Chapter 4 will present and discuss the findings of this study. The main focus of this study's findings is based on secondary data concerning the case of Zespri and RCEP. The chapter will also discuss how these findings relate to the research questions.

The main purpose of Chapter 5, is to provide an overall review and summary of the study. This will also involve a discussion of the contributions and limitations of this study, as well as recommendations for future research.

1.1 Navigating the Changing Landscape of NZ-China Trade Relations

Huang (2016) and Yu (2018) emphasized the need for New Zealand, an export-dependent economy, to adapt to evolving domestic and global conditions to ensure long-term growth. This includes meeting the increasing demand for high-value consumer goods in the Asian market. Fiedler et al. (2021) highlighted the significance of engaging in global markets and signing FTAs to reduce trade barriers and expand New Zealand's international markets. China, as the world's second-largest economy and most populous nation, offers a significant untapped market for New Zealand exporters (Jin & Hurd, 2018; MFAT, 2019). The NZ-China FTA, signed in 2008, has been instrumental in tapping into the Chinese market, making China New Zealand's top trading partner (MFAT, 2022). Since the signing of the China-New Zealand Free Trade Agreement (FTA) in 2008, there has been a significant increase in bilateral trade, with the trade volume reaching $18.1 billion in 2020, compared to $4.4 billion in 2008. This corresponds to an average annual growth rate of 14% (The State Council of the People's Republic of China, 2022). However, the current FTA is no longer sufficient due to changes in international trade rules and the business environment (MFAT, 2019). Trade between New Zealand and China has grown significantly over the past 20 years, making China New Zealand's second-largest trading partner (Tang, 2022). China accounts for nearly 30% of New Zealand's total exports of goods and services (The State Council of the People's Republic of China, 2022), with the tradable sector contributing 60% of New Zealand's GDP and employing half its workforce (The State Council of the People's Republic of China, 2022). The NZCFTA Upgrade negotiations, initiated in 2016, aimed to reduce trade barriers and enhance bilateral trade

(MFAT, 2022). The upgraded agreement now covers new areas such as competition policy, e-commerce, government procurement, and environmental and service markets (MFAT, 2019). The NZCFTA Upgrade is expected to further increase opportunities for New Zealand service exporters to enter the Chinese market and promote the free flow of goods trade (MFAT, 2019). China's rapid economic growth has boosted the purchasing power of its citizens, leading to a surge in demand for a variety of New Zealand's primary goods, including dairy, wood, wool, seafood, and meat (Tang, 2022). As of 2022, China accounts for nearly 30% of New Zealand's total exports of goods and services (The State Council of the People's Republic of China, 2022). Moreover, 42%, 42%, and 65% of New Zealand's dairy, meat, and wood exports, respectively, are destined for China (The State Council of the People's Republic of China, 2022). The tradable sector is a critical contributor to New Zealand's economy, accounting for 60% of its GDP and employing half its workforce, with one in four jobs dependent on exports (The State Council of the People's Republic of China, 2022). With a population exceeding 1.4 billion, including a middle-income group of over 400 million, China's annual import of goods and services, valued at around US$2.5 trillion, offers significant opportunities for New Zealand exporters and investors (The State Council of the People's Republic of China, 2022).

1.2 The Role of SMEs in New Zealand's Resource-based Economy and International Trade

The growth of small and medium-sized enterprises (SMEs) in New Zealand is anticipated to accelerate, propelled by globalization and technological advancements. SMEs' significance is highlighted in an Organization for Economic Co-operation and Development (OECD) report, which states that SMEs constitute over 95% of businesses in various countries (OECD, 2014). SMEs have experienced remarkable growth rates in numerous economies, with their manufacturing share surpassing 95% (MFAT, 2022). In New Zealand, SMEs are considered the backbone of the economy, accounting for around 97% of all businesses and contributing 30% of GDP and jobs (Jin & Hurd, 2018). New Zealand is known for its resource-based economy, which focuses on utilizing natural resources to produce goods for international trade (MFAT, 2022). This approach hinges on resource exploitation to achieve developmental objectives

(Henry, 2009). The abundance of natural resources offers a wealth of exportable commodities and substantial revenues. Governments can import essential goods not domestically produced, such as advanced technology products or pharmaceuticals. As a result, international trade functions as a stable driving force behind the economic growth of a resource-based economy (MFAT, 2022). Specifically, New Zealand exports dairy, timber, meat, and tourism-related products, while importing goods such as oil, electronics, and vehicles. Steady and unbiased export revenues can elevate a nation's living standards and consumption while financing national advancements like public services and infrastructure development (Su, 2021).

Furthermore, participation in international trade can yield benefits unattainable in domestic markets, particularly for SMEs targeting niche markets (Oparaocha, 2015). With constrained internal resources, many SMEs seek external resources to acquire knowledge, technology, and business capabilities (Oparaocha, 2015). Acknowledging this, the government actively encourages SMEs to access tangible and intangible resources through internationalization, helping them surmount resource limitations and boost competitiveness (Oparaocha, 2015). These resources can drive innovation and nurture stronger international competitiveness (Yan, 2013). For example, establishing robust business network relationships in foreign markets is essential for SMEs to enhance their performance, especially in terms of broadening their market reach and customer base. Thus, due to the saturation of its limited domestic market, New Zealand's SMEs have the opportunity to leverage globalization as a small open economy (Tang, 2021; Fukunaga, 2015). Free trade agreements with China and RCEP present valuable opportunities for SMEs to overcome domestic market constraints and explore new pathways for growth and expansion (Oparaocha, 2015).

1.3 Assessing the Impact of RCEP on NZ-China Trade Relations

The Regional Comprehensive Economic Partnership Agreement (RCEP) became effective for 10 countries, including New Zealand, on January 1, 2022 (MFAT, 2022). Based on World Trade Organization principles, RCEP comprises 10 ASEAN member nations and five Asia-Pacific countries: China, Japan, South Korea, Australia, and New Zealand (MFAT, 2019). The main objective of RCEP is to reduce tariffs and eliminate trade barriers, creating a unified free market across participating countries (Li & Li, 2021). This agreement aims to facilitate regional economic integration by opening markets among member states. The RCEP region represents 29.3% of the global economy and 30% of the world's population (China-ASEAN Business Council, 2021), with a combined GDP of $25.6 trillion and an estimated total trade volume of $10.4 trillion (MFAT, 2021; Gao & Shaffer, 2021; Li & Li, 2021).

RCEP solidifies New Zealand's position in a region driving the global economy, covering nearly a third of the world's population and seven of its top ten trading partners (MFAT, 2022). Expected to add $186 billion to the global economy and increase New Zealand's GDP by approximately $2.0 billion (MFAT, 2022), RCEP offers significant commercial benefits and cooperation opportunities for businesses in both China and New Zealand, including collaboration on the digital economy (China-ASEAN Business Council, 2021). Although it is too early for a conclusive analysis of RCEP's effects (Li & Li, 2021), monitoring its impact on trade and investment between New Zealand and China is crucial to assess the agreement's effectiveness (Tang, 2022). As New Zealand businesses navigate the challenges of different cultural and political environments, they must stay informed about RCEP's progress and potential effects on trade and investment to capitalize on the benefits offered by this comprehensive partnership (Tang, 2022). The following subsections will discuss the differences between the current FTA and the RCEP, key outcomes leading up to RCEP's signing, its components, and a brief examination of its outcomes.

1.3.1 Evaluating the Differences between RCEP and NZ-China FTA

For businesses, anticipated economic gains are closely associated with tariff rates (Zang, 2021). Ideally, reduced tariff rates would present New Zealand businesses with increased opportunities within the Chinese market. Moreover, New Zealand exporters would benefit from the elimination of non-tariff barriers and priority status for their goods when navigating through customs (Zang, 2021; Jia & Ning, 2021; MFAT, 2019). Consequently, the China-New Zealand Free Trade Agreement has already contributed to some simplification in customs procedures and reduced market ambiguity. However, Gao and Shaffer's (2021) study on the practical implications of Free Trade Agreements (FTAs) identified several limitations and realistic challenges. For instance, despite FTAs being widely recognized for reducing tariffs, it was found that New Zealand's top export products, such as infant formula and timber, did not experience significant benefits (Gao & Shaffer, 2021). Tariffs on dairy products remain considerable, and the FTA has had a limited impact on their reduction. Additionally, the adjustment of tariffs and import policies on timber during the FTA implementation process has been minimal (Gao & Shaffer, 2021). It is essential to note that while tariff reduction is a primary benefit of FTAs, the cost implications for companies have often been overlooked in analyses. Furthermore, the size of the Chinese economy implies that minor shifts in its economic conditions can result in significant changes to New Zealand's exports (Fiedler et al., 2022). This phenomenon is evident in alterations to product prices and costs, fluctuations in exchange rates, transportation costs, and environmental factors (such as weather conditions for agricultural goods). For example, the high demand for foreign infant formula in China can be attributed to the melamine scandal, which has increased parental concern about the safety of domestically produced infant formula (Zhu, 2009; Cui, 2022). Additionally, the rise in lumber exports can be attributed to factors such as subsidies provided by China's stimulus package for low-cost housing, demand for reconstruction following the Sichuan earthquake, and high sales of furniture (Zhu, 2009; Cui, 2022). Consequently, Chinese importers prefer to choose high-quality timber exporters from New Zealand, providing an opportunity for these exporters to seize market advantages (Zhu, 2009; Cui, 2022; Fiedler et al., 2022; Tang, 2022).

In general, it is challenging for New Zealand companies to compete in a price-sensitive market, as most are unable to be competitive in the vast Chinese market (Zhu, 2009). To address this, New Zealand exporters often target niche markets where consumers prioritize product quality over cost (Zhu, 2009). Therefore, the limitations of the FTA in meeting the evolving bilateral trade and cooperation needs between China and New Zealand, especially in light of the recent COVID-19 pandemic, may necessitate alternative solutions. The advent of the RCEP has the potential to address the aforementioned gaps, fostering a more favorable business environment with ample opportunities, stability, and reduced risk. The China Council for the Promotion of International Trade (CCPIT, 2021) reported that both agreements aim to increase trade and economic cooperation between the two countries, but there are some key differences between them (see Table 1). One primary difference between RCEP and the NZ-China FTA is the number of countries involved (CCPIT, 2021). RCEP involves 15 countries, while the NZ-China FTA is a bilateral agreement between New Zealand and China (CCPIT, 2021). This means that RCEP covers a much larger market, providing access to a population of over 2 billion people (CCPIT, 2021).

Another difference is the scope of the agreements (CCPIT, 2021). RCEP covers a wide range of areas, including trade in goods, services, and investment, as well as intellectual property, e-commerce, and competition policy (CCPIT, 2021). In contrast, the NZ-China FTA primarily covers trade in goods and some services (CCPIT, 2021). In terms of the impact on trade between New Zealand and China, RCEP is expected to have a more significant effect than the NZ-China FTA. RCEP is likely to further reduce tariffs on goods traded between the countries, making it easier for New Zealand businesses to export to China (CCPIT, 2021). RCEP also includes provisions for reducing non-tariff barriers to trade, such as customs procedures and technical regulations (CCPIT, 2021). In summary, while both RCEP and the NZ-China FTA aim to increase trade and economic cooperation between New Zealand and China, there are some key differences between them (CCPIT, 2021). RCEP covers a much larger market and a wider range of areas but also brings the potential for increased competition for New Zealand businesses (CCPIT, 2021). Overall, RCEP is a more comprehensive agreement covering a broader range of areas than the NZ-China FTA (CCPIT, 2021). While the FTA focuses primarily on goods and services trade between the two countries, RCEP includes provisions for investment, intellectual property, and other areas (CCPIT, 2021). Additionally, RCEP involves more countries and allows for gradual tariff reduction over time, while the FTA immediately eliminates most tariffs on goods traded between China and New Zealand. The next section will explore the implications of RCEP and its potential impact.

Table 1: Differences between the FTA and the RCEP

RCEP	**NZ-China FTA**
15 (including China and New Zealand)	2 (China and New Zealand)
Comprehensive trade agreement covering goods, services, investment, and intellectual property	Bilateral agreement covering goods and services
Gradual reduction of tariffs on goods traded within the RCEP region over a period of years	Immediate elimination of tariffs on most goods traded between China and New Zealand
Common rules of origin for goods traded within the RCEP region	Separate rules of origin for goods traded between China and New Zealand
Includes provisions for investment protection, market access, and investor-state dispute settlement	Includes provisions for investment protection and dispute settlement
Includes provisions for protecting intellectual property rights, including patents, trademarks, and copyrights	Includes provisions for protecting intellectual property rights, including patents, trademarks, and copyrights
Includes provisions for liberalizing trade in services, including financial services, telecommunications, and professional services	Includes provisions for liberalizing trade in services, including financial services, telecommunications, and professional services
Includes a mechanism for resolving disputes between member countries	Includes a mechanism for resolving disputes between China and New Zealand

1.3.2 Key Outcomes of the RCEP- Cumulative Rules of Origin

The key outcomes of the Regional Comprehensive Economic Partnership (RCEP) agreement, as described by the New Zealand Foreign Affairs and Trade (2023), encompass improvements in goods trade, service trade, investment, and the protection and enforcement of intellectual property rights. A significant achievement of the RCEP agreement is the modification of the Cumulative Rules of Origin, which has notable implications for the primary industry and trade within the region (Jia & Ning, 2021; Tang, 2022). Given that this study focuses on the primary sector, further details regarding the accumulation of rules of origin will be discussed in the following.

The application of cumulative rules within a specific preferential trade agreement by an enterprise can led to increased productivity (Jia & Ning, 2021; Tang, 2022). By utilizing resources within the same economic region for production, enterprises can effectively obtain the origin qualification of the contracting countries, ultimately resulting in more favorable tax rates and trade treatment (Jia & Ning, 2021; Tang, 2022; Zhang, 2021; Cui, 2021; Wang, 2016). Initially, the RCEP agreement introduces the concept of back-to-back origin certification (Jia & Ning, 2021; Tang, 2022; Zhang, 2022; Cui, 2021; Wang, 2016). Under this provision, goods that undergo split shipments through intermediate member states can prove their originating status through back-to-back certification and enjoy preferential tariffs in the importing country. This greatly enhances the flexibility of businesses concerning sales strategies and logistics arrangements (MFAT, 2021). For instance, a shipment of 20,000 goods exported from New Zealand is issued an RCEP origin certificate by the New Zealand visa issuing authority. The shipment is divided into China's Nansha Comprehensive Bonded Zone, with 10,000 pieces sent to Vietnam and 10,000 pieces sent to Thailand. The Chinese visa issuing authority can issue back-to-back origin certificates based on the origin certificate issued by New Zealand, indicating the split shipment quantities. The importers in Vietnam and Thailand can then declare import benefits with back-to-back origin certificates. Consequently, the rules of origin have a tangible impact on trade costs (Cui, 2021).

The implementation of the provisions of the cumulative rules in the RCEP agreement is expected to create a more unified system of origin regulations compared to the China-New Zealand FTA (Su, 2021). This will significantly enhance industrial complementarity and facilitate trade exchanges within the region (Wang, 2016). The establishment of a uniform cumulative rules system under RCEP promotes the integration of regional economic systems, and lowers the threshold for a product to attain originating status, thereby facilitating trade within the region, industrial chains, supply chains, and value chains (Wang, 2016), enabling countries in the region to better complement each other's industrial strengths and optimize their industrial structure and division of labor (Cui, 2021).

For example, consider a New Zealand company that exports a product to China. The production process utilizes enameled wire of New Zealand origin, silicon steel sheet of Korean origin, insulating paper of Malaysian origin, and a plastic core frame of Japanese origin. Following the cumulative rules of the China-New Zealand Free Trade Agreement, China and New Zealand are considered member parties; however, Korea, Malaysia, and Japan are not members. Only materials from New Zealand can be classified as originating from New Zealand, while materials from Korea, Malaysia, and Japan cannot be considered as originating from New Zealand. Conversely, under the cumulative rules of the Regional Comprehensive Economic Partnership (RCEP), Japan, Korea, and Malaysia are considered member parties; thus, the materials of origin from Japan, Korea, and Malaysia can be considered as originating from New Zealand.

In conclusion, the RCEP Cumulative Rules of Origin contribute to enhancing trade within the region by offering a more unified and flexible system of origin regulations compared to the China-New Zealand FTA. This increased flexibility allows enterprises to better select materials that comply with origin regulations, promoting the integration of regional economic systems and industrial chains.

1.4 Navigating the Opportunities and Challenges of RCEP for New Zealand

The Ministry of Foreign Affairs and Trade (MFAT) recognizes the significance of the Regional Comprehensive Economic Partnership (RCEP) from both a commercial and strategic perspective (MFAT, 2022). MFAT estimates that RCEP covers nearly one-third of the global population and accounts for 30% of the world's Gross Domestic Product (GDP), including 56% of New Zealand's destinations for goods and services exports (MFAT, 2022). In addition, the MFAT (2022) state government views RCEP as an important integrative tool for regional economic architecture and as a continuation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). As a trading nation, the foundation recognizes that RCEP is crucial for New Zealand, as it brings together the major Asian trading nations. More specifically, RCEP covers seven out of New Zealand's ten most important trading partners, including China, Australia, Japan, Singapore, South Korea, Thailand, and Malaysia (MFAT, 2022). New Zealand exported goods and services worth over $36 billion and approximately $12 billion respectively to countries within the RCEP (Tang, 2022). According to MFAT (2022), it is estimated that the RCEP agreement will encompass approximately 61% of New Zealand's goods exports and 45% of its service exports. The agreement, as a single regulatory framework, covers all 14 participating markets, which could significantly simplify compliance requirements for exporters and minimize related costs. Furthermore, the agreement strengthens existing regulations to more effectively address non-tariff barriers.

As a participant in RCEP, New Zealand will have a crucial role in the governance and management of this globally significant regional economic agreement (MFAT, 2022). New Zealand's participation in the Regional Comprehensive Economic Partnership (RCEP) comes with both opportunities and challenges (MFAT, 2022). It is vital for the government to strike a balance between leveraging the benefits of this regional economic agreement and managing the additional pressures and costs associated with it (MFAT, 2022). To prioritize key industries and sectors, the government should conduct a thorough analysis of the domestic market to identify the sectors that have the most potential for growth under RCEP (Cui, 2021). These sectors may include agriculture, services, technology, and manufacturing (MFAT, 2022). The government can then create policies and initiatives that specifically target these sectors, ensuring that they receive the necessary support to capitalize on new opportunities within RCEP member countries (Tang, 2022). This targeted approach will help allocate resources effectively and enable New Zealand businesses to compete more efficiently in the regional market (Tang, 2022).

Enhancing trade facilitation is crucial for the success of New Zealand's participation in RCEP (MFAT, 2022). This can be achieved by simplifying and harmonizing customs procedures, reducing non-tariff barriers, and improving the overall efficiency of trade processes (MFAT, 2022). By investing in the necessary infrastructure and digital technologies, the government can further facilitate the movement of goods and services across borders (Cui, 2021). In doing so, New Zealand businesses will be better positioned to engage in international trade within the RCEP framework, leading to increased exports, job creation, and overall economic growth

(MFAT, 2022). Strengthening diplomatic ties with RCEP member countries is essential for fostering mutual trust and cooperation within the agreement (MFAT, 2022). The New Zealand government can leverage its reputation as a reliable and trustworthy partner to build strong relationships with RCEP members, facilitating smoother negotiations and collaboration on various issues (Tang, 2022). This may involve participating in regular meetings, organizing exchange programs, and embarking on joint initiatives that promote regional economic integration and cooperation (MFAT, 2022). By investing in these diplomatic efforts, New Zealand can help shape RCEP policies and decision-making processes to better align with its national interests.

Capacity building is another critical aspect of maximizing the benefits of RCEP participation (MFAT, 2022). The government should invest in training programs, workshops, and resources to equip both public and private sector stakeholders with the skills and knowledge required to navigate RCEP's complex regulations and requirements (Cui, 2021). In doing so, businesses will be better prepared to seize new opportunities in RCEP markets, while government officials can effectively represent New Zealand's interests in RCEP negotiations and management.

While the implementation of these strategies may place additional pressure and costs on the government, the long-term benefits of participating in RCEP could outweigh these challenges (MFAT, 2022). Increased market access, economic growth, and stronger regional ties can all contribute to a more prosperous and resilient New Zealand economy (MFAT, 2022). It is crucial, however, for the government to continuously monitor and evaluate the impact of its involvement in RCEP to ensure efficient resource allocation and to mitigate any negative consequences as much as possible (MFAT, 2022).

In conclusion, New Zealand's participation in RCEP's governance and management comes with both potential benefits and additional costs (MFAT, 2022). By adopting targeted strategies and evaluating the impact of participation on an ongoing basis, the government can effectively manage its involvement in RCEP while maximizing the benefits for the country's economy and citizens. This delicate balance will be key to ensuring that New Zealand's participation in RCEP delivers long-lasting positive outcomes (MFAT, 2022). It should be noted that New Zealand has already established free trade agreements with all the member countries of the RCEP, which have resulted in the elimination of tariffs on a significant portion of New Zealand's exports (MFAT, 2022). Hence, the RCEP is not expected to bring substantial new market access for goods exports due to tariff reductions (MFAT, 2022). Nevertheless, the RCEP agreement will offer new market access opportunities for New Zealand commodity exporters by removing tariffs on several primary products including lamb, beef, fish and fish products, liquid milk, grated or powdered cheese, honey, avocado, tomatoes, and persimmons (MOFCOM, 2022).

The Ministry of Foreign Affairs and Trade emphasized that the government would not have signed the RCEP if it was not in the best interest of New Zealand and is confident in the balance established by the agreement (MFAT, 2022). The implementation of RCEP is expected to significantly impact New Zealand's economic revival post the COVID-19 crisis. Through the promotion of trade and revitalization of regional structures, RCEP will play a crucial role in the country's recovery endeavors (MOFCOM, 2022). As is customary with trade agreements, RCEP will impart greater stability and foreseeability for New Zealand exporters, thereby fostering a more predictable trading environment (MFAT, 2022).

However, we still notice that RCEP member countries face many challenges, such as low outward direct investment efficiency, low return on investment, and the unbalanced distribution of investment regions (Zang, 2021). At the same time, due to COVID-19, the situation of global economic development is still complex and severe. The epidemic has brought negative impacts on the international business environment (Zang, 2021). As the RCEP takes effect, it is crucial to understand its impact on New Zealand SMEs, particularly those seeking internationalization opportunities in the Chinese market. While existing literature has explored various aspects of RCEP, there remains a research gap concerning its influence on New Zealand SMEs' market entry strategies and performance in the Chinese market under the context of this regional agreement. Therefore, under such circumstances, studying the impact of RCEP on NZ firms has both theoretical and practical meaning. This study believes that under the context of RCEP, New Zealand SMEs will find more opportunities for internationalization in the Chinese market. But what is more important for New Zealand SMEs is how to take advantage of these opportunities. The following chapter will cover the relevant literature and theories which are related to the entry mode choice, and TCE theories.

1.5 Summary

New Zealand's trade relations with China have significantly benefited from the 2008 China-New Zealand Free Trade Agreement (FTA), with bilateral trade volume increasing from $4.4 billion to $18.1 billion between 2008 and 2020 (MFAT, 2022). Small and medium-sized enterprises (SMEs) play a crucial role in New Zealand's resource-based economy and international trade, contributing to 30% of GDP and jobs (MFAT, 2022). The RCEP provide valuable opportunities for SMEs to access foreign markets, develop strategic business relationships, foster innovation, and enhance their competitiveness (Oparaocha, 2015; Yan, 2013; Tang, 2021; Fukunaga, 2015).

The RCEP is a free trade agreement between 15 Asia-Pacific countries, including New Zealand and China, it aims to reduce tariffs and eliminate trade barriers, offering significant commercial benefits and cooperation opportunities for businesses in both countries (MFAT, 2022). RCEP has the potential to covering a larger market and a wider range of areas than the China-New Zealand FTA, including provisions for investment, intellectual property, and other areas (CCPIT, 2021). It also allows for gradual tariff reduction over time (MFAT, 2022). The RCEP agreement's key outcomes include improvements in goods and services trade, investment, and protection and enforcement of intellectual property rights (CCPIT, 2021). A notable achievement is the modification of the Cumulative Rules of Origin, enhancing industrial complementarity and facilitating trade exchanges within the region (Jia & Ning, 2021; Tang, 2022; Zhang, 2022; Cui, 2021; Wang, 2016).

New Zealand's participation in RCEP comes with both opportunities and challenges. The government needs to balance leveraging the benefits of this regional economic agreement and managing the associated pressures and costs (MFAT, 2022). Strengthening diplomatic ties and investing in capacity building are essential for maximizing the benefits of RCEP participation (Tang, 2022). However, understanding the impact of RCEP on New Zealand's SMEs, particularly in the Chinese market, is crucial due to the complex and severe global economic development situation caused by COVID-19. There remains a research gap concerning RCEP's influence on New Zealand SMEs' market entry strategies and performance in the Chinese market under this regional agreement context.

Chapter 2: Literature Review

The previous chapter introduced the aim of the research, research main and sub-questions, and the importance of taking full advantage of opportunities offered by the RCEP. So far, however, there has been little discussion about the RCEP in relation to SME entry mode to China. Therefore, this chapter reviews the existing literature on the impact of RCEP, SME internationalization, and the entry mode of New Zealand SMEs from a TCE theoretical perspective. The aim of this chapter is to shed light on the impact of RCEP on the entry mode of New Zealand SMEs by utilizing the TCE theoretical lens from the asset specificity and environmental uncertainty perspective.

2.1 New Zealand SMEs and Internationalization: Characteristics, Challenges, and the Impact of the RCEP

In this section, we reviewed the unique characteristics and challenges faced by Small and Medium Enterprises (SMEs) in comparison to larger MultiNational Enterprises (MNEs) (Brouthers & Nakos, 2004; Laufs & Schwens, 2014). Brouthers and Nakos (2004) assert that small and medium-sized enterprises (SMEs) should not be considered as miniaturized versions of larger corporations, as they have unique characteristics and operate differently within their environments. Laufs and Schwens (2014) highlight that SMEs differ from large firms in several ways, such as ownership, management, resource acquisition, niche specialization, adaptability, and responsiveness to market fluctuations. Despite the lack of a universally agreed-upon definition of SMEs (Buculescu, 2013), they are typically classified based on firm size and employee numbers, with variations across countries (OECD-APEC, 2006; Paik, 2011). SMEs are characterized by the convergence of ownership and management roles, which significantly influence their direction and success (Paik, 2011). However, limited resources and technical expertise can hinder SMEs' competitive advantage (Guimarães et al., 2021; Barney, 1991; Penrose, 1995). While SMEs face challenges in establishing and maintaining a competitive advantage, their agility and flexibility provide significant growth and adaptation potential, particularly in New Zealand (MFAT, 2022; Coviello & Martin, 1999; Guimarães et al., 2021).

In New Zealand, firm size is divided into four categories based on the number of employees: ‘zero,’ ‘micro’ (1-5 employees), ‘small’ (6-19 employees), and ‘small to medium’ (20-49 employees) (MBIE, 2014). Small and medium-sized enterprises (SMEs) make up 97% of all business activity in New Zealand (MBIE, 2014) and contribute significantly to a nation's economic development and innovation by creating employment and promoting local growth through resource utilization (Omer et al., 2015; Kumar & Reddy, 2019). Despite SMEs' pivotal role in economic development and their distinct characteristics, most internationalization studies focus on larger MNCs (Guimarães et al., 2021; Peng, 2013). SME internationalization is driven by a variety of factors, including home market limitations, global market liberalization, and managerial characteristics such as experience, perception, and attitude (Lucy et al., 2011; Hutchinson et al., 2005). Examining SME characteristics through qualitative and quantitative lenses is essential for comparing and measuring business applications and recognizing firm size and resources (Buculescu, 2013). However, due to resource constraints, SMEs are differentiated from multinational enterprises (MNEs) primarily by their inability to fully realize potential growth (Buckley & Shameen, 2016; Omer et al., 2015).

While resource constraints differentiate SMEs from MNEs (Buckley & Prashantham, 2016; Omer et al., 2015), their internationalization strategies can help overcome these limitations (Omer et al., 2015). However, financing challenges persist (Peng, 2013), and the motivations for SME internationalization can be complex, encompassing management, firm, and external factors (Hutchinson et al., 2005). For example, financing for SMEs can be challenging due to a lack of collateral (Peng, 2013). However, intangible resources such as entrepreneurial perception, leadership, and motivation can compensate for limited tangible resources such as financing for capital growth and structural assets (Peng, 2013). Paik (2011) also emphasizes the centralization of decision-making power within one or a few individuals who possess the necessary knowledge, experience, and personal attributes to influence the direction and success of the company. As a result of their limited size, product offerings, and market share, SMEs may prioritize low-risk activities and stability in corporate culture and environment (Fiedler et al., 2021). However, this preference for stability may impede the implementation of internationalization strategies (Fiedler et al., 2021).

On the other hand, as this study focuses on primary industries in New Zealand and the RCEP trade agreement, international trade by SMEs is an important aspect of this research. Battisti and Perry (2008) reported the interplay between free trade and protectionism, acknowledging SMEs' resource constraints and their limited ability to fully exploit free trade opportunities. Although free trade offers international benefits, it can also result in societal implications, such as increased costs, which may provoke lobbying against free trade in some sectors (Zheng, 2016). Therefore, protectionist measures have become a common feature of trade law, enforced through the General Agreement on Tariffs and Trade (GATT) and World Trade Organization (WTO)-affiliated countries for mutual exchange (Zheng, 2016). The evolution of global protectionism has expanded the scope of such measures to include activities aimed at national protection, such as state ownership, subsidies, phytosanitary requirements, industrial policy, and capital restrictions (Enderwick, 2011). Protectionism restricts trade, while free trade conventions promote liberalization (Zheng, 2016). Various trade mechanisms, including administrative policies, import quotas, voluntary export restraints, anti-dumping duties, and local specifications (Hill, 2013), may serve to reduce a country's foreign deficit by contracting imports, increasing exports, or a combination of both (Salvatore & Campano, 2019).

However, the limited resources of SMEs, in comparison to MNEs, hinder their ability to fully exploit free trade opportunities through increased trade (Battisti & Perry, 2008). Academic literature acknowledges the resource constraints faced by SMEs compared to MNEs and explains how free trade opportunities may remain underutilized by SMEs due to these limitations (Battisti & Perry, 2008). Furthermore, protectionist policies have been examined within both transactional and theoretical capacities, but there remains a lack of theoretical framework for global protectionism that is not linked to a single or specific causal activity or occurrence (Felder, 1986; Enderwick, 2011). However, as the world's largest FTA, RCEP aims to reduce tariffs, increase investment, and create a more integrated economic region. Some scholars (e.g., Jia et al., 2022; Zheng et al, 2021; Zang, 2021: Peter & Shiro, 2021) argue that RCEP will be beneficial in countering intra-regional trade protectionist pressures, reducing trade barriers, promoting economic growth, and creating jobs.

In conclusion, this section provides an overview of the significance of SMEs in the global economy, their unique characteristics, and the challenges they face in internationalization as compared to MultiNational Enterprises (MNEs). Previous studies, such as those conducted by Battisti & Perry (2008), have acknowledged the limitations of SMEs in exploiting free trade opportunities due to their resource constraints. Moreover, the interplay between free trade and protectionism is also discussed, with researchers such as Enderwick (2011) pointing out the lack of theoretical frameworks for understanding global protectionism beyond specific causal activities or occurrences. While some scholars (e.g., Jia et al., 2022; Zheng et al, 2021; Zang, 2021: Peter & Shiro, 2021; Cui, 2021) have argued that the Regional Comprehensive Economic Partnership (RCEP) could help counter trade protectionist pressures, reduce trade barriers, promote economic growth, and create jobs, there remains a research gap in investigating the internationalization of New Zealand SMEs in the Chinese market under the RCEP context. To address this research gap, this study aims to explore the dynamics of New Zealand SME internationalization, the impact of RCEP on their business activities, to understand and support the internationalization of New Zealand SMEs in the Chinese market under the RCEP context.

2.2 Entry Mode Decisions for SMEs in International Markets

In this section, we examine the significance of entry mode decisions for businesses entering foreign markets and the unique challenges faced by small and medium-sized enterprises (SMEs) in making these decisions. Brouthers and Hennart (2007) emphasize that the choice of entry mode is a critical decision for international businesses, with options ranging from direct exports to foreign direct investments (FDI). The entry mode choice has considerable implications for the performance of internationalizing firms as they expand beyond their home markets (Brouthers

& Hennart, 2007; Pedersen et al., 2002). Poor entry mode decisions may lead to various issues, including overinvestment in foreign markets (Petrou, 2009), partners exploiting the firm's knowledge (Tan et al., 2001), and coordination problems due to a lack of control (Anderson & Gatignon, 1986).

Although existing research on entry modes has predominantly focused on multinational enterprises (MNEs), studies have identified unique characteristics of SMEs that influence their entry mode choices and outcomes (Burgel & Murray, 2000; George et al., 2005). For instance, SMEs have limited resources, which may force them to utilize more affordable entry modes, such as direct or indirect exporting via an agent (Agndal & Chetty, 2007). Additionally, SMEs possess distinct managerial processes and structures that interact differently with their environment (Coviello & Martin, 1999; Brouthers & Nakos, 2004). Market dynamics also affect entry mode choices differently for small and large firms, with smaller firms preferring cooperative entry modes and larger firms opting for independent entry modes in dynamic markets (Li & Qian, 2008).

Consequently, SMEs confront distinct challenges during the internationalization process and are likely to make different entry mode decisions than large firms. Large firms typically adhere to predetermined strategic plans for international expansion, while SMEs internationalize in less predictable ways, often influenced by serendipitous and uncontrollable events (Agndal & Chetty, 2007; Hutchinson et al., 2006). Peng (2011) reveal that large firms prioritize long-term strategic planning and strategic alliances, while SMEs rely on short-term, informal relationships to adapt quickly to changing business conditions and address shorter-term operational issues. In conclusion, previous studies indicate that SMEs adopt different entry mode strategies compared to larger firms (Agndal & Chetty, 2007; Hutchinson et al., 2006; Peng, 2011; Brouthers & Hennart, 2007). Next, we will review the factors influencing SMEs' entry mode choices from a Transaction Cost Economics (TCE) perspective.

2.3 SME Entry Mode Choice: A Transaction Cost Economics Perspective

Transaction cost economics (TCE) theory is a widely applied framework for understanding the factors influencing entry mode choices for companies expanding into foreign markets (Williamson, 1985). TCE theory posits that companies select organizational structures, such as markets (non-equity modes) or hierarchies (equity modes), based on the efficiency of these structures in their international expansion endeavors (Williamson, 1985; Hennart, 1989). The theory identifies two primary costs, market transaction costs and control costs, which emerge due to asset specificity, behavioral uncertainties, and environmental uncertainties (Hennart, 2000). Companies must strike a balance between the benefits of integration and the additional costs of control when making entry mode decisions (Brouthers, 2013; Brouthers & Nakos, 2016).

The frequency of interaction between transaction parties is a crucial determinant of transaction costs. However, entry mode studies often consider transactions to be continuous, rendering the frequency of interaction irrelevant (Brouthers & Brouthers, 2003; Erramilli & Rao, 1993). In the context of the Regional Comprehensive Economic Partnership (RCEP), the primary objective is to establish a stable, long-term trade environment in the region (Peter & Shiro, 2021). For instance, Zespri as the case in this study, a leading marketer of premium-quality kiwifruit, has been operating in the Chinese market for 25 years and intends to continue its trading activities in China (Zespri China, 2023). Consequently, this study does not discuss the frequency of interaction. TCE theory underscores the importance of balancing the advantages of integration against the additional control costs when making entry mode decisions (Williamson, 1985; Brouthers, 2013; Brouthers & Nakos, 2016; Hennart, 1991). Companies must carefully assess the merits and drawbacks of each entry mode option to identify the most suitable choice for their unique circumstances (Brouthers, 2013). As previously noted, SMEs exhibit distinct characteristics that influence their entry mode choices and outcomes (Coviello & Martin, 1999). For instance, SMEs have limited resources and less sophisticated managerial processes and structures, which may lead them to utilize more affordable entry modes and internationalize in less predictable ways (Agndal & Chetty, 2007; Hutchinson et al., 2006).

In the context of the impact of RCEP on New Zealand SMEs' perceived entry strategies, TCE theory is pertinent as it elucidates the balance and decisions between control and costs influencing SMEs' decisions to enter foreign markets (Brouthers & Brouthers, 2003; Erramilli & Rao, 1993). SMEs will consider transaction costs when deciding on an entry mode, such as exporting, licensing, joint ventures, or foreign direct investment, and choose the mode that minimizes transaction costs (Brouthers, 2013; Brouthers & Nakos, 2016; Hennart, 2000). Additionally, TCE theory provides insights into how asset specificity and environmental uncertainty may affect entry mode choices. High levels of asset specificity and environmental uncertainty increase transaction costs, making SMEs more likely to opt for entry modes that internalize activities (Brouthers, 2013; Brouthers & Nakos, 2016).

Asset specificity refers to the degree to which assets are specialized and cannot be easily redeployed without incurring significant costs (Williamson, 1985; Brouthers, 2013; Brouthers & Nakos, 2016). In the context of entry mode decisions, high asset specificity may increase transaction costs and lead SMEs to choose entry modes that provide greater control over their assets (Brouthers, 2013; Brouthers & Nakos, 2016). For example, when SMEs possess highly specialized assets, they may be more inclined to establish wholly-owned subsidiaries or joint ventures instead of utilizing non-equity modes such as licensing or exporting (Brouthers & Nakos, 2016).

Environmental uncertainty, on the other hand, pertains to the unpredictability of the business environment, including political, legal, cultural, and economic factors (Williamson, 1985; Brouthers, 2013; Brouthers & Nakos, 2016). High levels of environmental uncertainty can increase transaction costs and make SMEs more likely to choose entry modes that internalize activities and provide better control over the foreign operation (Brouthers, 2013; Brouthers & Nakos, 2016). For instance, when entering markets with high environmental uncertainty, SMEs might opt for joint ventures or wholly-owned subsidiaries to mitigate risks associated with unpredictable conditions (Brouthers & Nakos, 2016).

Both asset specificity and environmental uncertainty significantly influence the entry mode decisions of New Zealand SMEs, as they impact the transaction costs associated with various governance structures. By considering these TCE concepts, SMEs can better assess the benefits and drawbacks of different entry modes and make informed decisions when entering foreign markets under the framework of the RCEP.In conclusion, TCE theory is crucial for understanding the effects of RCEP on the perceived entry strategies of New Zealand SMEs. It offers a theoretical foundation for examining the transaction costs associated with various governance structures that influence SMEs ' entry mode selection, including markets, firms, and bureaus (Williamson, 1979). The next section will discuss two fundamental concepts of TCE (e,g, assets specificity and environmental uncertainty.) regarding to the New Zealand SMEs' entry mode choice.

2.4 Transaction Cost Perspective: Asset Specificity

Asset specificity is a critical concept within transaction cost economics (TCE) theory, which has been employed extensively to delineate firm boundaries. In this study, it serves as a framework to investigate the internationalization of New Zealand's small and medium-sized enterprises (SMEs) in China. As one of the three core transaction-related attributes in TCE, proposed by Williamson (1985, 1991), asset specificity examines the extent to which investments in human or physical assets are tailored to a specific trading relationship. The higher the asset specificity, the more likely a transaction is managed internally.

Asset specificity is defined as an asset with limited value outside a specific relationship, whether tangible or intangible (Lohtia et al., 1994). The physical and human resources that may lose value in alternative uses, which a company deploys to accomplish a specific task (Klein et al., 1990; Williamson, 1985; Williamson, 1991). When parties make substantial asset-specific investments, they will organize themselves to protect these investments (Milgrom & Roberts, 1992). The value of such assets relies on the continuity of the trading relationship, as their value in alternative uses is limited (MFAT, 2022). Transaction costs are partially generated by the asset specificity of investments needed for new foreign entries (McNaughton & Bell, 2001; Erramilli & Rao, 1993; Klein et al., 1990). Companies with unique technology and know-how must take extra precautions and incur additional costs to protect their differentiated assets from competitors (Klein, 1989). Furthermore, asset specificity may create switching costs when initial foreign agents underperform (McNaughton & Bell, 2001; Erramilli & Rao, 1993; Klein et al., 1990). When asset specificity is low, firms will face fewer costs in protecting their know-how from competitors (Hennart, 1989), as the required knowledge is well-codified and widely available for hire (Anderson & Gatignon, 1986).

Prior transaction cost-based research suggests that firms tend to use market-based non-equity modes of entry when asset specificity is low (Delios & Beamish, 1999; Erramilli & Rao, 1993; Gatignon & Anderson, 1988). In contrast, firms with high asset-specific investments typically prefer hierarchical equity modes of entry. In these cases, firms are more concerned with protecting proprietary knowledge or technology from competitors (McNaughton & Bell, 2001; Erramilli & Rao, 1993). As a result, firms are inclined to internalize foreign operations to exert greater control over their proprietary know-how and technology (Hennart, 1991; Klein et al., 1990). Existing multinational enterprise (MNE) research indicates that firms favor equity modes of entry when making high asset-specific investments (Delios & Beamish, 1999; Erramilli & Rao, 1993; Gatignon & Anderson, 1988). The role of asset specificity in SMEs remains ambiguous. Some scholars propose that SMEs rely on highly innovative products and services, making asset specificity crucial in SME entry mode choice (Delios & Beamish, 1999). In contrast, others suggest that SME technology is less advanced than MNEs' (Symeonidis, 1996).

Despite the uncertainty surrounding SME innovation, evidence exists that asset specificity may significantly influence SME entry mode choice. Studies have demonstrated that SMEs with greater technological advantages use different entry modes compared to those without such advantages (Burgel & Murray, 2000; Osborne, 1996). Thus, asset specificity is expected to influence the international mode choice of SMEs with proprietary know-how similarly to larger firms. Despite the uncertainty surrounding SME innovation, evidence exists that asset specificity may significantly influence SME entry mode choice. Studies have demonstrated that SMEs with greater technological advantages use different entry modes compared to those without such advantages (Burgel & Murray, 2000; Osborne, 1996). Thus, asset specificity is expected to influence the international mode choice of SMEs with proprietary know-how similarly to larger firms. However, uncertainty remains regarding the relationship between New Zealand SMEs' asset specificity and the Chinese market within the context of RCEP.

2.4.1 Five Types of Asset Specificity

Williamson (1991) identifies five types of asset specificity, including site specificity, physical asset specificity, human asset specificity, temporal specificity, and brand name capital. This study focuses on these dimensions in the context of the Regional Comprehensive Economic Partnership (RCEP) and New Zealand SMEs, particularly Zespri's operations in China. The aspect of asset specificity is crucial for comprehending the challenges and opportunities Zespri encounters while expanding its Chinese market presence under the RCEP framework.

Human Asset Specificity

Human asset specificity, which has received the most attention both conceptually and empirically (Lohtia et al., 1994), involves the unique knowledge or skills an employee acquires through training. This specialized know-how or experience is specific to a particular employer-employee relationship and has limited applicability to other job situations, rendering it non-transferable. Deegan (1997) found some evidence supporting the idea that human asset specificity can influence compensation.

Zespri's success depends on its ability to transfer specialized knowledge and skills to its local workforce, including expertise in kiwifruit cultivation, supply chain management, marketing, and regulatory compliance. This is despite the fact that Zespri has been investing in human assets, particularly in the training of cultivation techniques (Zespri, 2021). However, Zespri has not established production chains and production sites in China for the time being (Zespri, 2021). Therefore, this aspect of assets specificity irrelevant to the case of Zespri.

Physical Asset Specificity

Physical asset specificity pertains to investments in physical assets (such as Land and buildings, Equipment, inventory, and Computer hardware) associated with a particular trading relationship Williamson (1991). In this case, Zespri's kiwifruit production and export process involves specialized physical assets such as orchards, packing and storage facilities, and transportation equipment. These physical assets are crucial for Zespri to maintain the quality and freshness of the kiwifruits, and ensure timely delivery to meet the market demand.

As Zespri enters the Chinese market, it may need to invest in specialized physical assets, such as custom-designed machinery, packaging, or storage facilities tailored to meet the unique requirements of kiwifruit production and distribution (Zespri, 2021). Examining physical asset specificity enables us to identify potential challenges and costs associated with these specialized investments, as well as the implications for Zespri's competitive advantage in the Chinese market.

Site Specificity

Site specificity involves investments made in a location close to a buyer or seller, often to facilitate a trading relationship (Williamson, 1991).

Zespri's expansion in China may involve investments in strategically located facilities, such as distribution ports and cold storage (Zespri, 2021). Analyzing site specificity helps us understand the importance of geographical proximity and its impact on Zespri's ability to efficiently manage its supply chain and deliver fresh, high-quality products to the Chinese market.

Especially, the RCEP has provided an RCEP fruit shipping route for Zespri (Producereport, 2022), which will be provided in more detail and discussed in Chapter 4.

Brand Capital

Brand capital is closely related to reputation investment (Lohtia et al., 1994). Contractual issues may arise when one party exercises control over activities that could damage the brand reputation of another party. Consequently, transaction cost economics (TCE) theory posits that an activity is less likely to be outsourced if it results in a subcontractor being placed in a position that enables it to (intentionally or unintentionally) harm the reputation of the hotel's business.

A major focus of the RCEP is the protection of intellectual property (IP) and brand capital, which has become increasingly important in today's globalized economy (Tang, 2022; MFAT, 2022). The agreement recognizes the need for stronger IP protection and enforcement, which is crucial for encouraging innovation, creativity, and economic growth (MFAT, 2022). With the increasing trend of counterfeiting and piracy, protecting brand capital has also become essential for companies to maintain their competitiveness and reputation (MFAT, 2022). The RCEP provides a comprehensive framework for IP protection, including provisions for patents, trademarks, copyrights, and trade secrets (MOFCOM, 2022). It also establishes mechanisms for enforcement and dispute resolution, ensuring that businesses can rely on the protection of their IP and brand capital in the RCEP member countries (MOFCOM, 2022). However, there is still a research gap in understanding how the RCEP's IP and brand protection provisions will impact the entry mode choices of small and medium-sized enterprises (SMEs) from different countries, including New Zealand, in the member countries. Further research in this area can help SMEs make informed decisions about their entry mode strategies in the RCEP markets. The brand has always been Zespri's most important asset (Zespri, 2020; Zespri, 2021). Zespri's reputation as a provider of premium-quality kiwifruit is a critical asset in its expansion strategy for the Chinese market. This study will focus on examining brand name capital to analyze the potential risks and challenges associated with protecting and enhancing Zespri's brand reputation in China.

Temporal Specificity

Temporal specificity concerns investments where the timing and coordination of activities are critical, meaning that timing and coordination constitute the specific asset.

Zespri's operations in China will require efficient coordination and timing across various activities, such as cultivation, harvesting, transportation, and distribution (Zespri, 2022). Temporal specificity is relevant in understanding the potential risks and costs associated with delays or disruptions in Zespri's supply chain, as well as the implications for the company's ability to meet the high standards of freshness and quality demanded by Chinese consumers. Temporal specificity is part of RCEP commitment, as Jacinda Ardern (2020) commented for New Zealand's primary industries that produce perishable goods, a harmonized and certain set of rules and environment will help to maximize their protection against the risk of environmental uncertainty.

In the context of Zespri's operations in China under the RCEP framework, Temporal Specificity, Brand Capital, Site Specificity and Physical Asset Specificity are all highly relevant. Temporal Specificity is critical because of the seasonal nature of kiwifruit production and the need to ensure timely delivery to meet customer demand. Brand Capital is also crucial as Zespri's brand is highly valued by Chinese consumers and RCEP provides increased protection for intellectual property rights. Site Specificity is important as Zespri has invested in specific orchard locations and production processes to ensure consistent quality and high yields. Finally, Physical Asset Specificity is relevant as Zespri's investment in specialized storage and transportation equipment is essential for maintaining the quality and freshness of the fruit during the supply chain process.

By analyzing these four types of asset specificity, we can gain a comprehensive understanding of the challenges and opportunities faced by Zespri in the Chinese market under the RCEP framework. This approach will allow us to identify areas where Zespri can leverage its assets to increase its competitiveness and expand its presence in China, while also highlighting potential risks and challenges that need to be managed effectively. Overall, this holistic approach to analyzing asset specificity can provide valuable insights for Zespri and other firms seeking to operate in China under the RCEP framework.

2.5 Transaction Cost Perspective: Environmental Uncertainty

Transaction cost economics theory suggests that firms face two types of uncertainties: behavioral and environmental (Gatignon & Anderson, 1988; Williamson, 1985). Behavioral uncertainties arise from an inability to predict the actions of individuals in foreign countries, leading to potentially opportunistic behavior such as cheating, misrepresentation, or evasion of responsibility. To mitigate such behavior, firms must establish control mechanisms, either through internal hierarchical ownership or by transferring control to foreign agents (Klein et al., 1990; Gatignon & Anderson, 1988; Williamson, 1985). Internal control is achieved through hierarchical ownership, allowing the firm to regulate foreign-based employees' actions (Klein et al., 1990; Gatignon & Anderson, 1988; Williamson, 1985). However, acquiring the skills to manage foreign operations requires time and refinement, with firms developing expertise through experience (Anderson & Gatignon, 1986). International experience enables firms to create systems and processes for managing foreign subsidiaries, affecting their entry mode choices (Chang & Rosenzweig, 2001). Experienced firms with robust internal control mechanisms tend to favor equity entry modes, while firms lacking internal control mechanisms opt for non-equity entry modes to manage behavior-related uncertainties (Delios & Beamish, 1999; Luo & Peng, 1999; Hennart, 1991; Gatignon & Anderson, 1988). SMEs face unique challenges due to their reliance on one or two entrepreneurs and less-developed management teams (Gatignon & Anderson, 1988; Williamson, 1985). They may lack the capacity to establish effective managerial control structures in foreign countries, leading to a preference for non-equity entry modes, like exporting (Lu & Beamish, 2001). Environmental uncertainties arising from the target market context also impact transaction costs, with firms needing to balance control and resource commitment against external risks (Lu & Beamish, 2001). Environmental uncertainty also arises from the context of the target market. It refers to the risks associated with a host country, such as the ability to enforce contracts and manage political and legal risks (Williamson, 1985; Erramilli & Rao, 1993; Gatignon & Anderson, 1988). When a company seeks to increase control over its operations, it must invest additional resources, but this also increases its exposure to external environmental risks (Erramilli & Rao, 1993; Klein et al., 1990; Anderson & Gatignon, 1986). In uncertain markets, companies may choose non-equity, low-investment entry modes to maintain flexibility and minimize risks (Brouthers, 2003; Brouthers & Nakos, 2016). Existing research on the relationship between environmental uncertainty and entry mode choice in SMEs is inconclusive. This research aims to fill the gaps in the current literature by exploring the effect of the RCEP framework on the environmental uncertainties encountered by New Zealand SMEs operating in the Chinese market. The primary focus of this study is to analyze the impact of such uncertainties on the entry mode choices made by these SMEs. In conclusion, transaction cost economics (TCE) identifies various types of uncertainties that impact firms, including uncertainties surrounding changing market circumstances and attendant behavioral uncertainty in the form of "bounded rationality" (Williamson, 1985). Market uncertainties relate to fluctuations in supply and demand, competitive forces, and other external factors that affect a firm's operations. Behavioral uncertainties, on the other hand, arise from limitations in human rationality, which can lead to opportunistic behavior, including cheating, distortion of information, and shirking of responsibilities (Williamson, 1985). Therefore, in the context of the RCEP and Zespri's operations in China, the focus of this study is on uncertainties related to the market environment. This focus is chosen for several reasons: Market environment uncertainties are particularly relevant to international trade agreements like RCEP (Tang, 2022), which aim to reduce trade barriers and facilitate business activities across member countries (MFTA, 2022; Tang, 2022). Market environment uncertainties can have significant implications for firms' strategic decisions, such as entry mode, supply chain management, and investment in foreign markets (Nakos, 2016). Zespri, as an exporter of kiwifruit, is directly affected by the market conditions and regulations within RCEP member countries, including China (Zespri, 2023). The examination of market environment uncertainties allows for a better understanding of how Zespri might leverage RCEP to mitigate risks associated with fluctuating market conditions and regulatory changes in China. Such insights could help the NZ SMEs devise more effective strategies to capitalize on the opportunities presented by RCEP while minimizing potential risks.

2.6 Summary

According to the literature, TCE theory identifies different types of uncertainties that can impact firms' entry mode choices, including market uncertainties and asset specificity uncertainties (Williamson, 1985; Erramilli & Rao, 1993; Gatignon & Anderson, 1988; Brouthers, 2003; Brouthers & Nakos, 2016). However, the literature on how RCEP specifically affects these uncertainties for New Zealand SMEs entering the Chinese market is limited. In summary, transaction cost theory and internationalization theory provide a framework for understanding how firms, particularly SMEs, address behavioral uncertainties when expanding into foreign markets (Brouthers, 2003; Brouthers & Nakos, 2016). The development of internal control mechanisms and the accumulation of international experience play critical roles in determining a firm's entry mode (Brouthers & Nakos, 2016). As firms gain experience and refine their control systems, they are more likely to choose equity entry modes (Brouthers & Nakos, 2016). In contrast, SMEs, with limited international experience and underdeveloped control mechanisms, tend to prefer non-equity entry modes to mitigate behavioral uncertainties and manage foreign operations (Brouthers & Nakos, 2016).

However, there is a research gap in understanding how RCEP affects the different types of uncertainties that New Zealand SMEs may face when entering the Chinese market, and how this in turn impacts their entry mode choices. This research is needed to explore this relationship and its implications for SMEs' internationalization strategies. By examining this relationship, the study aims to provide valuable insights into NZ SME's strategies for navigating the complex market environment in China.

Chapter 3: Methods and Methodology

As mentioned earlier, this study investigates the potential for New Zealand SMEs to expand their business in the Chinese market under the RCEP framework. The rationale for employing the TCE theory approach in this research is justified through a review of relevant literature. This chapter will introduce the research design and methodology to be employed in this study. This chapter will begin by outlining the philosophical underpinnings of the research, including the epistemological and ontological perspectives and the research paradigm. It will then provide a discussion of the research design and the methods that will be used to gather and analyze research data. The next chapter will present detailed findings and discussions of the study.

3.1 Research Objectives

The research methodology used in this study is a case study, which investigates the influence of RCEP on the entry of New Zealand SMEs into the Chinese market. This is a relatively recent and developing trend that has not been extensively studied before, which makes this study a more exploratory nature. The main objective of this study is to offer a crucial opportunity to enhance comprehension of entry barriers and tactics for NZ SMEs in China.

3.2 Philosophical Position

3.2.1 Ontology

Ontology addresses the "nature of reality and its characteristics," relating to an individual's fundamental philosophical beliefs about the nature of reality and whether it is singular or multiple (Creswell, 2013). Ontology is commonly understood as the exploration and study of the nature of existence (Crotty, 1998). Gray (2018) further explains it as the study of the essence of existence and the factors defining reality. The core of ontology thus involves the nature of all things and the perspective from which the researcher perceives the world and reality (Crotty, 1998). Depending on the researcher's position, ontology derives two opposing concepts: realist ontology and relativist ontology (Crotty, 1998). Individuals who adopt a realist ontology believe that the world is a purely objective entity (Gray, 2018). All entities within the world follow objective laws intrinsic to the universe, and these laws are not influenced by human will (Gray, 2018; Creswell & Poth, 2018).

In contrast, relativist theorists hold an opposing view (Gray, 2018). According to Gray (2018), relativists reject the notion of objective reality, acknowledging the existence of multiple realities. From this perspective, individuals' experiences and societal practices influence their interpretation and understanding of their own reality. Multiple realities can be explained and explored through specific ways and modes of observation (Gray, 2018). This study aims to explore how New Zealand firms perceive opportunities in the Chinese market within the RCEP framework. It posits that New Zealand firms' evaluations and perspectives regarding business opportunities in China vary.

As previously mentioned, New Zealand SMEs differ in size, background, experience, cultural compatibility, and decision-makers' personal traits. Consequently, this study's objective does not consider reality to be an independent, objective truth. Instead, the reality in this study will be shaped by the experiences of SMEs' business activities and the social interactions of decision-makers. Thus, this study will adopt a multiple reality ontological position.

3.2.2 Epistemology

The previous section indicated that this study's researcher adopted a relativistic stance when reviewing knowledge. In contrast, epistemology's primary role is to clarify the methodology that the researcher will employ to acquire the knowledge they aim to investigate within the theory of knowledge. Epistemology is concerned with the mind's relation to reality, addressing questions such as what constitutes knowledge, whether we know things, and how and when we know things (Gray, 2018; Creswell & Poth, 2018). Specifically, epistemology offers researchers three different positions on knowledge acquisition: objectivism, constructivism, and subjectivism (Gray, 2014). In the context of research, objectivists and realists share the position that both reality and truth exist objectively (Gray, 2014; Gray, 2018; Creswell & Poth, 2018). If the researcher chooses an objectivist position, the primary purpose of the research will be to test (Gray, 2014; Gray, 2018; Creswell & Poth, 2018). The researcher's goal is to find the sole objective truth. Objectivist researchers have a responsibility to act as objective observers during the study (Gray, 2014), which also requires them not to influence the participants in any way and to abandon their subjective judgments. However, this approach would be inconsistent with the purpose of this study.

On the other hand, subjectivism and constructivism share similar positions, differing from objectivism. Subjectivism allows the researcher to participate in the research process, using personal judgment to interact with it (Gray, 2014). Under a subjectivist position, the researcher relies on personal experience and understanding to gain knowledge. The purpose of research within the subjectivist position is to discover reality, rather than to test or create it (Gray, 2014). Like subjectivism, constructivism shares the same position as relativism (Gray, 2014; Gray, 2018; Creswell & Poth, 2018). Both perspectives diverge from the belief in a single, entirely objective truth (Gray, 2014). In constructivism, there is no objective truth waiting to be discovered. The constructivist researcher does not strive to uncover objective truths but rather to create them (Gray, 2014). However, constructivists further emphasize agency in constructing truth and meaning, departing slightly from subjectivism. From a constructivist perspective, truth and meaning are constructed based on culture, personal experience, and knowledge, with the research process typically completed through social and cultural interaction (Gray, 2014). Constructivists reject the notion of a single objective truth, acknowledging that different individuals may acquire truth and meaning through various means (Gray, 2014). However, this study will not involve direct interaction with participants or the creation of knowledge, so constructivism will not be adopted. The chosen research approach in this study involves a secondary case study method using a case study. While conducting the research, the researcher will rely on personal experience and interpretation to uncover information and knowledge. As a result, this research will follow a subjectivist standpoint.

3.2.3 Paradigm

A research paradigm, a method, model, or pattern for conducting research, is derived primarily from either positivism or interpretivism methodologies (Gray, 2014). Epistemology, as viewed by Gray (2018), is a tool that helps researchers formulate research questions, select research tools, and develop the study's framework. The researcher must choose the most appropriate epistemology to ensure that the collected data can answer research questions (Gray, 2014). Ontology and epistemology, chosen by the researcher, are jointly constructed as a paradigm, guiding research direction and conduct (Gray, 2014; Crotty, 1998). Paradigms provide a framework containing appropriate research models and are generally classified as positivism, postpositivism, interpretivism, or critical theory (Gray, 2014; Crotty, 1998). The positivist paradigm, grounded in natural science methods, requires researchers to maintain objectivity and personal value-free perspectives (Gray, 2014; Crotty, 1998). It works within the framework of realist ontology and objectivist epistemology and is associated with quantitative research methods (Gray, 2014). Conversely, the interpretivism paradigm, related to constructivism, focuses on understanding social reality from the perspective of people's daily lives (Gray, 2014). It is not objective and requires close interactions between researchers and participants (Gray, 2014). Qualitative methods are considered the appropriate research tools for interpretivism paradigm studies (Gray, 2014). The interpretivism paradigm is not objective, sharing similarities with subjectivism and constructivism (Gray, 2014). Researchers within this paradigm seek to comprehend social reality through the perspective of people's everyday lives (Gray, 2014). Interpretivists emphasize the interaction between the researcher and the participants to make sense of collected data (Gray, 2014). The researcher's ontological and epistemological stance must be consistent with the chosen paradigm (Gray, 2014). The interpretive paradigm provides flexibility in understanding the world through multiple realities constructed based on factors such as groups, cultures, places, and beliefs (Gray, 2014). In conclusion, the qualitative research methodology was chosen over quantitative and mixed methods because it aligns with the study's interpretive stance and offers the necessary depth and richness to understand the complexities of New Zealand SMEs' entry strategies into the Chinese market under the RCEP framework. This approach allows for a comprehensive and systematic literature review of TCE and an exploration of the gaps uncovered in the literature, providing valuable insights into the experiences and challenges faced by SMEs in this context.

The decision to choose qualitative research methodology over quantitative and mixed methods in this study stems from the focus on understanding the complexities and nuances of the impact of the Regional Comprehensive Economic Partnership (RCEP) on New Zealand small and medium-sized enterprises (SMEs) entering the Chinese market. A qualitative approach, such as a case study, is more appropriate for capturing detailed, contextualized insights into the experiences and strategies of SMEs under the RCEP framework (Gray, 2014). Qualitative research, particularly through a case study methodology, allows for an in-depth examination of a specific phenomenon within its real-life context (Gray, 2014). In this study, the phenomenon is the impact of RCEP on the entry strategies of New Zealand SMEs into the Chinese market. By using secondary data and a literature review, the study can explore the intricacies of Transaction Cost Economics (TCE) and its application to the entry mode of SMEs. This approach enables the researcher to understand the underlying motivations, challenges, and opportunities faced by SMEs when entering the Chinese market under RCEP. The interpretive stance adopted in this study aligns with the qualitative methodology, as it seeks to understand social reality from the perspective of people's daily lives (Gray, 2014). This approach allows the researcher to grasp the complexity of reality through the advancement of knowledge and the complementary discovery of what is known (Gray, 2014). In the context of this study, the interpretive stance enables a more nuanced understanding of how New Zealand SMEs navigate the Chinese market within the RCEP framework, taking into account the unique perspectives and experiences of these businesses. Quantitative and mixed methods approach, on the other hand, might not be suitable for this study because they often prioritize statistical analysis and hypothesis testing (Gray, 2014), which could limit the depth and richness of understanding the RCEP's impact on SMEs' entry strategies. Quantitative research may not adequately capture the complex, multifaceted nature of the entry strategies and experiences of SMEs, as it tends to focus on measurable variables and generalizable trends (Gray, 2014). Mixed methods research, while offering the advantages of both quantitative and qualitative approaches, may not be necessary for this study if the primary aim is to explore the in-depth, context-specific experiences of SMEs under the RCEP framework (Gray, 2014).

In conclusion, this study adopts a case study qualitative methodology to examine the impact of the Regional Comprehensive Economic Partnership (RCEP) on the access of New Zealand small and medium-sized enterprises (SMEs) to the Chinese market, with secondary data. Moreover, this study applies the primary literature review to the concept of TCE and how it can be applied to the impact of RCEP on New Zealand SMEs' entry strategies into the Chinese market. Therefore, with an interpretive stance, this study provides a comprehensive and systematic literature review of the concept of TCE and an overview of its core concepts associated with the entry mode of SMEs. The interpretive approach allows the complexity of reality to be understood through the advancement of knowledge and the complementary discovery of what is known (Gray, 2014). Through examining the factors that impact SMEs' entry mode decisions, this research aims to investigate how New Zealand SMEs have approached entry strategies into the Chinese market under the RCEP framework and to further explore the gaps uncovered in the literature.

3.3 Methodology: Case Study Approach

According to Yin (2013), case studies hold significant value as a research method due to their ability to provide answers to management research questions related to "who," "why," and "how." In the context of management research, investigating the "how" and "why" aspects of research questions is often facilitated by utilizing case studies as a research method. By analyzing the phenomenon in greater depth, case studies have demonstrated their capacity to offer researchers a comprehensive understanding of the research topic (Yin, 2013). Case studies are considered a research strategy that requires the researcher to design specific research methods to collect data and analyze the research phenomenon (Stake, 1995; Yin, 2013). Thus, a key feature of case studies is the collection and analysis of large amounts of data and information from a particular case through multiple methods and perspectives (Yin, 2013).

Another important feature of a case study is the examination of a phenomenon from a current real-life context (Yin, 2009). For example, the objective of a case study can be to examine and explore a specific phenomenon in real life (Stake, 1995). In addition, depending on the research question and purpose, the researcher may decide to study a single case or multiple cases at their discretion (Yin, 2013). Specifically, when the purpose of a case study is to generate empirical evidence by investigating a real-life phenomenon. However, the focus of case studies is on the phenomenon itself rather than the method. At the same time, it is difficult to establish a uniform and clear boundary between phenomena and contexts in case studies (Yin, 2013). Therefore, case studies allow researchers to collect and analyze data using multiple data sources to answer research questions. Researchers are allowed to collect and analyze diverse data through primary and secondary sources, such as conducting one-on-one interviews, reviewing academic literature, collecting government reports, and reading corporate annual reports, among others.

However, given that the RCEP has been in effect for only a short period, much uncertainty still exists about the relationship between the New Zealand government and businesses regarding the effects of RCEP implementation. The case study approach can help researchers explore and understand phenomena for which there is no single objective outcome. More importantly, Meyer (2001) also suggests that the case study approach is suitable for exploring theories and concepts with uncertain outcomes. Therefore, this study attempts to analyze and investigate the relevance of entry mode strategies and RCEP for New Zealand firms by using a case study approach, as there is a lack of research in this area. Moreover, once the researcher decides to conduct a case study design, the primary task for the researcher is to identify the selection of specific cases in the research. According to Yin (2013), the researcher can determine the data sources to collect the necessary information and data only after identifying the cases.

3.3.1 Case Study Design in this Research

As mentioned earlier, the primary focus of a case study design is to reflect an understanding of a phenomenon and its context. Case studies enable the researcher to analyze the context and process of the phenomenon to illuminate the theoretical issues under study (Hancock &

Algozzine, 2017). Thus, Swanborn (2010) reported that understanding the research context is as important as the theoretical foundation in case study design. In addition to this, the case study approach also allows the researcher to analyze secondary data to obtain the necessary information to answer the research question (Swanborn, 2010; Yin, 2013; Hancock & Algozzine, 2017). Therefore, this study adopts an interpretive stance and uses a secondary case study approach to explore and understand the development opportunities for New Zealand SMEs in the Chinese market in the context of the RCEP. Within the implementation of RCEP coming into effect, this study examines how New Zealand SMEs value and choose their mode of entry into the Chinese market.

However, the response of New Zealand's Ministry of Foreign Affairs and Trade (MFAT, 2022) in the RCEP Q&A stated that the main purpose of joining RCEP is to ensure New Zealand's economic prosperity and to dovetail with the accelerated recovery from Covid-19 in the Asia-Pacific region. RCEP is projected to add $186 billion to the world economy and increase New Zealand’s GDP by around $2.0 billion (MFAT, 2022). For resource-based economies like New Zealand, which heavily rely on the export industry, the livelihoods of companies and people alike depend on this sector. The RCEP also presents new opportunities for New Zealand by allowing the country to establish stronger trade relationships with other RCEP members, reducing tariffs, and providing greater market access (MFAT, 2022). The agreement has specifically opened up opportunities for NZ's agricultural exports, which have historically faced high tariffs in many RCEP member countries (MFAT, 2022). RCEP has also helped simplify and harmonize trade rules and regulations, reducing the cost and complexity of doing business for NZ firms (MFAT, 2022). Additionally, the agreement has provided a framework for regional integration and cooperation, which could lead to increased investment flows, technology transfer, and knowledge sharing between NZ and other RCEP members (MFAT, 2022). Therefore, understanding how New Zealand companies are responding to new internationalization opportunities related to the RCEP can provide insight into how RCEP may impact New Zealand SMEs’ international business activities in the Chinese market in the post-epidemic era. Consequently, the purpose of this study applies to a real-life context and focuses on the current phenomenon.

3.3.2 Rational of Case – Zespri

As previously mentioned, this research employs a case study methodology to investigate the research questions. To comprehend the influence of the RCEP on New Zealand SMEs' entrance into the Chinese market, a primary trade sector SME from New Zealand was chosen for examination. The selection of the primary sector as the research industry was based on the trading relationship between New Zealand and China, with the primary sector becoming the main export source following the RCEP's implementation (Tang, 2022; Cui, 2022). The primary sector exports from New Zealand to China encompass live animals, timber and wood products, food and beverages, as well as fruit and plant products, which constitute four of the top five export categories from New Zealand to China (Tang, 2022; Jia et al., 2022).

This study investigates Zespri, a New Zealand-based firm specializing in kiwifruit production and distribution (Zespri, 2023). Established in 1997, Zespri International Limited exports New Zealand-grown kiwifruit to over 50 countries globally (Zespri, 2022). Zespri, one of the world's largest kiwifruit marketers, operates as a grower cooperative with approximately 2,800 growers throughout New Zealand (Zespri, 2022). China represents a crucial market for Zespri, as the country is the largest global consumer of kiwifruit. Zespri began exporting kiwifruit to China in the late 1990s, and since then, the Chinese market has become the company's largest, accounting for around 20-25% of total sales revenue (Zespri China, 2022). Zespri's success in China is attributable to its emphasis on developing robust relationships with local distributors and retailers, as well as its commitment to quality control and traceability (Zespri China, 2022). The company collaborates closely with Chinese importers to ensure effective distribution and marketing of its kiwifruit across the country. In 2018, for instance, Zespri signed a Memorandum of Understanding (MOU) with the China Chamber of Commerce of Foodstuffs and Native Produce (CFNA) to strengthen relationships with local distributors and increase market share in China (Zespri China, 2022). Additionally, the company has invested in marketing campaigns targeting Chinese consumers, particularly focusing on promoting kiwifruit's health benefits (Zespri China, 2022). The 2020 signing of the Regional Comprehensive Economic Partnership (RCEP) is anticipated to further enhance Zespri's presence in the Chinese market (Zespri China, 2022). Under this agreement, tariffs on kiwifruit exported from New Zealand to China will gradually be reduced to zero, giving Zespri a significant edge over competitors (MOFCOM, 2022). The RCEP is also expected to offer greater protection for Zespri's intellectual property rights in the Chinese market, a previous concern for the company (MOFCOM, 2022).

This study aims to investigate Zespri's performance in the Chinese market and its relevance to the New Zealand economy and the Regional Comprehensive Economic Partnership (RCEP). Data from official reports and scholarly literature were collected and analyzed, focusing on Zespri's net profit after tax, total sales volumes, and fruit sales-generated revenue. The findings indicate that, despite pandemic-related challenges, Zespri's performance remained robust, with returns per hectare and per tray increasing across all categories, total sales volumes reaching $181.5 million trays (Zespri, 2023), and fruit sales-generated revenue increasing by 14% in 2022 (Zespri, 2023). Zespri's continuous investment in their brand and global supply strategy is crucial to their success and enables them to meet year-round kiwifruit demand (Zespri, 2023). The study also examines Zespri's performance in 2021/22 (RCEP was signed this year), a milestone year for the company (Zespri, 2023), with a considerable increase in the supply of New Zealand-grown kiwifruit, meeting the strong global demand for the product.

Specifically, the choice of Zespri for this case study was based on several factors. Firstly, Zespri is a prominent player in the New Zealand agricultural industry, with a long history of exporting kiwifruit to international markets, including China (Zespri, 2023). Secondly, Zespri's operations in China have experienced rapid expansion in recent years (Zespri, 2023), making it an interesting case to examine in the context of the Regional Comprehensive Economic Partnership (RCEP). The decision to select Zespri was based on the company's successful track record in the Chinese market, where they have garnered recognition from consumers and the Chinese government (Zang, 201; Chineseherald, 2020; CIIE, 2022). By 2021, China accounted for 25% of Zespri's global services (Zespri, 2021). Finally, Zespri's success in the Chinese market offers valuable insights into how New Zealand SMEs can effectively navigate the complexities of doing business in China, which is a key objective of this study.

Although Zespri's business size and revenue exceed the definition of SMEs in the New Zealand home market, typically defined as having fewer than 50 employees in New Zealand according to MFAT (2022), understanding their successful approach in China can still provide valuable insights for smaller businesses. As our research is focused on opportunities in the Chinese market, it is reasonable to adopt the definition of Chinese small and medium-sized enterprises. In the context of Chinese markets, Zespri qualifies as an SME according to the definition set by the Central People's Government of the People's Republic of China (GOC.cn, 2021), which usually determines SMEs based on the number of employees and annual revenue. The most commonly used criterion is the number of employees, with SMEs being defined as businesses with no more than 1,000 employees (GOC.cn, 2021). Based on this definition, Zespri qualifies as an SME in the Chinese market, with around 750 employees, as reported by IBIS World (2021) and Zespri (2021).

Data and information on Zespri were collected through various methods, including online sources, industry reports, and secondary data from interviews with key stakeholders, such as Zespri executives. The primary material cited in this section is taken from the annual reports published by Zespri in 2020/21 and 2021/22. This is because RCEP comes into force during this period, and its impact is expected to be directly reflected. Other information and data are drawn from existing academic research papers, reports, and interviews with online reports. These sources were used to provide a comprehensive overview of Zespri's operations in China, including its entry strategy, marketing and distribution channels, and supply chain management.

In summary, Zespri's selection for this case study was based on its significance in the New Zealand agricultural industry and its relevance to the study's objective of examining the impact of RCEP on New Zealand SMEs' perceived entry strategies in China. Data and information on Zespri were collected through various methods, which will be introduced in the following section. The case study approach adopted in this research offers an in-depth examination of Zespri's operations in the Chinese market, enabling a better understanding of the challenges and opportunities faced by New Zealand SMEs. The impact of the RCEP on New Zealand SMEs' entry strategies into the Chinese market can be better analyzed by focusing on a single case, as it provides a more detailed account of the company's experience, strategies, and outcomes. Findings from the Zespri case study can offer valuable lessons for other New Zealand SMEs looking to enter or expand in the Chinese market. These insights may include the importance of developing strong relationships with local distributors and retailers, focusing on quality control and traceability, and understanding the unique preferences and demands of Chinese consumers. Moreover, the RCEP's role in facilitating Zespri's market entry and expansion in China highlights the potential benefits of this trade agreement for other SMEs in the primary sector and beyond.

However, it is important to note that the findings from the Zespri case study may not be directly applicable to all New Zealand SMEs, given the unique nature of the company and the kiwifruit industry. Nonetheless, this research provides a valuable starting point for further studies on the impact of RCEP on New Zealand SMEs in other sectors, as well as a better understanding of the broader implications of trade agreements for small businesses in global markets.

3.4 Data Collection and Data Analysis

As suggested by Gray (2004), data triangulation will be used in this study to ensure the reliability and credibility of the research. Data triangulation is often defined as researchers using multiple methods or data sources to collect data, to investigate a particular research phenomenon (D'sliva et al, 2016; Darawsheh, 2014). The greatest advantages of using data triangulation are that allows the researcher to gain a larger amount of data while avoiding the subjectivity and bias that may arise from a single source. The majority of the information and data utilized for this research were sourced from public academic journal articles. This study will apply a filter to select journals based on specific keywords. The main keywords for filtering journals are described below, "New Zealand", "China", "SMEs", and ' entry mode choice". In addition, this study has determined to use the TCE theory to study and analyze the early decision-making process of SMEs' entry mode choice. Therefore, there are key theoretical keywords about the theoretical concepts in this study which will be targeted as 'TCE theory', asset specificity, and environmental uncertainty.

We conducted a systematic search of journals using the following keywords: "SMEs", "international entrepreneurship", "early internationalization", and "entry mode", in conjunction with the theories and frameworks mentioned in literature reviews of entry modes. We also used keywords such as "transaction cost theory", "export", "performance", "uncertainty", "control", "risk", "capabilities", and "knowledge". We further identified additional studies through manual cross-referencing. These procedures initially yielded over 100 articles. In the second screening, we retained articles that either had SMEs as their primary focus or included them in data collection. Conceptual articles were included if they discussed SMEs specifically or if the authors explicitly stated that the theoretical framework could apply to SMEs. Empirical articles with mixed samples (including both large companies and SMEs) were retained if the authors explicitly indicated that their findings were applicable to SMEs. In the third screening, we further limited the scope of articles to those that included a discussion of entry modes; hence, articles that discussed general internationalization without specific reference to entry modes were removed from this set of articles. However, articles that combined exports with other entry modes were included. Following this screening process, we collected a total of 79 articles.

We conducted a content analysis of these 79 articles and coded them according to a predetermined analytical framework. The articles were classified and coded based on their content. The current study began with a comprehensive assessment of academic literature and authoritative reports on SMEs and their international expansion strategies. Specifically, a total of 24 academic articles were carefully reviewed and listed in the table below. On the other hand, within the scope of this academic survey, we reviewed 55 academic works related to entry modes and transaction cost economics (TCE). We organized this information into a table based on publication date and article type: conceptual, empirical, or book.

Table 2:Reviewed Journal Articles and Reports Related to SMEs and International Strategy

Author(s)	**Year**	**Types**
Hutchinson et al.	2007	Journal Articles
Morrison	2011	Journal Articles
OECD	2019	Report
Paik	2011	Journal Articles
Buculescu	2013	Journal Articles
MBIE	2014	Journal Articles
Omer et al.	2015	Journal Articles
Kumar & Reddy	2019	Journal Articles
Buckley & Shameen	2016	Journal Articles
Hutchinson et al.	2005	Journal Articles
Dorn & Schinke	2018	Journal Articles
Peng	2013	Journal Articles
Zheng	2016	Journal Articles
Enderwick	2011	Journal Articles
Hill	2013	Journal Articles
Salvatore & Campano	2019	Journal Articles
Battisti & Perry	2008	Journal Articles
Felder	1986	Journal Articles
Jia et al.	2022	Journal Articles
Carlsson et al.	2015	Journal Articles
Chen & Hu	2020	Journal Articles
Gani & Scrimgeour	2016	Journal Articles
Peter & Shiro	2021	Journal Articles
Hsieh	2019	Journal Articles

Table 3:Reviewed Journal Articles and Reports Related to Entry Mode and TCE

Authors	**Year**	Types
Brouthers & Hennart	2007	Journal Articles
Dikova & van Witteloostuijn	2007	Journal Articles
Pedersen et al	2002	Journal Articles
Brouthers	2002	Journal Articles
Lu & Beamish	2001	Journal Articles
Brouthers & Nakos	2004	Journal Articles
Petrou	2009	Journal Articles
Tan et al	2001	Journal Articles
Anderson & Gatignon	1986	Journal Articles
Burgel & Murray	2000	Journal Articles
George et al	2005	Journal Articles
Agndal & Chetty	2007	Journal Articles
Coviello & Martin	1999	Journal Articles

Li & Qian	2008	Journal Articles
Hutchinson et al	2006	Journal Articles
Prater & Ghosh	2005	Journal Articles
Arora and Fosfuri	2000	Journal Articles
Liesch et al.	2012	Journal Articles
Hennart	2000	Journal Articles
Hennart	2022	Journal Articles
Brouthers and Brouthers	2003	Journal Articles
Erramilli and Rao	1993	Journal Articles
Williamson	1985	Book
Williamson	1979	Journal Articles
Williamson	1996	Journal Articles
Lohtia et al.	1994	Journal Articles
Milgrom and Roberts	1992	Journal Articles
Williamson & Ouchi	1981	Journal Articles
Klein et al.	1990	Journal Articles
Klein	1989	Journal Articles
McNaughton & Bell	2001	Journal Articles
Erramilli & Rao	1993	Journal Articles
Hennart	1989	Journal Articles
Anderson & Gatignon	1986	Journal Articles
Delios & Beamish	1999	Journal Articles
Gatignon & Anderson	1988	Journal Articles
Pavitt, Robson, & Townsend	1987	Journal Articles
Acs & Audretsch	1990	Journal Articles
Symeonidis	1996	Journal Articles
Tether, Smith, & Thwaites	1997	Journal Articles
Burgel & Murray	2000	Journal Articles
Osborne	1996	Journal Articles
Williamson	1991	Journal Articles
Deegan	1997	Journal Articles
Masten et al.	1991	Journal Articles
Chang & Rosenzweig	2001	Journal Articles
Shrader et al	2000	Journal Articles
Lamminmaki	2005	Journal Articles
Zheng et al.	2021	Journal Articles
De vita et al.	2011	Journal Articles
Espino-Rodrıguez et al.	2016	Journal Articles
Rilla & Squicciarini	2011	Journal Articles
Lin et al.	2022	Journal Articles
Weber & Mayer	2014	Journal Articles
Zhou et al.	2017	Journal Articles

The data collection process in this study began with a systematic search of journals using relevant keywords and phrases related to SMEs, international entrepreneurship, early internationalization, entry mode, and other associated theories and frameworks. This search strategy allowed the researchers to gather a comprehensive list of articles from various sources.

The researchers further refined the search results by conducting a series of screenings, resulting in the retention of articles that focused on SMEs and their entry modes. The final set of articles, totaling 79, included both conceptual and empirical works.

The data analysis process involved conducting a content analysis of the 79 articles using a predetermined analytical framework. This framework allowed for a systematic and structured examination of the articles, ensuring that the researchers could efficiently identify patterns and themes related to SMEs' international expansion strategies and entry modes. The articles were classified and coded based on their content, which facilitated the identification of relevant findings and insights that could inform the study's objectives. The researchers also organized the articles into a table based on publication date and article type (conceptual, empirical, or book) to provide an overview of the literature and highlight the different perspectives and approaches in the field.

Data derived from Case Study

In analyzing the data derived from the case study of Zespri, several steps were undertaken to ensure a systematic and rigorous analysis. Thematic analysis, a commonly used qualitative analysis method, was adopted for this research (Gray, 2004). Thematic analysis helps researchers identify, define, and report meaningful themes in a large amount of data (Guest et al., 2012). It goes beyond individual words and can encompass the meaning conveyed by sentences or paragraphs (Braun & Clarke, 2006). Themes represent recurring elements in the data, such as viewpoints, emotions, idioms, and the meaning of words (Braun & Clarke, 2006). Each theme should be interpreted and express the main meaning of the codes (Guest et al., 2012). Themes should also be connected to one another, with the connection serving as a channel to convey their meaning (Guest et al., 2012). Generally, there are six steps in thematic analysis: understanding and familiarizing with the data, generating initial codes, searching for themes in the initial codes, checking the themes, defining and naming the themes, and generating the final report (Braun & Clarke, 2006).

In this case study, the primary data sources were secondary data. The analysis started with coding the data obtained from the case study. Coding refers to the process of assigning labels or codes to segments of data to facilitate organization and analysis (Gray, 2004). The data, including interviews, reports, and literature, were carefully reviewed, and relevant information was identified and coded (Gray, 2004). This process involved identifying key themes, concepts, and patterns within the data (Gray, 2004). The main data sources for the case study were Zespri's official website and annual reports. Other data sources related to the case were primarily collected from publicly available government media platforms. During the data collection process, the researcher read the collected annual reports, news, and articles multiple times to discover and highlight recurring viewpoints or news related to RCEP and the Chinese market. Initial codes were created based on the research questions, focusing on words or sentences related to RCEP, such as RCEP transport routes, security issues, the Chinese market environment, costs, and other factors.

Once the data were coded, the next step involved categorizing the coded segments into meaningful groups (Gray, 2004). Categorization helped organize the data and identify commonalities or differences among the coded segments (Gray, 2004). The categories were derived from the research questions and theoretical frameworks under investigation, such as entry mode strategies, RCEP impact, market performance, and relationship building. This categorization facilitated a structured analysis of the data.

Thematic analysis was then employed to identify and analyze major themes or patterns within the data (Gray, 2004). This systematic examination of the coded data segments aimed to uncover recurring ideas, concepts, or perspectives (Gray, 2004). Themes were identified through careful reading and interpretation of the data. The analysis aimed to generate meaningful insights and develop a comprehensive understanding of the research topic (Gray, 2004). Examples of themes could include the importance of relationship building between Zespri and the Chinese market, the role of quality control, or the impact of tariff reductions on market performance due to RCEP. Integration of the themes and categories followed, enabling the development of a coherent narrative (Gray, 2004). This involved examining the relationships between different themes and identifying connections and patterns that emerged across the data sources. The integration of the data facilitated a holistic understanding of the case study and the generation of meaningful conclusions and insights.

Overall, the analysis of the data derived from the case study of Zespri employed a systematic approach involving data coding, categorization, and thematic analysis. This rigorous analytical process enabled a comprehensive exploration of the research topic, leading to the identification of key themes, patterns, andinsights related to entry mode strategies, RCEP impact, and market performance for New Zealand firms in the Chinese market.

While the data collection and analysis approach in this study appears comprehensive, it is essential to consider the potential limitations. Firstly, the reliance on predetermined keywords and phrases in the search process could have excluded relevant articles that used alternative terminology. Secondly, the researchers' decisions during the screening process, such as the exclusion of general internationalization articles without specific reference to entry modes, could have inadvertently eliminated potentially valuable insights. Lastly, the content analysis approach, while systematic, is inherently subjective and may be influenced by the researchers' interpretations and biases.

Despite these limitations, the study's data collection and analysis process demonstrate a thorough and systematic approach to understanding the current state of research on SMEs' international expansion strategies and entry modes. This comprehensive review of the literature can provide valuable insights and inform future research directions in the field. In the following Chapter, the finding of the study will be presented and discussed in greater depth.

Chapter 4: Findings and Discussion

4.1 RCEP Benefit for New Zealand SMEs – Case of Zespri

The previous section has explained the importance of the research context has been introduced and highlighted in Chapter 1 and 2. As New Zealand has been considered a resource-based economy with the geographic location of distant markets (MFAT, 2022). Regional trade agreements have been expected to have a huge impact on its economic gains (MFAT, 2022). Also, 97% of New Zealand businesses are considered small and medium-sized enterprises (MFAT, 2022). With the implementation of RCEP, New Zealand SMEs are expected to find better potential internationalization opportunities in the Chinese market (MFAT, 2022). Therefore, in Chapter 2, this study explores the factors that may affect the entry mode choice of New Zealand SMEs in the Chinese market by reviewing two foundational concepts in TCE theory, (asset specificity and environmental uncertainty). In the previous Chapter it was clarified that a case study approach would be used in this study. The main data cited in the section is taken from the annual reports published by Zespri. Other information and data is drawn from existing academic research papers, reports and interviews with online reports. The findings and discussion in this section are intended to answer the research questions of this study, as follows:

With the implementation of the NZ-China Regional Comprehensive Economic Partnership (RCEP), what impact will it have on New Zealand SMEs' perception of entry strategies into the Chinese market? In case of Zespri.

The research further elaborates on the main research question through three sub-questions. These are：

a) What are the benefits of doing business in China under the context of RCEP?

b) How does RCEP contribute to NZ SMEs' international competitiveness in the Chinese market?

c) How do New Zealand SMEs (by review the case of Zespri) adjust their entry strategy approach to the Chinese market?

4.2 Trade Liberalization and Competitive Advantages for New Zealand SMEs under the RCEP Framework"

In Chapter 2, we reviewed and emphasized the driving role of trade liberalization in SME internationalization. Particularly for resource-based economies and primary industries like New Zealand, trade is an extremely important component (Jia et al., 2022; Chen & Hu, 2020; Peter & Shiro, 2021). Concurrently, one of RCEP's main objectives is to promote trade liberalization within the region and strengthen regional economic cooperation (MFAT, 2022; Jia et al., 2022; Chen & Hu, 2020; Peter & Shiro, 2021). Thus, to answer Qa and Qb, this study will initially explore how RCEP achieves and promotes trade liberalization within the region. Simultaneously, we will examine how New Zealand SMEs can gain a competitive advantage in the Chinese market. Firstly, this section will elucidate how RCEP establishes a regional economic cooperation framework that benefits New Zealand SMEs in global trade activities. The purpose of this subsection is to answer RQa and RQb, i.e., to explore the benefits and competitive advantages New Zealand SMEs have gained under the RCEP framework. The Regional Comprehensive Economic Partnership (RCEP) is a modern, comprehensive, high-quality, and reciprocal agreement encompassing traditional provisions such as trade in goods, trade in services, and investment, as well as newer chapters on intellectual property, e-commerce, competition, SMEs, government procurement, and economic and technological cooperation (Minghui, 2022). In terms of tariff concessions, the 15 member states have adopted a "bilateral bids in pairs" approach, leading to either "unified tariff concessions" or "country-specific tariff concessions," aiming to achieve zero-tariff imports on 90% of tariff items within a 20-year transition period (Tang, 2022; Cui, 2022; Jia et al., 2022). RCEP's integrated tariff reduction catalog helps to develop regional trade in goods (Tang, 2022; Cui, 2022; Jia et al., 2022). Additionally, RCEP has made high-level liberalization commitments in regional trade in services and investment, ensuring transparency in market access policies through a "ratchet mechanism" (Minghui, 2022). As previously mentioned, the anticipated benefits of the RCEP framework center around regional economic cooperation and sustained trade advantages for RCEP members (Tang, 2022; Cui, 2022; Jia et al., 2022). However, achieving long-term economic growth in this vast RCEP region is challenging through agreements alone (Hosono & Takizawa, 2022; Kim et al., 2020). Consequently, the RCEP's tariff rates and rules of origin are considered crucial factors in realizing the expected trade gains (Tang, 2022; Cui, 2022; Jia et al., 2022). Numerous studies have confirmed and detailed the contributions of the RCEP's rules of origin to the economic and trade interests of countries following its implementation (Tang, 2022; Cui, 2022; Jia et al., 2022). Moreover, RCEP enriches the types of certificates of origin, allowing for traditional certificates, declarations of origin issued by approved exporters, and declarations of origin issued by exporters or producers (Minghui, 2022). This not only meets businesses' needs but also helps reduce customs clearance time and trade costs (Minghui, 2022). The China Council for the Promotion of International Trade (2021) believes that the principle of RCEP rules of origin is to provide an efficient framework for enterprises to trade within the region (see Table 4.0).

Table 4:Explanation for RCEP's Rules of Origin

Rule of origin	Case
Back-to-back Certificate of Origin	New Zealand exports 20,000 small appliances and receives an RCEP certificate of origin from the New Zealand certification authority. The shipment is split in China's Nansha Comprehensive Bonded Zone, with 10,000 units sent to Vietnam and 10,000 units sent to Thailand. Chinese certification authorities issue back-to-back certificates of origin based on the New Zealand certificate, displaying the export quantities after splitting. Importers in Vietnam and Thailand can enjoy preferential treatment in their countries by presenting the back-to-back certificates of origin.
Approved Exporter Issuing Certificate of Origin	Exporters are allowed to submit an approved exporter application to customs. After approval, they can issue certificates of origin.
Wider Application of Cumulation Rules	A New Zealand company exports a product to China, using materials A from New Zealand, B from South Korea, C from Malaysia, and D from Japan in production. According to RCEP cumulation rules, Japan, South Korea, and Malaysia are all member countries, so materials from these countries can be considered as originating from New Zealand.
No Time Limit on Direct Transportation Through Countries	A product produced by a New Zealand company is exported to China and temporarily stored in Australia for 8 months. The product does not enter the trade or consumption sector in Australia and is not subject to any processing. According to RCEP regulations, the product complies with direct transportation rules.

The RCEP also encourages member countries to simplify investment applications, approval procedures, and establish investment facilitation measures (MFAT, 2022; Minghui, 2022). Specifically, after the RCEP's implementation, New Zealand's GDP increased by 0.04%, while China's increased by 0.06%. Additionally, both countries witnessed import growth, with New Zealand up 1.64% and China up 1.15% (see Table 5.0). Regarding total export growth, New Zealand's exports grew by 0.42% and China's by 0.87% after the RCEP agreement reduced tariffs (Jia et al., 2022). However, trade balances were affected differently: New Zealand's trade surplus decreased by 775.28%, while China's decreased by 0.43% (Jia et al., 2022). In terms of exports and trade balance, the agreement's tariff reduction policy specifically boosted exports for all countries. Among developed nations, New Zealand's exports increased by 0.42% (Jia et al., 2022). The harmonization of rules of origin in the RCEP agreement could increase the likelihood that products linked to its supply chain and market players will be deemed local, thereby qualifying for tariff reductions (Tang, 2022). For a resource-exporting nation like New Zealand, this export growth signifies increased economic growth opportunities (MFAT, 2022). The RCEP's tariff reduction agreement is evidently assisting domestic companies in expanding into international markets (Jia et al., 2022).

In order to explore the answers to Qa and Qb in more detail, we will continue to present and discuss the performance of RCEP in the China-New Zealand market. This will encompass examining the specific sectors in which New Zealand SMEs have gained a competitive advantage, as well as analyzing the strategies adopted by these SMEs to leverage the opportunities provided by the RCEP framework.

Table 5:Changes in Trade Data between China and New Zealand after RCEP Implementation (Jia et al., 2022)

Country	GDP Change	Import Growth	Total Export Growth	Trade Balance
New Zealand	0.04%	1.64%	0.42%	-775.28%
China	0.06%	1.15%	0.87%	-0.43%

4.2.1 Enhancing China-New Zealand Trade Performance through RCEP Framework

Tang (2022) reported that the RCEP framework has significantly bolstered the trade relationship between China and New Zealand, with the total trade volume between the two nations almost tripling in recent years. Ministry of Commerce of the PCR (MOFCOM, 2023) has stated that the growth of mutual trade between China and New Zealand now surpasses that of other major trading partners (MOFCOM, 2023). As a result, New Zealand's imports and exports heavily rely on China, which has been the country's largest trading partner, exporter, and importer for several years (Cui, 2021; Wang, 2016; Cui, 2021; Tang, 2022; Su, 2021). China accounts for approximately one-fourth of New Zealand's major importers and one-third of its major exporters, both ranking first (Tang, 2022). However, exports account for more than 10% of imports, indicating that New Zealand is highly dependent on China, primarily exporting a vast number of products to China and relying on its enormous consumer market to absorb its domestic surplus products (Cui, 2021; Wang, 2016; Cui, 2021; Tang, 2022; Su, 2021).

As the variety of traded goods increases, trade complementarity is also enhanced under the RCEP (MOFCOM, 2023). China primarily produces labor-intensive products but has limited livestock resources, necessitating imports to supplement its domestic market (MOFCOM, 2023). Despite China's geographical advantages, affordable labor, and extensive consumer market, there is still a significant demand for certain products such as live animals and dairy products, which are New Zealand's strengths (Cui, 2021; Cui, 2021; Tang, 2022; Su, 2021). Conversely, New Zealand is a small country with a developed industry, a small population, abundant technology, and capital, and primarily produces technology-intensive products (Tang, 2022).

While the nation has rich forest, mineral, and animal resources, its limited population and scarce labor resources result in high production costs for labor-intensive products (Tang, 2022). Therefore, New Zealand heavily depends on imports to meet domestic demand for these products (Cui, 2021; Cui, 2021; Tang, 2022; Su, 2021). The RCEP has increased tariff preferences, substantially reduced overall tariffs and directly eliminated tariffs on specific goods (Cui, 2021; Cui, 2021; Tang, 2022; Su, 2021). The RCEP agreement's annexes indicate tariff concessions for wood, paper products, wool, and agricultural products, gradually expanding the range of zero-tariff products imported and exported by China and New Zealand (Cui, 2021; Cui, 2021; Tang, 2022). It is anticipated that more New Zealand products will enter the Chinese market, and simultaneously, numerous high-quality Chinese products will enter the New Zealand market (Cui, 2021; Cui, 2021; Tang, 2022; Su, 2021). Tang (2022) stated that this not only strengthens bilateral economic and trade cooperation but also optimizes the quality and efficiency of China-New Zealand economic and trade relations. China and New Zealand established diplomatic relations in 1972, and bilateral trade has grown steadily since then. From 1998 to 2021, trade increased from USD 6.78 billion to USD 24.70 billion (Tang, 2022). In the five years from 2017 to 2021, export volume increased by 60%, import volume by 64%, and trade deficit by 68.5% (Tang, 2022). Despite a 0.34% decrease in trade volume in 2020 due to the COVID-19 pandemic, it rebounded with a 27.22% growth rate in 2021 after both countries joined the RCEP (Tang, 2022), boosting economic growth and benefiting both nations (see Table 6).

Table 6: Total China-New Zealand Trade Statistics (2017-2021).

Year	Export Value to New Zealand (USD billion)	Import from New Zealand (USD billion)	Total Import and Export Volume (USD billion)	Balance of Trade (USD billion)	Export Growth Rate	Import Growth Rate	Trade Volume Growth Rate
2017	5.46	10.06	15.52	-4.60	N/A	N/A	N/A
2018	6.03	11.54	17.57	-5.51	10.41%	14.87%	13.16%
2019	6.26	13.65	19.91	-7.39	3.82%	18.27%	13.44%
2020	6.63	13.22	19.85	-6.59	5.90%	-3.15%	-0.30%
2021	8.74	16.49	25.23	-7.75	31.87%	24.81%	26.83%

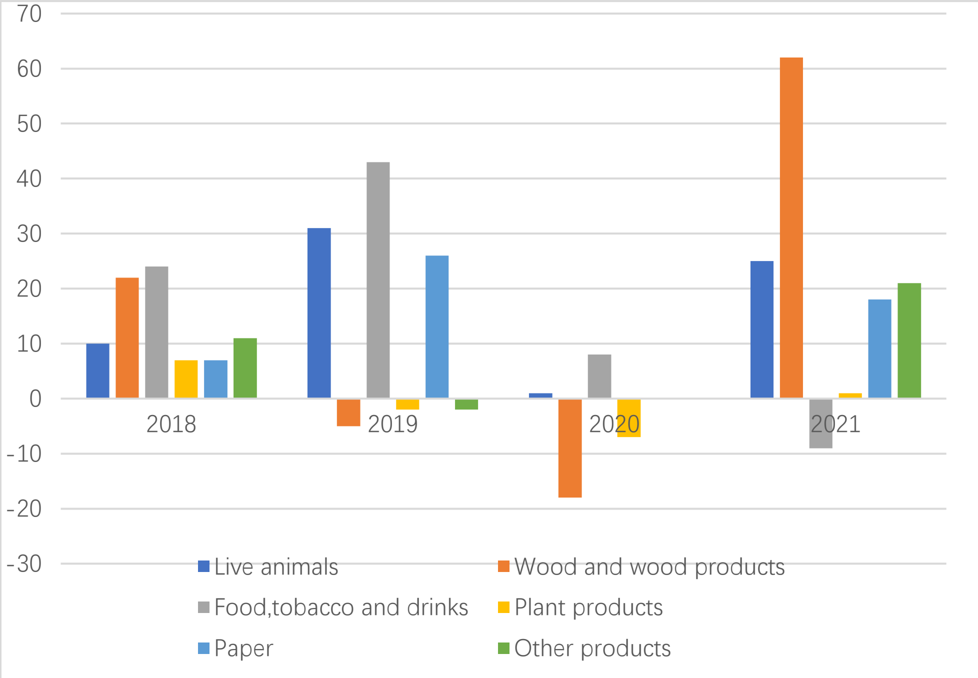
Source: China Customs Office

On the other hand, the top five categories of products imported by China (see Table 7.0) from New Zealand are live animals, wood and wood products, food and beverage tobacco, plant products, and paper (Tang, 2022). The trade volume of live animal products has maintained a steady growth trend, increasing from USD 4.33 billion in 2017 to USD 7.88 billion in 2021, reflecting a 5.17% year-on-year growth (Cui, 2021; Tang, 2022). Trade in wood and wood products, food and beverages, tobacco, and plant products nearly doubled in five years (Cui, 2021; Cui, 2021; Tang, 2022). Overall, China's import volume shows an expanding trend in 2021 (MOFCOM, 2023). In this sense, RCEP has encouraged a closer international trade relationship between China and New Zealand (MOFCOM, 2023).

New Zealand primarily imports mechanical and electrical products, textiles and raw materials, miscellaneous furniture and toys, base metals and products, and plastics and rubber from China (MOFCOM, 2023). Electromechanical products and textiles and raw materials were the top two categories of products imported into New Zealand from 2017 to 2020 (Cui, 2021; Tang, 2022). However, miscellaneous furniture and toys became the second most imported product category in 2021 (Cui, 2021). In the same year, New Zealand's import value of mechanical and electrical products reached USD 2.03 billion, and miscellaneous products of furniture and toys reached USD 1.06 billion (MOFCOM, 2023). Furniture, toys, miscellaneous products, and base metals and products have also doubled in the past five years (Cui, 2021). Although the share of mechanical and electrical products and textiles and raw materials in the trade volume decreased, the trade volume increased steadily (Cui, 2021).

In conclusion, the RCEP framework has played a crucial role in enhancing the trade relationship between China and New Zealand (MOFCOM, 2023). The agreement has significantly reduced tariffs, increased trade complementarity, and facilitated market access for both countries (MOFCOM, 2023). The growing trade volume and the expanding range of traded goods reflect the success of RCEP in fostering closer economic cooperation and providing benefits to both nations (MFAT, 2022; MOFCOM, 2023).

Table 7: Growth Rate of China's Main Import Products from New Zealand



Source: China Customs Office

4.2.2 Discussion

This section reported the findings which examines the RCEP rules and performance data to explore the benefits and competitive advantages that New Zealand SMEs have gained in the Chinese market under the RCEP framework.

Firstly, to answer the research question a *(i, e, what are the benefits of doing business in China under the context of RCEP?)*. We found that the benefits of doing business in China under the context of RCEP include increased tariff preferences, reduced overall tariffs, and direct elimination of tariffs on specific goods (Wang, 2016; Cui, 2021; Tang, 2022; Su, 2021). The steady increase in the total value of imports and exports between China and New Zealand, along with China's growing trade deficit, indicates the economic advantages and market openness facilitated by RCEP (MOFCOM, 2023). This has led to an increase in China's import demand from New Zealand (MOFCOM, 2023). The RCEP agreement expands the range of zero-tariff products imported and exported by China and New Zealand, allowing more New Zealand products to enter the Chinese market and simultaneously introducing numerous high-quality

Chinese products into the New Zealand market (MOFCOM, 2023; Cui, 2021; Tang, 2022; Su, 2021). This not only strengthens bilateral economic and trade cooperation but also optimizes the quality and efficiency of China-New Zealand economic and trade relations (Tang, 2022).

The findings also able to provide the answer for research question b *(i, e, how does RCEP contribute to NZ SMEs' international competitiveness in the Chinese market?)*. RCEP has also fostered closer trade and market integration between China and New Zealand. RCEP contributes to NZ SMEs' international competitiveness in the Chinese market by increasing trade complementarity and facilitating market access (MOFCOM, 2023; Cui, 2021; Cui, 2021; Tang, 2022; Su, 2021). Consequently, China imports more unique and high-quality products from New Zealand, and New Zealand imports more cost-effective products from China, replacing more expensive domestic options (Tang, 2022). This heightened market competition presents challenges for local businesses in both countries (Tang, 2022). The growing trade volume and expanding range of traded goods are evidence of RCEP's success in fostering closer economic cooperation and providing benefits to both nations (Tang, 2022; MOFCOM, 2023). The harmonization of rules of origin within the RCEP agreement increases the likelihood that products linked to its supply chain and market players will be deemed local, qualifying for tariff reductions (Jia et al., 2022). For a resource-exporting nation like New Zealand, this export growth signifies increased economic growth opportunities, assisting domestic companies in expanding into international markets (Jia et al., 2022).

4.3 RCEP Benefit for New Zealand SMEs – Case of Zespri

In this section, we will explore the benefits of RCEP based on the TCE perspective though the example of Zespri's performance in China. The purpose of this subsection is to answer RQa and RQb, i.e., to explore what benefits and competitive advantages New Zealand SME's have gained under the RCEP framework from the TCE perspective.

4.3.1 RCEP Enhancing Value Chain Trade and Addressing Uncertainties for Zespri in the Chinese Market

As economic globalization progresses, traditional trade is transitioning towards value chain trade (Minghui, 2022). However, uncertainties in domestic regulations and policies in developing countries increasingly pose challenges to value chain trade (Tang, 2022; Cui, 2022; Jia et al., 2022). It is crucial for the RCEP to guide national governments in establishing market operation systems with institutional norms and legal guarantees through regional economic integration mechanisms, thereby enhancing value chain trade within the region (Tang, 2022; Cui, 2022; Jia et al., 2022).

The RCEP's intellectual property chapter, consisting of 83 articles, is the most comprehensive and sophisticated within the agreement (Minghui, 2022; Tang, 2022; Cui, 2022; Jia et al., 2022). It represents the most extensive set of plurilateral rules on intellectual property involving developing countries in the Asia-Pacific region to date (Minghui, 2022). The chapter addresses copyrights, trademarks, geographical indications, patents, industrial designs, genetic resources, traditional knowledge, folklore, countering unfair competition, intellectual property enforcement, transparency, technical assistance, and other significant intellectual property issues and new developments (Peter & Shiro, 2021). These provisions offer effective institutional guarantees to promote innovation and development within the region (Minghui, 2022).

Furthermore, the RCEP provides relatively comprehensive regulation of competition policy, encompassing competition legislation, law enforcement cooperation, and consumer protection (MFAT, 2022). It places particular emphasis on regulated law enforcement to lay an institutional foundation for creating a better environment for regional trade and investment (MOFCOM, 2023). In the context of RCEP, these measures are expected to offer Zespri fostering a conducive atmosphere for trade and ensuring the protection of intellectual property rights, ultimately supporting innovation and development in the region (MOFCOM, 2023).

Zespri IP issue

Based on legal records, Gao Hao Yu had an agreement to cultivate Sunshine Golden Fruit kiwifruit at Zespri in New Zealand in 2013 (Zhao et al., 2022). However, Zespri alleges that he later entered into an agreement with a Chinese grower without their consent (Zhao et al., 2022). This resulted in the unauthorized planting of Golden 3 in China and the subsequent leak of Zespri's cultivation technology (Zespri, 2021). Currently, it is estimated that the unauthorized planting of Golden 3 has expanded to 5,400 hectares in China (Zespri, 2021). Firstly, this can be seen as a classic case of a distributor stealing a company's unique resources and technology. Ultimately, they have become competitors to the company (Zhao et al., 2022). Zespri even believes that in 2023 these pirated kiwifruit exports from China will surpass its own (Zhao et al., 2022). This is well reflected in the findings in Chapter 2 on the entry mode of SMEs under TCE theory. A similar situation is likely to arise when companies choose to start a partnership with a distributor (Zhao et al., 2022). The most effective approach may be to complete the shift to an equity entry mode as soon as possible (Brouthers, 2013; Hennart & Slangen, 2014; Brouthers & Nakos, 2004). Protecting one's resources and knowledge in overseas markets through a strongly controlled entry model (Brouthers, 2013; Hennart & Slangen, 2014; Brouthers & Nakos, 2004). However, in the complex Chinese market, simply relying on entry models to protect resources and knowledge can be challenging (Zhao et al., 2022).

When considering the environmental uncertainty factors encountered by New Zealand SMEs in the Chinese market, the first thing to note is that the incomplete regulatory system poses a great challenge to the credibility of New Zealand SMEs’ products (Fiedler et al, 2002). Most of the time, New Zealand SMEs attempt to use visible labels or official certificates on their products to prove that they are high-quality products and originate in New Zealand (Fiedler et al, 2002). However, in the Chinese market, which is notorious for counterfeit products, this strategy is particularly vulnerable (Tang, 2022). With weak implementation of contract and IP protection laws, counterfeiters can easily copy labels and packaging, then falsely claim that their products are made in New Zealand. For example, according to Fiedler et al. (2022), in 2001, Chinese customs recorded a total import of 100,000 tonnes of Manuka honey. However, New Zealand's annual supply of this product was less than 20,000 tonnes. Most of these imports are believed to have been forged in local factories in China or other countries (thepaperCN, 2021). Thus, this suggests that many of the Manuka honey products being sold in the Chinese market are likely fake products. At the same time, these fake products have a huge competitive advantage in price strategies due to their extremely low production costs (Jin & Hurd, 2018). On the other hand, it is also difficult for Chinese consumers to use the incomplete regulatory system to identify the authenticity of the products (Jin & Hurd, 2018). New Zealand SMEs themselves are not sure who is the real competitor in the market (Yang, 2002; Zhu, 2009; Luo, 2007).

Therefore, the Chinese market presents one significant uncertainty is related to regulatory changes, as China's regulatory environment can be complex and unpredictable (Tang, 2022; Yang, 2002; Zhu, 2009; Luo, 2007; Gravin, 2010). Changes in regulations and standards can have a significant impact on SMEs, particularly those in industries that are heavily regulated, such as food and agriculture (Gravin, 2010).

However, New Zealand SMEs usually establish strong connections with customers and networks in the Chinese market by utilizing their unique resources and high-quality products (Lee et al., 2012). Therefore, it's important for them to build relationships in the host country, while also understanding and taking seriously the concept of "guanxi" within the Chinese regulatory and institutional system (Zhu, 2009). In the Chinese context and business environment, "guanxi" is regarded as an important informal and strong network that can have a huge impact on companies' business practices and environment (Yang, 2002; Zhu, 2009; Luo, 2007). Although Beijing has expressed its determination to limit the power of local officials and reduce corruption by establishing stricter systems and tougher regulatory measures as China's economy and institutions continue to evolve (Luo, 2007). But China is, after all, a very different country from New Zealand (Jin & Hurd, 2018). The corporate business activities and actions of government agencies between those two countries are very different (Jin & Hurd, 2018). China's large size and population have led the central government to allow local governments to have more decision rights related to the enforcement of laws and regulations (Zhu, 2009; Luo, 2007; Fiedler et al., 2021). However, Zespri managed to create a positive relationship, as a notable accomplishment for the company was being the first New Zealand business to be included in the "Key Trademark Protection List" in the Chinese market, an achievement that highlights the brand's unique position as the only New Zealand-based fruit brand to receive this honor (Zespri, 2022).

In the Chinese market, Zespri has been included in Shanghai's "Important Trademark Protection List," becoming the first New Zealand company to receive this recognition (Chineseherald, 2020; CIIE, 2022). This designation grants Zespri the ability to take legal action against brands that use similar names or copy its packaging designs (Chineseherald, 2020). Jiang Shijie (newstom, 2022) stated: "This is a positive affirmation of Zespri's international reputation, excellent market share, and strong corporate image. Zespri is currently facing intellectual property infringements in China, including unauthorized cultivation of Zespri SunGold kiwifruit. For Zespri, being included in the 'Shanghai Key Trademark Protection Catalogue' strengthens our legal and administrative measures, enabling us to address these infringements with greater confidence."

As a key trademark protection brand, Zespri can now adopt more comprehensive trademark protection measures, such as taking legal action against brands with similar names or those that copy Zespri's packaging design, and companies using the "Zespri" name in non-fresh fruit product categories (Chineseherald, 2020). With the support of the Shanghai government, the updated trademark protection list will be distributed to market supervision agencies across the country, receiving priority support and protection from law enforcement agencies nationwide (Chineseherald, 2020). Mr. Jiang Shijie (Chineseherald, 2020) expressed: "This is not only an important milestone for Zespri's development in Shanghai but also a crucial step in gaining national recognition, reflecting the significant achievements of Zespri's substantial investment and proactive brand-building efforts in China. We sincerely thank the Chinese government for their ongoing assistance and support in protecting Zespri's brand and intellectual property rights.

This commitment extends to our 2,800 kiwifruit growers in New Zealand and around the world."

4.3.2 Discussion

Firstly, we analyzed whether RCEP can bring advantages for New Zealand companies in the Chinese market from the perspective of environmental instability. The above analysis demonstrates how the RCEP has implemented a range of intellectual property and competition policy regulations, providing some institutional support for New Zealand SMEs operating in the Chinese market (Minghui, 2022; Tang, 2022; Cui, 2022; Jia et al., 2022). Using the Zespri case as an example, it becomes evident that the RCEP can offer a certain level of institutional assurance for New Zealand SMEs' international activities within the Chinese region.

However, as seen in the Zespri case, due to insufficient regulations and weak enforcement of intellectual property rights (Zhao et al., 2022), New Zealand SMEs continue to face challenges associated with environmental instability factors in the Chinese market. For instance, Zespri's Gold3 kiwifruit was illicitly cultivated in China, resulting in the leakage of its cultivation technology (Zespri, 2020; Zespri, 2021; Zhao et al., 2022). Additionally, counterfeit products present a challenge for New Zealand SMEs in China, as these products often have a competitive pricing advantage due to their low production costs (Jin & Hurd, 2018).

Despite these challenges, Zespri managed to leverage RCEP policies to secure a position on Shanghai's "Key Trademark Protection List," becoming the first New Zealand company to achieve such recognition (Chineseherald, 2020). This designation allows Zespri to take legal action against brands infringing on its intellectual property, thereby helping protect its brand and products (Chineseherald, 2020).

In conclusion, while the RCEP offers some benefits in terms of establishing a regulatory framework for intellectual property and competition policies (Minghui, 2022; Tang, 2022), it does not directly address the environmental stability concerns of New Zealand companies, such as those faced by Zespri (Zhao et al., 2022). Nevertheless, utilizing RCEP policies to obtain a place on China's "Key Trademark Protection List" does provide some support in protecting a company's intellectual property and brand, potentially contributing to a more stable environment overall in the Chinese market (Chineseherald, 2020).

4.3.4 RCEP Offer Better Advantage of Zespri Asset Specificity

Enhanced Brand Capital Specificity Advantage

In terms of asset specificity, RCEP significantly enhances the value and strength of Zespri's brand asset specificity in China. Zespri (2021) has consistently strived to establish itself as the world's most formidable fruit brand, providing high-quality fruit products in the global market and fostering close customer relationships. For example, Zespri has leveraged the RCEP drive to participate in five China International Import Expos (Chinadaily, 2022; CIIE, 2022). Its unique position as New Zealand's sole supplier of kiwifruit products is continually magnified (CIIE, 2022). Linda Mills, CEO of Marketing at Zespri New Zealand, recognizes the role of RCEP and the Fair in driving brand impact and image in overseas markets (Chinadaily, 2022). The opportunity to showcase the brand and communicate extensively with partners is expected to build relationships and broaden fruit trading channels in China (Chinadaily, 2022). As the benefits of RCEP for primary industry trade continue to materialize, Zespri's target for the China market is NZ$4.5 billion in global sales by 2025, with China expected to account for a quarter of global sales (CIIE, 2022).

Throughout the 2021/22 fiscal year, their continuous investment in innovation amounted to $29.1 million (Zespri, 2021), generating value and sparking consumer interest in Zespri RubyRed™ kiwifruit, which subsequently led to the category's growth (Zespri, 2021). Moreover, Zespri's community outreach initiatives, such as collaborations with schoolchildren, food programs, and charitable organizations, have yielded positive impacts, while adaptive efforts support their low-carbon, climate-resilient future objectives (Zespri, 2021). During the RCEP era, Zespri China (2022) introduced a new brand statement, "Say Yes to Possibilities," aimed at assisting consumers in revitalizing their physical and mental health from the inside out, embracing challenges (Zespri, 2022). Concurrently, Zespri officially announced Gu Ailing, the Beijing Winter Olympics gold medalist, as their brand ambassador, jointly embarking on a new journey of indulgence (lifetime, 2022). Zespri has always advocated a healthy lifestyle with premium nutrition (lifetime, 2022). In China, Zespri actively fulfills its corporate social responsibility and contributes to society. Zespri has participated in the "National Nutrition Week" event, organized by the Chinese Nutrition Society, for four consecutive years (lifetime, 2022). In 2021, Zespri China and the Chinese Nutrition Society entered into a long-term partnership, joining forces to promote health education and collaboratively striving to elevate the dietary health standards of Chinese residents (lifetime, 2022). Zespri's unwavering efforts and outstanding performance in this regard earned them the title of "2021 National Nutrition Week Communication Demonstration Unit," awarded by the Chinese Nutrition Society (lifetime, 2022). In the future, Zespri will continue to focus on social nutrition and health education, helping society flourish (Zespri, 2021).

Ms. Huang Guohui, Vice President of Marketing for Zespri Greater China, stated: "We have always been optimistic about the Chinese market and have confidence in the market and foreign business operating environments (Lifetime, 2022). Zespri will persist in providing high-quality kiwifruit to Chinese consumers, better fulfilling our commitment to delivering safe, fresh, and premium fruits to our customers" (Lifetime, 2022). Despite Zespri's strong support for the unauthorized cultivation of SunGold kiwifruit in China (lifetime, 2022), they failed to reach the 75% trial threshold (Zespri, 2021). Growers from New Zealand have expressed concerns that Zespri has reportedly lost not only its intellectual property but also control over the variety in China, as the growth of illicit fruit poses a threat to Zespri's position in its largest market (Zespri, 2021). As a result, they continue to explore alternative solutions (Zespri, 2021). Their refreshed brand, commitment to purpose-driven growth, and sustainable production have strengthened emotional connections with consumers (Zespri, 2021). Zespri's exceptional brand has been recognized with 14 international awards, and their updated brand image has increased unaided awareness in key markets by 2.7% (Zespri, 2021). The revamped brand image and positioning have reinforced Zespri's status as a global leader in the healthy food sector, and they expect purpose-driven marketing to continue driving growth and consumer engagement in the future (Zespri, 2021).

Enhanced Temporal Specificity and Site Specificity Advantage

The RCEP has significantly influenced Zespri's Temporal Specificity and Site Specificity compared to the FTA between China and New Zealand (CTILS, 2021). The primary differences between the RCEP and the China-New Zealand FTA in terms of rules of origin include back-to-back certificates of origin, approved exporter systems, cumulative rules, and direct transportation time restrictions (CTILS, 2021). The RCEP introduces back-to-back certificates of origin, enhancing the flexibility of enterprises in sales strategies and logistics arrangements (CTILS, 2021). This allows businesses to use RCEP member countries as intermediate logistics hubs, reducing transportation and storage costs while benefiting from preferential tariffs (CTILS, 2021). Unlike the China-New Zealand FTA, the RCEP permits approved exporters to issue certificates of origin based on customs regulations (CTILS, 2021). Exporters must apply for recognition from customs before issuing certificates of origin. While both RCEP and the China-New Zealand FTA contain cumulative rules, RCEP's broader member base enables a wider range of raw materials to qualify (CTILS, 2021), promoting regional industrial complementation and trade exchanges. Businesses can expand their procurement channels for raw materials and components within RCEP member countries, prioritizing imports from member countries to enhance purchasing flexibility (CTILS, 2021; MFAT, 2022).

Regarding direct transportation rules, the China-New Zealand FTA specifies that temporary storage in non-member countries should not exceed six months, whereas RCEP does not impose such time restrictions (CTILS, 2021). However, businesses should be aware of the one-year validity period for RCEP certificates of origin to avoid losing preferential treatment due to expired certificates (CTILS, 2021). In summary, RCEP offers businesses increased flexibility in logistics arrangements, a broader range of qualifying raw materials (CTILS, 2021), and the ability to utilize approved exporters for issuing certificates of origin. Additionally, RCEP removes time restrictions on direct transportation rules, further benefiting businesses engaged in trade within the RCEP member countries, including Zespri (JTYST, 2022).

The advantages of RCEP in the supply chain are evident (Cui, 2021). According to Zespri China Executive Officer Greater China Micheal Jiang, international logistical constraints remain a challenge for imported fruit in the Chinese market, and one of Zespri's main tools to ensure supply to the Chinese market is the utilization of the RCEP countries' fruit import routes (Zang, 2021). Zespri can now capitalize on the RCEP provisions, benefiting from RCEP fruit shipping routes, new shipping ports, and faster customs clearance (Zang, 2021). Additionally, Zespri has increased its focus on the RCEP fruit shipping routes, which will help the company maintain a stable supply during the peak seasons (Zang, 2021). To guarantee a steady supply, Zespri has increased the number of ports of entry it collaborates with (Zang, 2021). In 2022, Zespri added Taizhou Damaiyu Port to its Shanghai South Port terminal as a chartered arrival terminal, and a new partner terminal is expected to be launched in Dongguan in 2023 (JTYST, 2022).

On April 10, 2022, the first shipment of 5,622 tons of New Zealand kiwifruit for the new season cleared customs at the Damaiyu Port Area in Taizhou Port, marking the inaugural voyage of the RCEP fruit shipping route between New Zealand and China (JTYST, 2022). Following the maiden voyage, four more shipments totaling over 20,000 tons of New Zealand kiwifruit, valued at over 1 billion yuan, will clear customs at the Damaiyu Port Area in Taizhou Port (Zang, 2021). Jiang Shijie (2022) emphasized that due to these advantages, Damaiyu Port became the second port of entry for New Zealand kiwifruit bulk carriers after Shanghai Nangang, better meeting the needs of businesses operating in China (Zang, 2021). He also highlighted the efficient customs clearance services provided by RCEP, which fresh produce companies highly value (Zang, 2021). The Zespri kiwifruit arrived 16 days earlier than in the previous season, largely due to the RCEP (Zang, 2021). The new route will not only shorten the transportation time but also improve the efficiency of customs clearance, further enhancing Zespri's supply chain management (JTYST, 2022). Under the RCEP framework, the establishment of the RCEP fruit shipping route by Taizhou Customs' Yuhuan Office ensures that Zespri kiwifruit enters the Chinese market in the shortest possible time (JTYST, 2022). Zhejiang Provincial Department of Transport has reported that Taizhou Customs strives for 6-hour fast clearance for RCEP fruit products (JTYST, 2022). The RCEP is clearly intended to provide such a service, as former New Zealand Prime Minister Jacinda Ardern (2020) commented at the signing of the RCEP (govt.nz, 2020). She (govt.nz, 2020) argued that providing New Zealand businesses with a consistent set of trade and investment rules across the RCEP region, and increasing the certainty of doing business internationally, is one of the key objectives of New Zealand's RCEP membership. In particular, for New Zealand's primary industries that produce perishable goods, a harmonised and certain set of rules and environment will help to maximise their protection against the risk of environmental uncertainty (govt.nz, 2020).

On the other hand, as Zespri enters the Chinese market, it may need to invest in specialized physical assets such as custom-designed machinery, packaging, or storage facilities to meet the unique requirements of kiwifruit production and distribution (Zespri, 2021). According to Jiang (Zespri, 2021), supply chain transparency and traceability are crucial components of Zespri's strategy in China. Each kiwifruit undergoes multiple procedures, including appearance screening, sugar content testing, dry matter testing, hair removal, and packaging (Zespri, 2021). Additionally, each box of kiwifruit has a unique traceability code, enabling consumers and distributors to track the fruit through various stages, from harvest to transportation (Zespri, 2021). This level of transparency and traceability instills confidence in the quality and authenticity of Zespri's products and differentiates the brand from potential competitors (Zespri, 2021). The investment in specialized assets tailored to the specific needs of kiwifruit production and distribution exemplifies asset specificity, which refers to the degree to which an asset is specialized to a particular use or user and cannot be easily redeployed for other purposes without incurring significant costs (Williamson, 1985). In Zespri's case, custom-designed machinery, packaging, and storage facilities are examples of specialized assets that may not be easily adaptable for other products or industries (Williamson, 1985). This asset specificity raises the potential for higher transaction costs (Williamson, 1985), necessitating Zespri's investment in these specialized assets to ensure the quality and consistency of their products in the Chinese market.

Zespri's approach to the Chinese market emphasizes supply chain transparency and traceability, along with asset specificity's role in guiding investment and operational strategies (Zespri, 2021). By adopting a transparent supply chain, Zespri distinguishes itself from rivals and fosters trust with consumers and distributors (Zespri, 2021). However, investing in specialized assets may increase transaction costs, necessitating careful management to ensure market success (Williamson, 1985).

The global pandemic in 2021 impacted supply chains, prompting Zespri to use container and refrigerated ships for overseas markets (Zespri, 2021). Zespri adhered to RCEP guidelines and collaborated on epidemic prevention measures for imported fruit circulation (Zespri, 2021). With over 30 million original box sales in China in 2021 (Zespri, 2021), Zespri addressed supply chain disruptions through three primary strategies (Zespri, 2021). First, they utilized dedicated ships for timely and quality-consistent transportation from New Zealand to Chinese ports (Zespri, 2021). Second, Zespri expanded its port infrastructure, leveraging RCEP to develop new fruit shipping terminals (China Economic, 2022).

Lastly, Zespri's warehousing capacity in China is continually improving, with the distribution expanding from three cities to six (China Economic, 2022). Zespri has implemented a series of measures to ensure product supply to the Chinese market. For example, Zespri's strategic partnership with VX Cold Chain Logistics provided one-stop cold chain logistics services, ensuring safe transit of kiwifruits (VX, 2020). Over the past few years, VX Cold Chain Logistics has achieved an operational volume of over 300 million Zespri kiwifruits (VX, 2020). During the pandemic, Zespri and VX Cold Chain Logistics initiated large-to-small box packaging projects in China, enabling rapid market delivery of kiwifruits (China Economic, 2022).

In an effort to enhance supply chain processes and efficiency, Zespri emerged as the first online retailer in China to directly supply and sell kiwifruit to Chinese consumers during the RCEP period (China Economic, 2022). Ivan Kinsella, the Zespri China Affairs Director, explains that prior to this development, Zespri managed its supply chain affairs in China through distributors on e-commerce platforms (Guan, 2020). Before the RCEP came into effect in 2019, Zespri's online sales in China amounted to 28 million USD (Zespri, 2020). According to the latest contract, Zespri's sales on e-commerce platforms are projected to surpass 42 million USD, with a year-on-year increase of over 50% in sales volume in non-first-tier cities in China (Zespri, 2021). From an academic perspective, this development of online/e-commerce supports the notion that the RCEP has provided new opportunities for New Zealand's small and medium-sized enterprises (SMEs) in terms of online entry models (Tang, 2022). However, as e-commerce is not the main focus of this study, a more detailed discussion on this topic will not be provided here.

As a result, the RCEP has had a significant impact on Zespri's supply chain operations, providing more benefits and flexibility compared to the China-New Zealand FTA. The RCEP provisions have allowed Zespri to optimize its supply chain, reduce transportation and storage costs, and ensure a steady supply of kiwifruit to the Chinese market, ultimately improving its overall competitiveness. With the RCEP in place, Zespri can expand its supply chain network within the RCEP member countries, enhancing both Temporal and Site Specificity while offering more flexibility in sales and logistics strategies. In addition, the utilization of RCEP countries' fruit import routes allows Zespri to bypass international logistical constraints, ensuring a consistent supply of kiwifruit to the Chinese market (Zang, 2021).

4.3.5 Discussion

This section aims to investigate the extent to which Zespri was able to leverage asset specificity under the RCEP framework. The research seeks to address two research questions: firstly, what advantages does the RCEP provide for conducting business in China? Secondly, how does the RCEP contribute to enhancing the international competitiveness of NZ SMEs in the Chinese market? The analysis focuses on the ways in which Zespri, a New Zealand-based kiwifruit exporter, utilized the RCEP framework to its advantage. In particular, this section examines how Zespri was able to capitalize on the temporal and site-specificity changes introduced by the RCEP to enhance its logistics arrangements and expand its procurement channels for raw materials and components within RCEP member countries. The analysis also considers Zespri's use of the RCEP fruit shipping routes and new shipping ports to ensure a steady supply of its products to the Chinese market (JTYST, 2022). Additionally, this section looks at Zespri's strategic partnership with VX Cold Chain Logistics, which enabled the safe transit of Zespri kiwifruit across the ocean and provided storage and subcontracting services for kiwifruits carried on RCEP fruit shipping routes (VX, 2020).

As a result, we found that the impact of the Regional Comprehensive Economic Partnership (RCEP) on Zespri, a New Zealand-based kiwifruit company, and its growth strategy. RCEP has facilitated Zespri's participation in five China International Import Expo events, enhancing its brand image and aiding its target of achieving NZ$4.5 billion in global sales by 2025 (Zespri, 2022). RCEP has also introduced back-to-back certificates of origin and new fruit shipping routes, enabling Zespri to reduce transportation costs and maintain a steady supply of kiwifruit in the Chinese market (Zespri, 2022). Additionally, Zespri has utilized container ships and refrigerated ships to supply overseas markets during the pandemic while adhering to RCEP guidelines (Zespri, 2022). The company has also expanded its online sales in China, with sales projected to surpass $42 million USD (Zespri, 2022).

Overall, therefore, the RCEP provides better advantages to Zespri's asset profile, promotes its unique position as the only New Zealand kiwifruit supplier, expands its logistical flexibility and strengthens its supply chain processes. The trade agreement provides new opportunities for Zespri to strengthen its brand, increase consumer engagement and achieve a sustainable and purposeful growth strategy in China market.

4.4 Overview of Theoretical Outcomes Based on the Transaction Cost Perspective

An insight into this research question is provided by exploring the entry mode in China under the RCEP. The specific questions (e.g., Qc) are.

How do New Zealand SMEs adjust their entry strategy approach to the Chinese market under the context of RCEP?

As mentioned in the literature review, this study examines the factors influencing the entry mode choice of SMEs in the oversea market, focusing on two foundational concepts in TCE theory: asset specificity and environmental uncertainty (Williamson, 1985; Bruneel & De Cock, 2016; Brouthers & Nakos, 2004). The TCE literature review of SMEs reveals that environmental uncertainty, associated with industry and host country conditions, includes factors such as political, social, and economic stability, revenue conversion and repatriation risks, and risks of adverse governmental actions (Brouthers & Nakos, 2004; Li & Qian, 2008). Factors such as limited resources, lack of market knowledge, and cultural differences have been identified as barriers to New Zealand SMEs' successful entry into foreign markets, including China (Bradley & Gannon, 2000; Brouthers & Nakos, 2004; Li & Qian, 2008). Thus, their entry mode choices in China may be influenced by asset specificity and environmental uncertainty, as well as the unique challenges and opportunities presented by the Chinese market. Traditional TCE theory suggests that SMEs tend to choose non-equity entry modes when environmental uncertainty is high. However, the literature review reveals that this relationship may not be universally applicable (Erramilli & Rao, 1993; Bradley & Gannon, 2000; Brouthers & Nakos, 2004; Li & Qian, 2008). SMEs generally minimize environmental uncertainty by establishing partnerships in the host country (Bradley & Gannon, 2000; Brouthers & Nakos, 2004; Li & Qian, 2008). However, some SMEs may choose equity-based entry modes to ensure decision-making rights in high-risk markets (Erramilli & Rao 1993; Bradley & Gannon, 2000; Brouthers & Nakos, 2004; Li & Qian, 2008).

There is a well-established relationship between SMEs' asset specificity and their entry mode choice (Erramilli & Rao 1993; Maekelburger et al., 2012). Asset specificity is reflected in investments related to physical and human capital in foreign markets (Brouthers & Nakos, 2004). SMEs with high asset-specific characteristics tend to choose equity entry modes to preserve their unique knowledge and technology (Bradley & Gannon, 2000; Brouthers & Nakos, 2004; Maekelburger et al., 2012). For these firms, protecting their unique knowledge and technology takes precedence over environmental uncertainty concerns (Erramilli & Rao, 1993; Maekelburger et al., 2012). Consequently, they may opt for high-control equity-based entry modes to maintain decision-making power and protect their competitive advantage (Schwenst et al, 2011), even in high environmental uncertainty situations. In the next section, we will present the findings related to the New Zealand SMEs entry mode choice in the China market from the TCE perspective.

4.4.1 Asset Specificity of New Zealand's Primary Industry SMEs in the Chinese Market

The previous subsection reviewed and identified how asset specificity and environmental uncertainty affect SMEs' entry mode choices. This section will focus on the examines the level of asset specificity possessed by New Zealand's primary exporters in the Chinese market and its impact on their entry mode selection. Insights are derived from journal articles, government reports, and corporate annual reports of companies operating in the New Zealand primay industry. Since the primay industry export sector represents a crucial part of the trade relationship between New Zealand and China (Tang, 2022), the findings can be considered representative of the NZ-China business community.

Several studies (Burgel & Murray, 2000; Bradley & Gannon, 2000; Brouthers & Nakos, 2004; Maekelburger et al., 2012) report that SMEs can capitalize on globalization and market liberalization to seek and conduct business activities in new overseas markets. China, a rapidly growing market, presents significant opportunities for New Zealand SMEs in primary industries but also introduces additional challenges (Tang, 2022). The literature review reveals that New Zealand SMEs can leverage their home-country assets to gain asset specificity advantages in the

Chinese market (Tang, 2022). Chinese consumers often perceive foreign products as high-quality, high-status goods, benefiting New Zealand's food and beverage products (Tang, 2022). While the advantage of Western products in China is diminishing, it persists in the primary industry category due to the country's inefficient regulatory system, protectionism, corruption, and poor regulation (Zhou & Hui, 2003).

The international marketing literature suggests that the "Made in Country X" label can help firms establish a competitive advantage in overseas markets (Bilkey & Nes, 1982; Fiedler et al, 2022). New Zealand's food regulatory system is widely regarded as reliable, and the country has an excellent reputation for food safety and quality (Bilkey & Nes, 1982; Fiedler et al, 2022). In contrast, China's weak regulatory environment and food safety concerns have led to distrust in local brands (Pei et al. 2011), making Chinese consumers willing to pay more for imported goods (Brown et al., 2002; Pei et al., 2011). The China council (2022) reports that Chinese consumers are increasingly concerned about pollution and food safety issues.

New Zealand companies' commitment to sustainable, small-scale, high-quality food manufacturing is likely to resonate with Chinese customers (Jin & Hurd, 2018). For instance, New Zealand wine production exemplifies the country's reputation as a source of quality food (Jin & Hurd, 2018). This competitive resource can be leveraged by New Zealand SMEs in China. Strict food safety regulations and standards provide a basis for asset specificity and competitive advantage for these SMEs, as compared to local Chinese companies (Brown et al., 2002; Pei et al., 2011). Fiedler et al. (2022) suggest that New Zealand SMEs in the food and beverage industry can maintain their high level of asset specificity in the Chinese market by implementing an independent certification and production process tracking system. Moreover, many New Zealand primary industry SMEs are family-owned and managed, requiring a high level of control over decision-making rights (The China council, 2022). As most of these SME products are high-end niche products, they are more suitable for equity-based entry modes with more control, such as captive and wholly-owned subsidiaries (Cui, 2021). This is because sourcing products in New Zealand, rather than co-producing them locally in the target country, guarantees a unique competitive advantage in the Chinese market (Jin & Hurd, 2018).

In conclusion, this research suggested that SMEs in New Zealand's primary industry have significant asset specificity advantages in the Chinese market, indicating that they may be more suitable for equity-based entry modes with more control in their business. Considering product characteristics and cost control, the direct export model should also be considered. This conclusion aligns with the primary theoretical outcomes of the study.

4.4.2 Environmental Uncertainty Factors in the China Markets for New Zealand SME

When SMEs enter a new foreign market, they must adapt to a market environment with various cultural and regulatory systems (Luna & Gupta, 2001). Moreover, in developing markets, represented by China, the market environment is often characterized as transitional (Luna & Gupta, 2001). As a result, small and medium-sized enterprises (SMEs) face challenges of environmental uncertainty in such complex markets, which have been widely discussed in the literature (Tracey & Phillips, 2011; Mair et al., 2012; Scherer et al., 2013). Due to the lack of internal knowledge related to overseas markets and resources to overcome these challenges in such complex environments, SMEs have a much higher failure rate in internationalizing in developing markets than larger firms (Lee et al., 2012).

When considering the environmental uncertainty factors encountered by New Zealand SMEs in the Chinese market, it is important to note that varied implementation or regulation poses a great challenge to the credibility of New Zealand SMEs' products (Fiedler et al, 2002). Most of the time, New Zealand SMEs attempt to use visible labels or official certificates on their products to prove their high quality and New Zealand origin (Fiedler et al, 2002). However, in the Chinese market, which is notorious for counterfeit products, this strategy is particularly vulnerable (Fiedler et al, 2002). With the weak implementation of IP law, Chinese competitors can easily copy their labels and packaging, then falsely claim that their products are made in New Zealand (Lee et al., 2012).

At the same time, these fake products have a huge competitive advantage in price strategies due to their extremely low production costs (Lee et al., 2012). On the other hand, it is also difficult for Chinese consumers to use the incomplete regulatory system to identify the authenticity of the products (Lee et al., 2012). New Zealand SMEs themselves are not sure who the real competitor in the market is. From this perspective, the level of environmental uncertainty could not be ignored. To overcome such challenges, NZ SMEs usually establish strong connections with customers and networks in the Chinese market by utilizing their unique resources and high-quality products (Lee et al., 2012).

From the perspective of the relationship between the countries, there is undoubtedly a benefit to New Zealand SMEs. Both the Chinese and New Zealand governments are optimistic and open to cooperation in the development of bilateral relations (MFAT, 2022; China Council, 2022). Also, China is now New Zealand's most important trading partner. With the signing of RCEP, the relationship between these two countries is expected to develop even further (MFAT, 2022; China Council, 2022). According to Gravin (2010), the strength of the relationship that exists between China and New Zealand is beneficial to New Zealand SMEs operating in a bigger potential market, and their potential Chinese customers may also have a better impression. More importantly, a strong relationship at the national level will facilitate interaction between New Zealand SMEs and higher-level officials in the Chinese market (MFAT, 2022; China Council, 2022).

Previous research (Gravin, 2010) has demonstrated that New Zealand businesses operating in China have the rare opportunity to interact with the highest level of central government officials to voice their demands, especially for reducing the level of environmental uncertainty they face in their business operations. Chinese local officials tend to favor local companies with which they have a familiar relationship to facilitate the growth of their local economy and meet employment and development objectives (Gravin, 2010). This is because the economic performance of the areas under their responsibility often affects the direction of their future career advancement. However, Gravin (2010) found that when New Zealand and China first signed a free trade agreement in 2008, New Zealand SMEs operating in China started to be noticed and given more opportunities in order to take advantage of the FTA between the two markets.

As a result, there is good reason to believe that the signing of the upgraded FTA and RCEP provides a better opportunity for New Zealand SMEs to leverage the growing bilateral relationship between the two countries to reduce the risks associated with environmental uncertainty. The finding suggested that New Zealand SMEs will certainly encounter challenges due to the environmental instability present in the Chinese market (Lee et al., 2012). Specifically, it is suggested that New Zealand SMEs could adopt an equity entry model that allows for strong control over company decisions as a means to strike a balance with environmental uncertainty. This finding is consistent with the main theoretical findings of the research.

4.4.3 Discussion

In order to provide an insight into the third question in this research, which was

How do New Zealand SMEs adjust their entry strategy approach to the Chinese market under the context of RCEP?

Unfortunately, there is no one definitive answer for this question. Because there is lack of literature review does specifically examine New Zealand SMEs entering the Chinese market under the content of RCEP. However, this study seeks to address this research gaps. Previous studies have identified limited resources, lack of market knowledge, and cultural differences as barriers to successful entry into foreign markets, including China (e.g., Fiedler et al., 2022: Tang, 2022; Luna & Gupta, 2001; Lee et al., 2012; Gravin, 2010). These factors, combined with asset specificity and environmental uncertainty, may influence the entry mode choices of New Zealand SMEs in the Chinese market (e.g., Fiedler et al., 2022: Tang, 2022; Luna & Gupta, 2001; Lee et al., 2012; Gravin, 2010). Our findings suggested that New Zealand SMEs can gain asset specificity advantages by utilizing their unique knowledge, technology, and strict adherence to food safety regulations (e.g., Fiedler et al., 2022: Tang, 2022; Luna & Gupta, 2001). High asset specificity makes these SMEs more suitable for equity-based entry modes, allowing for greater control over their businesses.

Challenges faced by New Zealand SMEs in the Chinese market include environmental uncertainty, complex regulatory environments, and counterfeit products. However, strong bilateral relationships between China and New Zealand offer opportunities for SMEs to overcome these challenges (e.g., Lee et al., 2012; Gravin, 2010). Our findings suggest that adopting an equity entry model and establishing connections with customers and networks in the Chinese market can help balance environmental uncertainty. New Zealand SMEs in the primary industry have a significant asset specificity advantage, making them more suitable for equity-based entry modes with more control in their business.

4.5 Chapter Conclusion

This chapter explores the benefits and competitive advantages that New Zealand small and medium-sized enterprises (SMEs) may obtain in the Chinese market under the framework of the Regional Comprehensive Economic Partnership (RCEP). The main objective is to address three research questions, with Qa and Qb providing clear answers that RCEP can offer advantages to New Zealand SMEs in the Chinese market. However, for Qc, very little was found in the literature. To be specific, this study examined the benefits and competitive advantages that New Zealand SMEs have gained in the Chinese market under the RCEP framework. The research focused on the impact of RCEP on market openness, trade integration, and investment sectors between China and New Zealand, as well as the specific case of Zespri, a New Zealand-based kiwifruit exporter.

The analysis revealed that RCEP has provided significant benefits and competitive advantages for New Zealand SMEs by fostering closer trade and market integration between the two countries (e.g., Fiedler et al., 2022: Tang, 2022; Luna & Gupta, 2001). This has resulted in an increase in China's import demand for unique and high-quality products from New Zealand, while New Zealand imports more cost-effective products from China (Tang, 2022). However, the trade agreement has also widened the external gap between the two countries due to the faster growth of New Zealand's export demand compared to its import demand (Tang, 2022).

In terms of environmental instability, RCEP has offered some institutional support for New Zealand SMEs operating in the Chinese market, such as intellectual property and competition policy regulations (Minghui, 2022; Tang, 2022; Cui, 2022; Jia et al., 2022). However, the study also found that RCEP does not directly address environmental stability concerns, such as insufficient regulations and weak enforcement of intellectual property rights (Zhao et al, 2022). Despite these challenges, New Zealand companies can still leverage RCEP policies to obtain a place on China's "Key Trademark Protection List" and protect their intellectual property and brand (Chineseherald, 2020; CIIE, 2022). The case study on Zespri demonstrated that the company successfully leveraged the RCEP framework to enhance its logistics arrangements and expand its procurement channels within RCEP member countries (Zespri, 2021; Chineseherald, 2020; CIIE, 2022). This helped Zespri to reduce transportation costs, maintain a steady supply of kiwifruit in the Chinese market, and expand its online sales (Chinadaily, 2022; CIIE, 2022). As a result, RCEP has contributed to Zespri's growth strategy and its goal of achieving NZ$4.5 billion in global sales by 2025 (Zespri, 2021; CIIE, 2022).

The study also examined the entry mode choices of New Zealand SMEs in the Chinese market under the RCEP context. While there is no definitive answer due to limited literature, the findings suggest that high asset specificity makes New Zealand SMEs more suitable for equity-based entry modes, allowing for greater control over their businesses (Brown et al., 2002; Pei et al., 2011; Fiedler et al., 2022). In addition, strong bilateral relationships between China and New Zealand can help SMEs overcome challenges such as environmental uncertainty, complex regulatory environments, and counterfeit products (Gravin, 2010).

In conclusion, the RCEP has provided New Zealand SMEs with significant benefits and competitive advantages in the Chinese market, despite some ongoing challenges. The case study of Zespri showcased how the RCEP framework can be leveraged to enhance a company's growth strategy and international competitiveness. Furthermore, adopting equity entry models and establishing connections in the Chinese market can help New Zealand SMEs balance environmental uncertainty and capitalize on their asset specificity advantages.

Chapter 5: Conclusion

The previous chapter discussed the major finding of this study. As the study utilized the case of Zespri and reviewed academic literature to identify asset specificity and environmental uncertainty as important factors in the decision-making process for the entry mode choice of SMEs. The study also provides an in-depth analysis of the actual economic benefits of RCEP on trade activities between New Zealand and China. This provides a factual basis for the study. Overall, this study provides insights into the choice of entry mode of New Zealand SMEs into the Chinese market under the RCEP framework. The purpose of this section is to provide an overview of the study and a summary based on the findings. This section will then highlight the limitations of the study and provide recommendations for future research.

5.1 Overview of Study

The trade relations between China and New Zealand have experienced steady growth since the establishment of friendly diplomatic relations (MFAT, 2022). The RCEP, which was signed in 2020, is expected to further integrate resources between the two countries and promote the development of bilateral trade and economic relations (MFAT, 2022). However, little research has been conducted on New Zealand SMEs' entry mode choice in the Chinese market within the RCEP framework. This study aims to explore the entry mode choice by New Zealand's SMEs in the Chinese market under the context of RCEP, using the TCE theoretical framework. Specifically, the study examines how asset specificity and environmental uncertainty affect the entry mode choice of New Zealand SMEs in the Chinese market. This research is significant as SMEs play an important role in the New Zealand economy, yet little research has been conducted on their internationalization strategies and entry mode choice.

5.2 Summary of Research Contribution

The purpose of this research is to address the knowledge gap regarding New Zealand SMEs' choice of entry mode into the Chinese market in the context of RCEP. The study recognizes that the RCEP has created new opportunities for New Zealand SMEs. Therefore, the main research question is whether the RCEP has led to a change in New Zealand SMEs' choice of entry mode into the Chinese market and how SMEs perceive the changes brought about by the RCEP. This study able to find clear answers for the Qa and Qb, which found that RCEP can offer advantages and benefit to New Zealand SMEs in the Chinese market. However, for Qc, this study did not find clear answer from the current literature.

5.2.1 Benefits of RCEP for NZ SMES Operating in the Chinese Market

The first research question addressed was a) *What are the benefits of doing business in China under the context of RCEP?*

Our findings, including the case of Zespri, demonstrate that the RCEP offers numerous benefits for companies operating in the Chinese market. These advantages include ensuring environmental stability and safeguarding intellectual property rights (Minghui, 2022; Tang, 2022; Cui, 2022; Jia et al., 2022), as well as fostering a conducive business environment through regional economic integration mechanisms (Emily, 2021; Chineseherald, 2020; CIIE, 2022). Moreover, the RCEP enhances brand asset specificity within the Chinese market (CIIE, 2022) and impacts Temporal Specificity and Site Specificity by affecting rules of origin, granting flexibility in logistics arrangements, and broadening the scope of qualifying raw materials (CTILS, 2021). The agreement also addresses pandemic-related supply chain disruptions, ensuring a consistent supply of products to the Chinese market (ProduceReport, 2022). Finally, the RCEP enables successful market entry for companies like Zespri through online platforms, which facilitates the reduction of early internationalization costs and accelerates brand value development (Zhao et al, 2022; Pezderka & Sinkovics, 2011; Jin & Hurd, 2018).

Moreover, the benefits of doing business in China under the context of RCEP include increased trade volume and scope, which stimulates growth and expansion of New Zealand's corporate economy (Tang, 2021). The Chinese market represents a low environmental uncertainty market for New Zealand SMEs, particularly in major primary sectors. The RCEP's strong support for online e-commerce entry modes enables New Zealand SMEs to reduce the negative impact of environmental uncertainty while strengthening their asset differentiation advantage (Ministry of Commerce People's Republic of China, 2022; Jin & Hurd, 2018). Collaboration between New Zealand government agencies and Chinese digital platforms helps New Zealand SMEs build their brand image in the Chinese market, gaining the trust of Chinese consumers and maintaining their unique asset differentiation advantage on digital platforms (Jin & Hurd, 2018; Ministry of Commerce People's Republic of China, 2022).

5.2.2 RCEP's Impact on New Zealand SMEs' Competitiveness in the Chinese Market

The second question in this research was b) *How does RCEP contribute to NZ SMEs' international competitiveness in the Chinese market?*

This study notes that the implementation of the RCEP was anticipated to have a tangible impact on the economic benefits between China and New Zealand. This finding primarily pertains to trade terms. In 2021, the first year of the RCEP, trade between the two countries reached an unprecedented peak, with tariff preferences and trade integration under the RCEP agreement increasing trade volume and scope, and stimulating growth and expansion of New Zealand's corporate economy (Tang, 2021). The Chinese market represents a significant portion of New Zealand's export market, accounting for a third of its export market share and a quarter of its import market share. China has become New Zealand's primary export destination and import source (Tang, 2021). China's persistent and growing trade deficit with New Zealand suggests that there is still substantial potential for China to increase its market share (Tang, 2021). China's import trade demand for New Zealand is focused on high-value products such as live animals, wood products, dairy products, and other related commodities. Importantly, this study found that Chinese consumers demand products of New Zealand origin due to local product quality and safety factors. This provides New Zealand SMEs with a unique competitive advantage in China.

The current study found that the RCEP contributes to NZ SMEs' international competitiveness in the Chinese market by fostering a conducive business environment through regional economic integration mechanisms and providing a comprehensive framework for intellectual property protection and competition policy regulation (Minghui, 2022; Tang, 2022; Cui, 2022; Jia et al., 2022). It enables SMEs like Zespri to navigate the Chinese regulatory and institutional landscape, utilizing the concept of "guanxi" (Zhu, 2009; Luo, 2007; Yang, 2002), and strengthening their brand presence (Emily, 2021; Pujiangmihoutao, 2021; Chineseherald, 2020; CIIE, 2022). The RCEP also enhances Zespri's brand asset specificity and increases its market access, while addressing global pandemic challenges and improving supply chain logistics (ProduceReport, 2022; CTILS, 2021). Furthermore, RCEP supports the adoption of online entry modes for SMEs, which reduces early internationalization costs and accelerates brand value development (Yamin & Sinkovics, 2006; Pezderka & Sinkovics, 2011; Jin & Hurd, 2018). Overall, RCEP's impact on Zespri's business operations demonstrates its value in enhancing NZ SMEs' competitiveness in the Chinese market.

Additionally, our findings suggest that the RCEP contributes to New Zealand SMEs' international competitiveness in the Chinese market in several ways. Firstly, it has increased the trade volume and scope between China and New Zealand, stimulating growth and expansion of New Zealand's corporate economy (Tang, 2021). The RCEP has made the Chinese market a low environmental uncertainty market for New Zealand SMEs, particularly in major goods export sectors such as food and beverages.

Secondly, the RCEP strongly supports online e-commerce entry modes (MOFCOM, 2022). This allows New Zealand SMEs to reduce the negative impact of environmental uncertainty and strengthen their asset differentiation advantage. Digital platforms have been effective in addressing entry barriers for New Zealand SMEs due to resource limitations and lack of market knowledge (Jin & Hurd, 2018). Furthermore, the RCEP has facilitated collaboration between New Zealand government agencies and Chinese digital platforms to help New Zealand SME s build their brand image in the Chinese market (Jin & Hurd, 2018; MOFCOM, 2022). This has helped SMEs gain the trust of Chinese consumers and maintain their unique asset differentiation advantage on digital platforms. This is an important aspect for future research.

In conclusion, the RCEP has played a significant role in enhancing the competitiveness of New Zealand SMEs in the Chinese market by increasing trade, reducing environmental uncertainty, supporting online e-commerce entry modes, and fostering collaboration between government agencies and digital platforms to build brand awareness and trust among Chinese consumers. As a result, New Zealand SMEs can better navigate the complexities of the Chinese market and capitalize on the opportunities provided by the RCEP. Future research can further explore the specific strategies adopted by New Zealand SMEs in leveraging the RCEP to achieve sustained growth and success in the Chinese market.

5.2.3 Adjusting Entry Strategy Approaches for New Zealand SMEs in the Chinese Market

The third question in this research was c) How do New Zealand SMEs (review the case of Zespri) adjust their entry strategy approach to the Chinese market?

Very few studies have investigated the impact of RCEP on New Zealand SMEs entry mode choice in the Chinese market. Therefore, there were no significant results from the previous literature. However, one purpose of this study was to address this specific research gap. Our findings suggested that New Zealand SMEs adjust their entry strategy approach to the Chinese market by considering factors such as asset specificity and environmental uncertainty based on the Transaction Cost Economics (TCE) theory (Zhou & Hui, 2003; Pei et al., 2011). SMEs with high asset specificity, such as those in the primary industry sector, are likely to adopt control-oriented entry modes like equity-based hierarchical modes (e.g., captive and wholly-owned subsidiaries). The recently signed RCEP offers a better opportunity for New Zealand SMEs to capitalize on the growing bilateral relationship between the two countries to mitigate risks associated with environmental uncertainty (MFAT, 2022; The China-ASEAN Business Council, 2021).

In the Chinese market, it is crucial for New Zealand SMEs to build relationships or "guanxi" within the Chinese regulatory and institutional system (Zhu, 2009; Luo, 2007; Gravin, 2010; Fiedler et al., 2022). Studies have shown that the reputation of New Zealand SMEs in the Chinese market is significantly enhanced when the company demonstrates a formal relationship with the New Zealand government, such as through participation in trade missions (MBIE, 2023; NZTE, 2023; Gravin, 2010; Fiedler et al., 2021; Xu & Klein, 2010). Continuing with the entry strategy approach for New Zealand SMEs in the Chinese market, these businesses need to leverage their competitive advantage in high-quality products, underpinned by New Zealand's reliable food regulatory system and globally reputable "100% New Zealand" label (CCPIT, 2020). This helps to differentiate them from local Chinese brands that have faced mistrust due to the weak regulatory environment and food safety issues (Zhou & Hui, 2003; Pei et al., 2011).

New Zealand SMEs should also make use of the strong bilateral ties between China and New Zealand, which facilitate interactions with high-level officials in the Chinese market (MFAT, 2022; The China-ASEAN Business Council, 2021). This can be achieved by participating in trade missions and collaborating with government institutions to showcase their authenticity, reliability, and credibility to Chinese customers and clients (MBIE, 2023; NZTE, 2023; Gravin, 2010; Fiedler et al., 2021; Xu & Klein, 2010).

In conclusion, New Zealand SMEs can adjust their entry strategy approach to the Chinese market by adopting equity-based entry models, leveraging their high asset specificity, utilizing the RCEP agreement to mitigate environmental uncertainty, building strong relationships or "guanxi" with Chinese regulatory and institutional systems, and demonstrating formal connections with the New Zealand government (MBIE, 2023; NZTE, 2023; Gravin, 2010; Fiedler et al., 2021; Xu & Klein, 2010). These strategic adjustments can help New Zealand SMEs to successfully navigate the complexities and challenges of the Chinese market while maintaining a competitive edge over local competitors.

5.3 Research Limitation

This study adopted a primary literature review approach to explore and investigate how New Zealand SMEs consider entry mode choices within the context of the RCEP. The most significant limitation is that, since no primary data was collected, the researcher did not have access to New Zealand SME owners or management with decision-making authority, which would have provided a firsthand understanding of how the RCEP has affected their business activities in China or how they have adapted their internationalization strategies in response to the RCEP. Furthermore, the study focuses on one key trade sector (primary industry) and one case (Zespri kiwifruit). As a result, this study cannot provide knowledge about the relationship between other industries in New Zealand and the RCEP. Lastly, the allowed timeframe for this study presents a limitation. First, the RCEP has been signed and came into effect recently, which means that discussions and academic literature on the RCEP and New Zealand SMEs are limited. Second, this study must be completed before the AUT research deadline.

5.4 Recommendations for Further Research Work

Firstly, future research could explore other industries within the New Zealand-China trade relationship, examining how asset specificity and other factors influence entry mode choices in those sectors. Furthermore, researchers could investigate the long-term performance of New Zealand SMEs in the Chinese market, focusing on the relationship between entry mode selection, asset specificity, and business performance. By understanding these dynamics, New Zealand businesses can make more informed decisions regarding their international expansion strategies and contribute to the overall growth of the NZ-China trade relationship.

It is also recommended that further research be undertaken using primary research methods. By interacting with business owners of New Zealand SMEs, as well as management with decision-making authority, more practical knowledge can be gained from their experiences and insights. Since this knowledge is derived from their practical experiences in the internationalization process, it is reasonable to expect that more detailed and practical findings will be obtained. It would be interesting for future research to compare the experiences of individuals within the same entry mode in the Chinese market. Additionally, it may be worthwhile to conduct further research into electronic commerce and online entry modes within the RCEP framework. Such research could prove to be an effective direction for future studies, especially considering the findings of Jin and Hurd (2018), which confirm that digital platforms significantly address the barriers to entry for New Zealand SMEs due to resource limitations and lack of information and market knowledge resulting from the psychic distance between the Chinese and New Zealand markets. For New Zealand SMEs, the online entry mode was an effective strategy to address resource scarcity constraints and the lack of market knowledge and experience (Jin & Hurd, 2018).

Moreover, this study has focused only on partnerships between two RCEP member countries (New Zealand and China). Further investigation and exploration of partnerships with other RCEP member countries are strongly recommended. Overall, the main objective of this study is to increase knowledge and understanding of the entry mode choices made by New Zealand SMEs when entering the Chinese market, particularly in the context of the RCEP. The hope is that the study's findings will offer fresh insights into how New Zealand SMEs are leveraging the RCEP to expand their international presence in China and help address some of the gaps in the current research on this subject.

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