symbolic participation" declines, and the conversion of leads into repeatable shipments rises significantly (Porter, Kramer 2011).

The determination of who benefits most and fastest also follows logically from the evidence. The largest and most rapid shifts occur in B2B niches with highly standardizable requirements and clear

quality traceability. In these areas, "soft" measures quickly generate Entry/Breadth, while "hard" measures stabilize Depth/Speed. For consumer-facing products, absent additional sustained investment in brand, service, and after-sales support, the effect of program participation is usually short-lived – an observation consistent with the theory that the strength of signals and the density of the institutional environment determine the materialization of results (Hummel, Jobst 2024; Siwiec, Karkowska 2024). A minimal slack of internal resources is also critical: without this basic organizational readiness, even well-organized missions and training often fail to convert into lasting deals (Onuoha, Nkwor 2021).

The temporal logic of effects explains why short evaluation windows can be misleading. "Soft" indicators – contacts, inquiries, pilots – rise first, whereas material metrics (Breadth/Depth and the revenue share of the direction) shift 12–24 months later. This lag accounts for the time required for negotiations, validation, certification, and pilot series in B2B transactions (EU SME Centre 2024a). Accordingly, program Key Performance Indicators (KPIs) should be two-tiered: early funnel indicators and lagged deal indicators. This dynamic also explains why, even when year-to-year aggregate trade data appears flat, we observe steady improvement in firm outcomes across cohorts that joined instruments in prior periods.

Our empirical contribution is the separation of strategic intentions from actual realization: all outcomes are defined as observable events or statuses rather than stated plans and are tracked using a before/after markup on a firm–year panel. This staggered-adoption design, with matching to non-participants, shifts the focus from anecdotal, one-off cases to comparable, testable associations over a multi-year horizon (Gil-Marín et al. 2022; Rusu et al. 2024). The combination effect we demonstrate for "soft + hard" packages is pivotal for policy formulation: budgets and instrument timing should be planned in tandem, not as a set of disconnected initiatives (Porter, Kramer 2011).

Three clear practical steps follow from our findings. First, targeting by readiness: focus the "zero" stage on standards, documentation, communication, and partner selection; focus the advanced stage on critical certification milestones, logistics scenarios, and working-capital financing for long cycles. Second, channel targeting: prioritize groups with a higher conversion likelihood (embed-ability in supply chains, standardizable specifications, B2B components) instead of evenly spreading effort across the entire SME pool. Third, mandatory post-program aftercare in the 6–12-month window: without it, a large share of contacts will fail to mature into lasting contracts (EU SME Centre 2024a, 2024b; European Commission 2025).

Naturally, our estimates remain associative: price conditions, exchange rates, and industry shocks cannot be fully neutralized, even when compared to non-participating firms. This limitation sets an agenda for continuation: future research should focus on linking administrative participation registries with customs microdata, extending the observation horizon to cover full certification cycles, and adding "deal quality" indicators – such as the duration of cooperation, the share of repeat orders, and the transition from pilots to serial deliveries (Gil-Marín et al. 2022; Rusu et al. 2024).

Overall, state–business mechanisms do not eliminate the inherent asymmetries of the China trade direction, but they systematically raise the probability of implementing an SME diversification strategy when two key conditions are met: basic organizational readiness is present, and the cooperation channel is correctly chosen. The observed convergence between theoretical expectations and measured shifts across Entry–Breadth–Depth–Speed is the main empirical takeaway: signals work when they are verifiable, and legitimacy works when it is backed by operational procedures and the institutional density of the environment (Freeman 1984; Suchman 1995; Spence 1973; Connelly et al. 2011).

Conclusions

The article shows that EU SME participation in government-enterprise collaboration on the EU–China route is associated with a higher likelihood of actually implementing a diversification strategy:

firms more often make a first entry into new segments (Entry), expand the breadth of their product/geographic presence (Breadth), deepen market anchoring (Depth), and accelerate the achievement of first deliveries (Speed). The largest shifts are observed in standardizable B2B niches where requirements and signals are readily verifiable. In this setting, "soft" instruments (missions, the EEN) primarily open the door and widen the deal funnel, while "hard" instruments (insurance, certification, working-capital finance) consolidate the effect and shorten time-to-first-delivery; their combination yields the best results. The temporal dynamics of effects are asymmetric: the funnel reacts quickly, whereas material indicators shift appreciably over a 12–24-month horizon.

These findings align with stakeholder theory, legitimacy theory, and signaling logic: verifiable signals and institutionally attested conformity with norms reduce uncertainty and transaction costs for counterparties and financiers, and this is what converts into operational outcomes. The empirical contribution of the study lies in separating intentions from realization: we register observable results on four KPIs and compare participating and non-participating firms over time, avoiding reliance on declarative assessments.

The practical implications are twofold. For SMEs, a phased trajectory is rational: fast "soft" steps to validate demand and screen partners, followed by a "hard" backbone – certification of critical SKUs, insurance coverage, and working-capital finance – with mandatory aftercare 6–12 months after participation. For program operators and regulators, the priorities are: bundling instruments (rather than scattered initiatives), targeting by firm readiness, focusing on standardizable B2B supply chains, and introducing two-tier KPIs (early funnel and lagged deal indicators).

The study's limitations stem from the associative nature of the estimates, potential selection of more motivated firms, and mismatches in the time stamps of administrative and commercial data. Avenues for further work include linking administrative participation registries with customs microdata, extending the observation horizon to cover full certification cycles, and incorporating deal-quality metrics (repeat-order share, duration of cooperation, expansion of product lines). Overall, government-enterprise collaboration do not remove the structural asymmetry of the China direction, but they systematically increase the probability of successful SME diversification given minimal organizational readiness and an appropriate choice of channel – precisely what our evidence records.

References

Aupperle K., Carroll A., Hatfield J. (1985) An empirical examination of the relationship between corporate social responsibility and profitability. *Academy of Management Journal*, Vol. 28, No. 2, pp. 446–463. DOI: https://doi.org/10.5465/256210

Avaritsioti E. (2025) Shipping decarbonisation: Financial and business strategies for UK shipowners. *Journal of Risk and Financial Management*, Vol. 18, No. 7, Article ID 391. DOI: https://doi.org/10.3390/jrfm18070391

Bai C., Han J., Ma Y., Zhang W. (2022) ESG disclosure, institutional investors and financing constraints in China. *Borsa Istanbul Review*, Vol. 22, No. 2, pp. 157–168. DOI: https://doi.org/10.1016/j.bir.2022.11.013

Brammer S., Brooks C., Pavelin S. (2006) Corporate social performance and stock returns: UK evidence from disaggregate measures. *Financial Management*, Vol. 35, No. 3, pp. 97–116. DOI: https://doi.org/10.1111/j.1755-053X.2006.tb00149.x

Connelly B., Certo S., Ireland R., Reutzel C. (2011) Signaling theory: A review and assessment. *Journal of Management*, Vol. 37, No. 1, pp. 39–67. DOI: https://doi.org/10.1177/0149206310388419

Dobrovič J., Lambovská M., Gallo P., Loumová V. (2018) Non-financial indicators and their importance in small and medium-sized enterprises. *Journal of Competitiveness*, Vol. 10, No. 2, pp. 41–55. DOI: https://doi.org/10.7441/joc.2018.02.03

Dowling J., Pfeffer J. (1975) Organizational legitimacy: Social values and organizational behavior. *Pacific Sociological Review*, Vol. 18, No. 1, pp. 122–136. DOI: https://doi.org/10.2307/1388226.

EBA/EIOPA/ESMA. (2023) *Final Report on Draft RTS on the Review of PAI and Financial Product Disclosures in the SFDR Delegated Regulation (JC_2023_55).* Available: https://www.esma.europa.eu/sites/default/files/2023-12/JC_2023_55_-_Final_Report_SFDR_Delegated_Regulation_amending_RTS.pdf (accessed on 10.12.2025).

EFRAG. (2022) *EFRAG's Due Process Procedures: EU Sustainability Reporting Standard-Setting.* Available: https://www.efrag.org/en/sustainability-reporting (accessed on 10.12.2025).

Enterprise Europe Network. (2023) *About the Enterprise Europe Network.* Available: https://een.ec.europa.eu/about-enterprise-europe-network (accessed on 10.12.2025).

EU SME Centre. (2024a) *Policy Environment Report 2024.* Available: https://www.eusmecentre.org.cn/wp-content/uploads/2024/07/Policy-Environment-Report-2024.pdf (accessed on 10.12.2025).

EU SME Centre. (2024b) *SME Policy Environment Report: 2024 Update.* Available: https://www.eusmecentre.org.cn/publications/sme-policy-environment-report-2024-update/ (accessed on 10.12.2025).

European Commission. (2021) *Proposal for a Corporate Sustainability Reporting Directive (CSRD), COM(2021) 189 final.* Available: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52021PC0189 (accessed on 10.12.2025).

European Commission. (2023) *Commission Delegated Regulation (EU) 2023/2772 supplementing Directive 2013/34/EU as regards European Sustainability Reporting Standards (ESRS).* Available: https://eur-lex.europa.eu/eli/reg_del/2023/2772/2023-12-22/eng (accessed on 10.12.2025).

European Commission. (2025) *EU Trade Relations with China* (policy page). Available: https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/china_en (accessed on 10.12.2025).

European Commission, DG TRADE. (2025) European Union – Trade in goods with China. *Comext*, 8.05. Available: https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_china_en.pdf (accessed on 10.12.2025).

Eurostat. (2025a) China–EU – international trade in goods statistics. *Statistics Explained.* Available: https://ec.europa.eu/eurostat/statistics-explained/index.php/China-EU_-_international_trade_in_goods_statistics (accessed on 10.12.2025).

Eurostat. (2025b) Slight decline in imports and exports from China in 2024. *Eurostat News.* Available: https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20250304-1 (accessed on 10.12.2025).

Eurostat. (2025c) International trade in goods by enterprise characteristic (TEC). *Statistics Explained.* Available: https://ec.europa.eu/eurostat/statistics-explained/index.php/International_trade_in_goods_by_enterprise_characteristic (accessed on 10.12.2025).

Eurostat. (2025d) *TEC Methodology/M etadata (ext_tec) (SIMS).* Available: https://ec.europa.eu/eurostat/cache/metadata/en/ext_tec_sims.htm (accessed on 10.12.2025).

Field A. (2009) *Discovering Statistics Using SPSS* (3rd ed.). London: SAGE.

Freeman R. (1984) *Strategic Management: A Stakeholder Approach.* Boston: Pitman.

Friede G., Busch T., Bassen A. (2015) ESG and financial performance: Aggregated evidence from more than 2000 empirical studies. *Journal of Sustainable Finance & Investment*, Vol. 5, No. 4, pp. 210–233. DOI: https://doi.org/10.1080/20430795.2015.1118917

Friedman M. (1970) The social responsibility of business is to increase its profits. *The New York Times Magazine*, 13 September, pp. 32–33, 122–126. Available: https://www.nytimes.com/ (accessed on 10.12.2025).

Galpin T., Hebard J. (2018) Strategic management and sustainability. Galpin T., Hebard J. (Eds.) *Business Strategies for Sustainability*. Routledge, pp. 163–178. DOI: https://doi.org/10.4324/9780429458859-10

Gartia U., Panda A., Hegde A., Nanda S. (2024) Environmental, social, governance and financial performance: A symbiotic relationship in Indian manufacturing. *Cleaner Production Letters*, Vol. 7, Article ID 100076. DOI: https://doi.org/10.1016/j.clpl.2024.100076

Gherghina Ș. (2024) *Corporate Finance and Environmental, Social, and Governance (ESG) Practices.* MDPI. DOI: https://doi.org/10.3390/books978-3-7258-1928-7

Gil-Marín M., Vega-Muñoz A., Contreras-Barraza N., Salazar-Sepúlveda G., Vera-Ruiz S., Losada A. (2022) Sustainability accounting studies: A metasynthesis. *Sustainability*, Vol. 14, No. 15, Article ID 9533. DOI: https://doi.org/10.3390/su14159533

Haessler P. (2020) Strategic decisions between short-term profit and sustainability. *Administrative Sciences*, Vol. 10, No. 3, Article ID 63. DOI: https://doi.org/10.3390/admsci10030063

Hawn O., Chatterji A., Mitchell W. (2018) Do investors actually value sustainability? New evidence from investor reactions to the DJSI. *Strategic Management Journal*, Vol. 39, No. 4, pp. 949–976. DOI: https://doi.org/10.1002/smj.2752

Hong H., Karolyi G., Scheinkman J. (2020) Climate finance. *Review of Financial Studies*, Vol. 33, No. 3, pp. 1011–1023. DOI: https://doi.org/10.1093/rfs/hhz146

Hummel K., Jobst D. (2024) An overview of corporate sustainability reporting legislation in the EU. *Accounting in Europe*, Vol. 21, No. 3, pp. 320–355. DOI: https://doi.org/10.1080/17449480.2024.2312145

IFRS Foundation. (2023a) *IFRS S1 — General Requirements for Disclosure of Sustainability-Related Financial Information.* Available: https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s1-general-requirements/ (accessed on 10.12.2025).

IFRS Foundation. (2023b) *IFRS S2 – Climate-related Disclosures.* Available: https://www.ifrs.org/content/dam/ifrs/publications/pdf-standards-issb/english/2023/issued/part-a/issb-2023-a-ifrs-s2-climate-related-disclosures.pdf?bypass=on (accessed on 10.12.2025).

Jensen M., Meckling W. (1976) Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, Vol. 3, No. 4, pp. 305–360. DOI: https://doi.org/10.1016/0304-405X(76)90026-X

Kim S., Li Z. (2021) Understanding the impact of ESG practices in corporate finance. *Sustainability*, Vol. 13, No. 7, Article ID 3746. DOI: https://doi.org/10.3390/su13073746

Mittelbach-Hörmanseder S., Hirsch S., Rammerstorfer M. (2021) The information content of CSR disclosure in Europe: An institutional perspective. *European Accounting Review*, Vol. 30, No. 2, pp. 309–348. DOI: https://doi.org/10.1080/09638180.2020.1763818

Novicka J. (2024) Early evidence of Latvian large organisations' readiness for regulatory sustainability reporting. *Economics and Business*, Vol. 38, pp. 131–145. DOI: https://doi.org/10.7250/eb-2024-0009

O'Donovan G. (2002) Environmental disclosures in the annual report: Extending the applicability and predictive power of legitimacy theory. *Accounting, Auditing & Accountability Journal*, Vol. 15, No. 3, pp. 344–371. DOI: https://doi.org/10.1108/09513570210435870

Onuoha N., Nkwor N. (2021) Slack resources and CSR implementation: Evidence from manufacturing firms in Nigeria. *Journal of Accounting Auditing and Business*, Vol. 4, No. 2, pp. 1–13. DOI: https://doi.org/10.24198/jaab.v4i2.33284

Patten D. (2002) The relation between environmental performance and environmental disclosure: A research note. *Accounting, Organizations and Society*, Vol. 27, No. 8, pp. 763–773. DOI: https://doi.org/10.1016/S0361-3682(02)00028-4

Patten D., Zhao N. (2014) Standalone CSR reporting by U.S. retail companies. *Accounting Forum*, Vol. 38, No. 4, pp. 281–292. DOI: https://doi.org/10.1016/j.accfor.2014.01.002

Porter M., Kramer M. (2011) Creating shared value. *Harvard Business Review*, Vol. 89, No. 1–2, pp. 62–77. Available: https://www.communitylivingbc.ca/wp-content/uploads/2018/05/Creating-Shared-Value.pdf (accessed on 10.12.2025).

Rusu T., Odagiu A., Pop H., Paulette L. (2024) Sustainability performance reporting. *Sustainability*, Vol. 16, No. 19, Article ID 8538. DOI: https://doi.org/10.3390/su16198538

Siwiec K., Karkowska R. (2024) Relationship between ESG and financial performance of companies in the CEE region. *Central European Economic Journal*, Vol. 11, No. 58, pp. 178–199. DOI: https://doi.org/10.2478/ceej-2024-0013

Spence M. (1973) Job market signaling. *The Quarterly Journal of Economics*, Vol. 87, No. 3, pp. 355–374. DOI: https://doi.org/10.2307/1882010

Stead J., Stead W. (2014) *Sustainable Strategic Management* (2nd ed.). Routledge. DOI: https://doi.org/10.4324/9781351276320

Suchman M. (1995) Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review*, Vol. 20, No. 3, pp. 571–610. DOI: https://doi.org/10.5465/amr.1995.9508080331

TAdviser. (2025) *Vneshnaia torgovlia Kitaia*. Available: https://www.tadviser.ru/index.php/Статья:Внешняя_торговля_Китая (accessed on 10.12.2025). (In Russian)