ISSN 2616-5902 Vol. 7, Issue 8: 126-136, DOI: 10.25236/AJBM.2025.070815

Research on the Impact of the SRDI "Little Giant" Policy on the Financial Performance of Enterprises

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Abstract: *This study focuses on analyzing China's SRDI "Little Giant" enterprises (hereafter referred to as "Little Giants") and their financial performance. Data on asset status, financial operations, and other metrics were selected and collected from enterprises listed in the 2018-2024 "Little Giant" roster. A benchmark regression method was applied to empirically examine the impact of the "Little Giant" policy on the financial performance of SRDI enterprises. The benchmark regression analysis reveals: (1) middle and small-sized enterprises designated as "Little Giants" exhibit positive effects on their asset-based financial metrics, indicating that such recognition significantly enhances their financial performance. (2) By categorizing "Little Giant" enterprises into listed and non-listed groups, heterogeneity analysis reveals that designation significantly boosts financial performance for non-listed firms, whereas no significant impact is observed among listed firms. Overall, the "Little Giant" designation assists certain middle and small-sized enterprises—particularly non-listed entities—in effectively enhancing financial performance, thereby providing robust support for achieving high-quality development.*

Keywords: *SRDI, Little Giant" Enterprises, High-Quality Development, Financial Performance*

1. Introduction

To advance the national call for fostering more new small and medium-sized enterprises and further implement the requirements outlined in the 2018 Notice by the Ministry of Industry and Information Technology and the Ministry of Finance on Cultivating SRDI "Little Giant" Enterprises, it is necessary to strengthen financial support for some outstanding enterprises that have already received various preferential policy support under the SRDI title, and award them "Little Giant" titles at different levels ranging from provincial to national. This aims to help them address development challenges such as financial exclusion. As outstanding representatives among small and medium-sized enterprises, "Little Giant" enterprises, with their four prominent characteristics of "specialization, refinement, characterization, and innovation", play a crucial role in solving core "chokepoint" issues in the industrial chain and enhancing the resilience of the industrial chain. By the end of December 2024, the total number of "Little Giant" enterprises cultivated in China had reached 14,600, and the total number of SRDI small and medium-sized enterprises nationwide had exceeded 140,000, generally showing a sound momentum of "steady growth in quantity". This data fully indicates that the construction of China's gradient cultivation system for high-quality small and medium-sized enterprises has achieved remarkable results.

The group characteristics of "Little Giant" enterprises are remarkably distinct, which can be corely summarized as "small in scale yet professional, and profound in expertise yet powerful". Specifically, first, they feature a high degree of concentration in industry distribution, covering more than 5,000 segmented fields. Second, they are deeply integrated into the industrial chain: these enterprises are deeply embedded in the intermediate links of the global industrial chain. Third, their regional distribution presents the characteristic of "concentration in the eastern regions": they are mainly clustered in provinces with well-developed manufacturing industries, among which the proportion of electronic equipment manufacturing enterprises in segmented fields is particularly prominent.

From the perspective of development effects, "Little Giant" enterprises have become a key link in driving innovation breakthroughs and economic growth. In 2024, industrial "Little Giant" enterprises achieved operating income of nearly 5 trillion yuan, with a year-on-year growth of 3.9%. Although they account for a relatively small proportion of all industrial enterprises, their shares in total profits and

ISSN 2616-5902 Vol. 7, Issue 8: 126-136, DOI: 10.25236/AJBM.2025.070815

operating income are relatively large, highlighting strong development quality and efficiency. In terms of innovation capability, such enterprises have performed particularly well: on average, they invest 7% of their operating income in research and development, and have accumulated 327,400 invention patents in total. Moreover, "Little Giant" enterprises have continued to accelerate their internationalization pace, with their export scale rising steadily; their performance in the capital market is also remarkable, as the number of such enterprises listed on the A-share market has reached 1,011, achieving dual breakthroughs in both the capital market and the international market.

However, "Little Giant" enterprises also face several challenges in their rapid development process: first, the efficiency of upstream-downstream cooperation in the industrial chain and industry-university-research collaborative innovation needs to be improved; second, due to large R&D investment and urgent demand for high-end talents, enterprises encounter particularly prominent difficulties in financing, as well as in the introduction, cultivation, retention and efficient utilization of high-end talents; third, the intensity of intellectual property protection still needs to be further strengthened. In response to these issues, the Ministry of Industry and Information Technology and other relevant departments have clearly defined the direction of policy support: by guiding "Little Giant" enterprises to focus on the development of "specialization, refinement, characteristic orientation and innovation", increasing reasonable investment in the manufacturing sector, promoting the high-quality development of key industrial chains, accurately reducing burdens and empowering enterprises, while systematically exploring the coordinated development path of "large, medium and small enterprises" to break through bottlenecks. This is not only an inevitable choice to promote "Little Giant" enterprises to achieve higher-quality development, but also a key measure to accelerate the construction of a modern industrial system and cultivate new productive forces.

2. Literature review and theoretical Basis

2.1 Literature review

This paper examines the impact of middle and small-sized enterprises being designated as “Little Giants” on their operations. Existing research indicates that the “Little Giant” recognition policy offers numerous advantages and support to enterprises. Liu Wei et al. (2025) [1] employed a difference-in-differences model to demonstrate that this designation policy significantly enhances firms' innovation quality and efficiency. While signaling market confidence, the policy alleviates financing constraints, attracts innovative talent, facilitates digital transformation, and enables greater investment in R&D. Tang Xiaowen, Yao Xincen, and Yu Lanting(2023) [2] identified innovation as the developmental path for middle and small-sized enterprises, though its implementation faces challenges. Through case studies, they distilled four distinct innovation pathways for “Little Giant” enterprises. Wang Heqian and Chen Kaiyang (2023) [3] observed that R&D investment surged significantly in the short term after enterprises received “Little Giant” certification, primarily due to policy effects alleviating financing constraints and incentivizing increased R&D spending. Cao, QL, Wang, Ty, Wen, Sy, Zhou, Ly, and Zhen, WL (2025) [4] argue that while “little giant” enterprises possess strong innovation capabilities, they face high costs. This study designs government venture capital investment behaviors and ultimately explores recommendations suitable for the development of “little giants”. Zhu Huilin's (2025)[5] analysis of China's New Third Board enterprises reveals that the “Little Giant” recognition policy addresses financing challenges through digital finance, lowering funding barriers. This enables “Little Giant” enterprises to access sufficient capital more efficiently and rapidly, significantly enhancing innovation performance. On this basis, it can be understood that the “Little Giant” recognition policy provides a guarantee for the initial innovation capital of enterprises, enabling middle and small-sized enterprises that are inherently capital-constrained and face financing difficulties to obtain the costs required for entrepreneurship, increase their innovation efficiency, and thereby ensure innovation quality. Meanwhile, Ge Baoshan and Zhao Liyi (2023) [6] believe that entrepreneurial orientation also has a positive impact on the performance of “Little Giant” enterprises. In unstable market environments, this ensures SRDI enterprises maintain high profitability, playing a crucial role in their survival and development. Zhou Kexuan et al. (2025) [7] further indicate that the national “Little Giant” enterprise recognition policy enhances middle and small-sized enterprises' risk resilience, optimizes resource allocation, and thereby drives the formation of new productive forces. JIAO Hao and LI Wangrong (2023) [8] employ benchmark regression analysis and PSM-DID tests to conclude that certification significantly increases the number of supply chain partners for “Little Giant” enterprises. As government-recognized high-quality enterprises, “Little Giant” enterprises amplify their influence and enhance commercial credibility. This conveys signals of significant growth potential to other businesses, enabling middle and small-sized

ISSN 2616-5902 Vol. 7, Issue 8: 126-136, DOI: 10.25236/AJBM.2025.070815

enterprises to access more effective information and secure financing support. Therefore, as the number of supply chain partners increases, enterprises gain effective support, expand their market reach, and consequently improve profitability. Han Hongling et al. (2024) [9] conducted further analysis on the number of suppliers and corporate clients. Results indicate that “Little Giant” clients and suppliers significantly enhance the total factor productivity (TFP) of focal enterprises primarily through three pathways: increasing capacity utilization, strengthening commercial credit, and serving as signal transmitters. Wang Bo et al. (2025) [10] similarly examined the impact of the “SRDI” designation policy on the TFP of middle and small-sized enterprises, finding stronger promotional effects for enterprises located in eastern regions.

This article is focus on whether the "little giant" enterprises have gone public. First of all, the development direction of an enterprise is always deeply bound to the background of The Times.

If a company goes public, it often has multiple advantages. This article, by reviewing multiple documents, summarizes the core value of the listing of "little giant" enterprises. Zhang and Yuqian (2025) [11] analyzed the influence of enterprises in the supply chain and found that the certification of "little giant" enterprises has improved the channels for long-term financing, etc. The data also reveals that going public can help enterprises expand production scale, attract high-quality customers, reduce costs of funds, and achieve more stable development. However, "little giant" enterprises still need some policies to assist them in achieving high-quality development. Furthermore, for the listed "little giant" enterprises, Han Hongling, Peng Yao and Liu Qiang (2024) [12] studied and believed that the main problem currently faced is the issue of technology improvement. Many enterprises only focus on the impact on themselves, thereby ignoring the spillover effect of the supply chain. Through the investigation of the TFP of "little giants" enterprises, the explanations for the growth of enterprises' TFP and the evidence of the stable development of the industrial chain and supply chain were discovered. These policies can not only enhance the spillover effects of enterprises but also provide the underlying guarantees. When the "little giant" enterprises themselves introduce policies, the potential "little giant" enterprises will also be affected by the transformation of The Times.

Although going public can bring many benefits to enterprises, it can also have some negative impacts on them after going public. Wang Yuping (2023) [13] believes that starting from "little giant" enterprises, it is of great significance to cultivate innovative small and medium-sized enterprises in key links of the industrial chain, and enterprises need to strive to build "hidden champions" in core technology fields. Through the existing financing support technologies, enterprises have reduced their tax burden. However, some capital controls may reduce the development of enterprises. Additionally, Liu Chen and Cui Peng (2022) [14] explored methods to promote the high-quality development of small and medium-sized enterprises, pointing out that "SRDI" enterprises are mainly private enterprises. Although they have innovations, they still need to enhance quality and R&D efficiency. At present, issues such as financing constraints and talent system constraints need to be addressed. All the above-mentioned literatures hold that a company's listing may lead to its being constrained by short-term performance pressure and a decline in supply chain efficiency, which in turn may interfere with the advancement of the company's long-term innovation strategy.

Based on the above, all existing studies hold that the "Little Giant" enterprise recognition policy can bring innovation and sustainable development advantages to the majority of small and medium-sized enterprises, promote digital transformation, and enhance financing capabilities. However, it did not deeply into the impact of this policy on the financial aspects of enterprises. Moreover, most of the above-mentioned literature only analyzed the influence of "qualification accreditation" or "national policies" on the innovation efficiency, partners, and productivity of small and medium-sized enterprises, with less involvement in financial analysis. It is impossible to determine whether an enterprise can achieve long-term and continuous profitability after being recognized as a "little giant". Based on this, the text research focuses on how the recognition of enterprises as "little giants" affects their financial performance data, and how the division of enterprises into listed and unlisted groups after being recognized as "little giants" has an impact on the performance improvement of the two groups.

2.2 Theoretical Basis

“SRDI” small and medium-sized enterprises play a pivotal role in China's future technological progress and manufacturing upgrading process. Among them, "S" refers to specialization, "R" refers to refinement, "D" represents uniqueness and differentiation, and "I" emphasizes innovation. These four words are highly in line with the action plan of "accelerating the implementation of innovation driven development strategy and promoting high-level technological self-reliance and self-improvement"

ISSN 2616-5902 Vol. 7, Issue 8: 126-136, DOI: 10.25236/AJBM.2025.070815

proposed at the 20th CPC National Congress.

However, the enterprises in China with the title of "SRDI" are mainly small and medium-sized enterprises, which face a major bottleneck in innovative development: they have a large demand for research and development funds, but due to their small scale and volume, their credit rating in the financing process is relatively low. From a theoretical perspective, Leyson and Thrift first proposed the concept of "Financial Exclusion" based on the perspective of financial geography in 1993, clarifying that its core is the "state where some groups in the financial system lack access to financial services". Specifically, socially disadvantaged groups lack sufficient pathways or methods to contact financial institutions and face many difficulties and obstacles when using financial products and services. The core viewpoint of this theory further points out that banks and other financial institutions are more inclined to provide lending services to enterprises with stable income and excellent credit qualifications; As a result, enterprises that are in a relatively disadvantaged position and have lower credit levels in the financial market are often excluded from mainstream financial services, and their opportunities to access financial products and services are greatly reduced.

Most of China's SRDI small and medium-sized enterprises are private enterprises, and their scale is generally small, which puts them in a relatively disadvantaged position in the financial market. Therefore, they are more susceptible to financial exclusion, and external financing difficulties have become a key obstacle to their innovative development. In response to the national call, support for technological innovation enterprises, and promote the implementation of the strategy of building a strong country through science and technology, China has further launched a recognition mechanism for these enterprises to be awarded the title of "Little Giant", and has provided supporting open preferential policies to help enterprises break through the bottleneck of research and development and manufacturing.

From a practical value perspective, the awarding of the title of "Little Giant" can broaden the dissemination path of enterprise brand and industry, enhance the market reputation of enterprises, and help alleviate financing difficulties and break through innovation bottlenecks. It is an important lever to activate the development vitality of small and medium-sized technology innovation enterprises.

Based on this, this article is based on the theory of financial exclusion, combined with the research results of existing scholars, focusing on analyzing whether "whether a company is recognized as a 'Little Giant' " has an impact on the asset financial data of the company, and what role "listing" behavior plays in this impact.

3. Research Questions and Design

3.1 Basic Data of "Little Giant" Enterprises

Regarding the number of “Little Giant” enterprises, after six rounds of national approvals, China has cumulatively cultivated 14,600 such enterprises by 2024, with the nationwide total exceeding 140,000. Future industries—including manufacturing, integrated circuits, artificial intelligence, and low-altitude economy—account for 88% of these enterprises. Among them, 60% support the industrial foundation of national key industries. In terms of revenue, despite accounting for only 3.66% of industrial enterprises in 2024, these firms generated operating revenues of 4.84 trillion yuan, representing 68% of total industrial operating revenues and 9.7% of total profits.

This article analyzes data from the evolution of “Little Giant” enterprise numbers to their regional distribution.

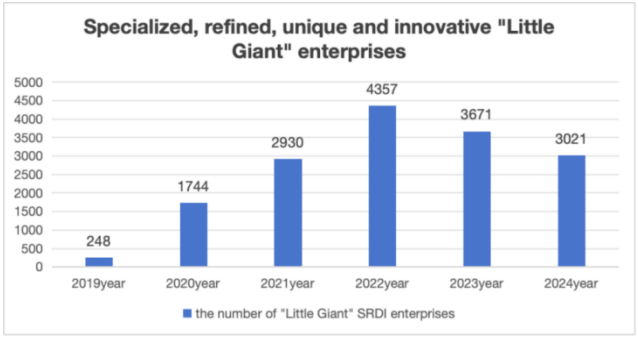

Figure 1 The number of "Little Giant" enterprises from 2019 to 2024

ISSN 2616-5902 Vol. 7, Issue 8: 126-136, DOI: 10.25236/AJBM.2025.070815

Figure 1 shows the changes in the number of "little giant" enterprises over the six years from 2019 to 2024. The change shown in the figure is that it first rises and then falls. At the beginning of 2019, it showed the lowest figure (248 enterprises). It was not until 2022 that the number of "little giant" enterprises rose sharply, reaching the highest value (4,357 enterprises). From 2022 to 2024, the number of "little giant" enterprises has been gradually decreasing. The number may change over time to increase or decrease, the enterprise will be as the era background of industry accounted for the change.

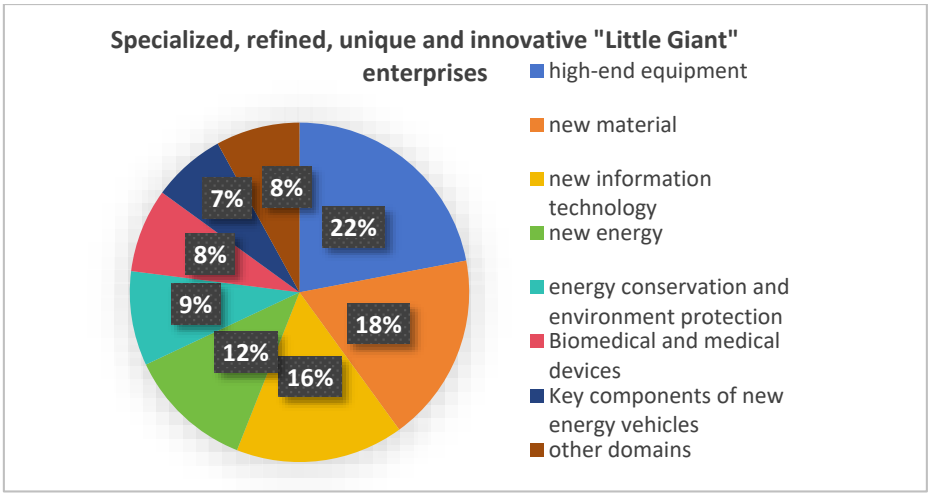

Figure 2 Proportion of SRDI "Little Giant" industries

Figure 2 shows the "little giant" enterprises accounted for in the field of eight. Among them, the largest proportion is high-end equipment, accounting for 22%. The reason why "little giant" enterprises account for the largest proportion in this industry is that it aligns with the country's concept of becoming a "manufacturing power" and meets the huge market demand. The smallest proportion in the figure is Key components of new energy vehicles, which accounts for only 7%. However, the disparity in proportions will manifest not only at the industrial level but also in the distribution of urban areas.

Figure 3 shows the number of different city "little giant" enterprises. This picture shows the gradually decreasing trend of the number from Beijing to Jinan. The number of "little giant" enterprises is the largest in Beijing and the smallest in Jinan. Most of the "little giant" enterprises are located in the eastern region, with a small portion in the northeastern region. There are two main reasons for the uneven distribution. First, market vitality and the private economy. The eastern region has a profound mountain tradition and entrepreneurial culture. In contrast, compared with the northeastern region, it is dominated by large state-owned enterprises, thus squeezing the survival space of private enterprises. Second, industrial structure and talent flow. The eastern region is home to high-end manufacturing and new energy fields. These promising development prospects have attracted many talents. As for the northeastern region, people's industrial transformation is very slow. They are more dependent on heavy industry. The backwardness of the industry has caused them to lose many talents.

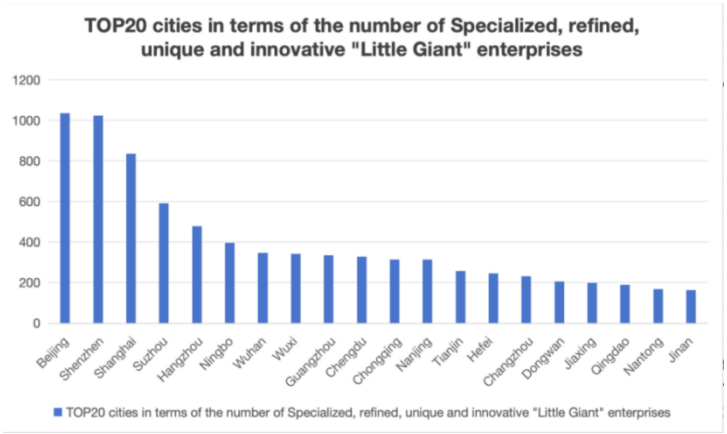

Figure 3 Proportion of SRDI "Little Giant" enterprises by city

ISSN 2616-5902 Vol. 7, Issue 8: 126-136, DOI: 10.25236/AJBM.2025.070815

3.2 Research Question Proposal and Design

This article refers to the theory of financial exclusion and combines existing scholars' research to select "whether the enterprise is recognized as a 'Little Giant'" as the core explanatory variable. The benchmark regression method is applied to explore whether it has a positive and significant impact on the financial performance of the enterprise. A regression model is established and stability tests are conducted. In heterogeneity analysis, Little Giant enterprises are divided into listed and unlisted groups, and group regression is used to verify whether "whether the enterprise is identified as a 'Little giant' " has a positive and significant impact on the financial performance of the enterprise.

4. Empirical Research

4.1 Data Sources and Sample Selection

All of the microdata of enterprises used in this paper are come from CSMAR database; the list of specialized, special and new “Little Giants” enterprises comes from the list of six batches of specialized, special and new “Little Giants” enterprises published on the website of the national government. China's “Little Giants” enterprises have been recognized since 2019, considering the time of policy implementation, data vacancy and the degree of effect before and after the policy, this paper finally selects the basic data and financial data of Little Giants enterprises from 2018 to 2024. In this paper, the sample is processed as follows:

(1) Because the number of enterprises is very small, the data of five industries are excluded: 1) the industry belonging to culture, sports and entertainment, 2) the industry belonging to real estate industry, 3) the industry belonging to residential services, repairs and other services, 4) the industry belonging to health and social work, and 5) the industry belonging to agriculture, forestry, animal husbandry and fishery;

(2) The sample of enterprises with more vacant data is excluded;

(3) The extreme values of the variables are subject to 1% and 99% shrinkage;

(4) The data of some variables are standardized by taking the natural logarithm. After the above data processing, this paper finally obtains 38,516 observation samples.

4.2 Benchmark Regression

According to Hausman's test results, this paper chooses fixed effects for regression analysis. Referring to the study of Wang Dingxiang et al (2025) [15], this paper constructs the following benchmark regression model:

$$FP_{i,t} = \alpha 0 + \alpha 1 SRDIlg_{i,t} + \alpha 2 Control_{i,t} + \mu_i + y_t + industry_i + \xi_{i,t} \quad (1)$$

Among these indicators, *FPi,t* is the financial performance of enterprise *i* in year *t*, *SRDIlgi,t* is whether enterprise *i* is recognized as a “Little Giant” enterprise in year *t*, α is the parameter to be evaluated, *Control* is the control variable, μ is the industry fixed effect, *y* is the time fixed effect, *industryi* is the industry fixed effect, ξ is the random error term in the model.

Table 1 Benchmark Regression

Operating Profit				
P-value (t-value)	(1)	(2)	(3)	(4)
constant	0.305	0.049*	0.028*	0.008**
	(1.027)	(1.967)	(-2.191)	(-2.657)
whether the enterprise is recognized as a	0.000**	0.000**	0.007**	0.006**
“Little Giant” enterprise	(4.096)	(3.999)	(2.718)	(2.752)
the year of establishment			0.033*	0.009**
			(2.138)	(2.609)
registered capital			0.000**	0.000**
			(39.241)	(38.964)
Year_fixed	Yes	Yes	Yes	Yes
Industry_fixed	No	Yes	No	Yes
control	No	No	Yes	Yes
R-squared	0.125	0.131	0.286	0.289

* p<0.05 ** p<0.01

ISSN 2616-5902 Vol. 7, Issue 8: 126-136, DOI: 10.25236/AJBM.2025.070815

Table 1 shows the regression results of whether an enterprise is recognized as a "Little Giant" enterprise on operating profit by adding control variables step by step. Among them, the explanatory variable is operating profit, and the explanatory variables include whether the enterprise is recognized as a "Little Giant" enterprise, the year of establishment, registered capital, etc. In addition, industry fixed effects and time fixed effects are added in the study. In addition, industry fixed effects and time fixed effects are also added in the study.

4.2.1 Analysis of regression results

The performance of constant varies under different models. In model (1), P-value is 0.305 and t-value is 1.027, which indicates that the effect of constant term on operating profit is not significant under the model setup with no fixed effect. Whereas in model (4), P-value is 0.008** and t-value is -2.657 which indicates that the constant term has a significant effect on operating profit under the model setup with double fixed effects. The variable has a P-value of 0.000** and a positive t-value in all four models, which strongly suggests that the identification of firms as "Little Giants" has a positive and highly significant effect on operating profit; in models (3) and (4), the P-value is 0.033* and 0.009** respectively. In models (3) and (4), the P-value is 0.033* and 0.009*, and the t-value is 2.138 and 2.60, respectively, indicating that the year of incorporation has a positive and significant effect on operating profit; in models (3) and (4), the P-value of registered capital is 0.000** and the t-value is 39.241 and 38.964, respectively, indicating that the registered capital has an extremely significant positive effect on operating profit; Year_fixed in the four models has a positive and highly significant effect on operating profit, and is "Yes" in all four models, Industry_fixed is 'Yes' in models (2) and (4), and control is "Yes" in models (3) and (4). The setting of these control variables helps to exclude the interference of time, industry and other factors when analyzing the impact of the main explanatory variables on operating profit, so as to make the regression results more accurate and reliable.

4.2.2 Goodness-of-fit (R - squared) analysis

The R-squared of the four models are 0.125, 0.131, 0.286 and 0.289 respectively. R-squared measures the degree of fit of the regression model to the sample data, and the closer the value is to 1, the better the model fits the data. From the results, models (3) and (4) have relatively high goodness-of-fit, indicating that these two models can explain the changes in operating profit better, while models (1) and (2) have lower goodness-of-fit, which may have some important influencing factors that are not included in the model.

4.2.3 Research results

Combined with the regression data, the study concludes that:

(1) Enterprises recognized as "Little Giants" have a positive and significant impact on the operating profit of enterprises, which can largely enhance the operating profit;

(2) The year of establishment and registered capital also have a positive and significant impact on the operating profit of the enterprise, and all kinds of resources and advantages accumulated in the long-term development of the enterprise, as well as its own financial strength, have a positive impact on the growth of operating profit;

(3) Models (3) and (4) perform better than the other models in explaining the changes in operating profit, and can better explain why operating profit has those changes. However, these models are not perfect enough, and it is possible that there are some other very important factors that have a great impact on operating profit, such as the firm's innovation ability and market share, which were not taken into account when the models were built. Therefore, other key factors need to be further explored and added to the regression models to improve the authority and accuracy of the models.

4.3 Stability and Endogeneity Tests

In order to ensure the reliability of the conclusion that the recognition policy of specialized, special and new "Little Giants" enterprises has an impact on the financial performance of enterprises, this paper replaces the explanatory variables in the benchmark regression from operating profit to income tax to verify the stability. This paper replaces the explanatory variable in the benchmark regression from operating profit to income tax for stability verification. Income tax, as an important derivative indicator of enterprise profitability, is directly linked to the actual operating profit of the enterprise on the one hand, and on the other hand, the exclusive tax incentives for "Little Giant" enterprises will directly affect the amount of income tax payment, which can indirectly reflect the policy through this indicator. The

ISSN 2616-5902 Vol. 7, Issue 8: 126-136, DOI: 10.25236/AJBM.2025.070815

regression results are shown in Table 2.

Table 2 Stability and Endogeneity Tests

P-value	(1)	(2)	(3)	(4)	(5)	(6)
constant	0.116	0.009**	0.010*	0.024*	0.017*	0.009**
	(1.570)	(2.613)	(2.570)	(2.256)	(2.378)	(-2.623)
whether the enterprise is recognized as a "Little Giant" enterprise	0.000**	0.000**	0.007**	0.010**		
	(3.760)	(3.604)	(2.698)	(2.590)		
Lag1_whether the enterprise is recognized as a "Little Giant" enterprise					0.000**	0.001**
					(5.343)	(3.298)
the year of establishment			0.009**	0.022*		0.010**
			(-2.613)	(-2.290)		(2.577)
registered capital			0.000**	0.000**		0.000**
			(34.501)	(34.114)		(38.805)
Year_fixed	Yes	Yes	Yes	Yes	Yes	Yes
Industry_fixed	No	Yes	No	Yes	Yes	Yes
control	No	No	Yes	Yes	No	Yes
R-squared	0.096	0.102	0.190	0.193	0.133	0.289

* p<0.05 ** p<0.01

With the gradual addition of industry fixed effects (Industry_fixed) and control variables (year of establishment, registered capital) in Table 2, the coefficient of the core explanatory variable "whether the enterprise is recognized as a 'Little Giant'" is significantly positive in all columns. The 1% or 5% significance level test indicates that the positive impact of the recognition policy on EIT is stable regardless of controlling for industry characteristics and firm base attributes. The inclusion of the control variables of establishment year and registered capital has no effect on the coefficient of "whether the enterprise is recognized as a 'Little Giant'". The coefficients on "whether the enterprise is recognized as a 'Little Giant'" are still significant and whether to be a 'Little Giant' enterprise still has a positive impact on the income tax of the enterprise.

Similarly, in the endogeneity test of (3)(4) in Table 2, VIF is less than 5, which means there is no covariance problem, and tolerance is greater than 0.2, which means there is no covariance problem. Meanwhile, the explanatory variable "whether to become a 'Little Giant' enterprise" in (3)(4) is replaced with the lagged first-order "whether to become a 'Little Giant' enterprises". The final p-value stabilizes to show a significant effect and also maintains a positive impact on the income tax of the firms.

4.4 Heterogeneity Test

Table 3 Heterogeneity Test

Financial Performance			
P-value	whole entity	Unlisted Group	IPO Group
constant	0.893	1.000	0.891
	(0.134)	(0.000)	(0.137)
whether the enterprise is recognized as a "Little Giant" enterprise	0.000**	0.015**	0.061
	(4.096)	(2.436)	(1.877)
Year_fixed	Yes	Yes	Yes
R-squared	0.125	-2.357	0.115

* p<0.05 ** p<0.01

The P-value of the core explanatory variable "whether the enterprise is recognized as a 'Little Giant' enterprise" in Table 3 is 0.000 (t-value = 4.096), which is significantly positive at the 1% level, and the R-squared is 0.125, suggesting that in the whole entity, the The R-squared is 0.125, indicating that in the whole entity, the policy of recognizing "Little Giants" can significantly improve the financial performance of enterprises, which is consistent with the conclusion of the benchmark regression in the previous section.

The p-value of "whether the enterprise is recognized as a 'Little Giant' enterprise" in the unlisted group is 0.015 (t-value = 2.436), which is significantly positive at the 5% level and meets the 1% or 5% significance criterion (* p<0.05). This result suggests that the promotion of financial performance by the "Little Giant" recognition policy is statistically significant for unlisted enterprises.

In the IPO group, the p-value of "whether to become a 'Little Giant' enterprise" is 0.061 (t-value = 1.877), which fails the 5% significance level test (* p<0.05), indicating that the impact of the "Little Giant" identification policy on the financial performance of IPO enterprises is not significant. The data show that the policy effect is marginally weaker and less significant in the IPO group, while the policy effect is significant and more intense in the unlisted group.

ISSN 2616-5902 Vol. 7, Issue 8: 126-136, DOI: 10.25236/AJBM.2025.070815

Based on the results in Table 3, it is hypothesized that there is a difference in the impact of the listing status of firms and whether they are recognized as “Little Giants” on financial performance. Non-listed firms being recognized as “Little Giants” significantly improves financial performance, while the effect is not significant for listed firms. This may imply that listed firms have more complex operational and market environments, and the advantages of being recognized as “Little Giants” may be diluted by other factors, or that listed firms already have better mechanisms for improving financial performance, and the marginal effect of being recognized as “Little Giants” is limited. The marginal effect of “Little Giant” recognition is limited. On the other hand, non-listed enterprises may rely more on the policy support and branding effect brought by the designation of “Little Giants” to improve their financial performance.

4.5 Summary of the empirical study

Based on the results of the benchmark regression and heterogeneity analysis, it is concluded that, firstly, the recognition of enterprises as “Little Giants” has a significant positive impact on the financial performance of enterprises' assets (e.g., operating profit, income tax, etc.). Second, the listing status of an enterprise affects the effect of being recognized as a “Little Giant” on its financial performance, and the policy of being recognized as a “Little Giant” significantly and positively affects the financial performance of an enterprise in the group of unlisted “Little Giant” enterprises. In the unlisted “Little Giants” group, the policy of being recognized as a “Little Giant” will significantly and positively affect their financial performance, while no significance is found in the listed group.

Therefore, for non-listed enterprises, they should actively seek to be recognized as “Little Giants” enterprises, which can effectively improve their financial performance. Relevant policy support can be fully utilized to strengthen brand building and improve market competitiveness.

For listed companies, they should not rely solely on the “Little Giant” designation to improve their financial performance, but should analyze their own operations and the market environment in depth and explore other ways to improve their financial performance, such as optimizing their product structure and expanding their market channels.

When formulating support policies for “Little Giant” enterprises, policymakers can give due consideration to the listing status of the enterprises and provide more targeted support to non-listed “Little Giant” enterprises in order to better utilize the effects of the policies.

5. Research Suggestions

Based on the empirical research results of this article and the existing problems of "Little Giant" enterprises, the following two suggestions are proposed to assist their development and strategic layout:

(1) In the selection and recognition of "Little Giant" enterprises, it is suggested to further optimize the industrial layout to adapt to future industrial development strategies, and more attention should be paid to "non listed" "Little Giant" enterprises

The recognition of the title of "Little Giant" has a strong promoting effect on the development and innovation activity of enterprises, but the limited national funds cannot fully cover all SRDI industries. Therefore, for the identification of "Little Giant", it should be more refined and focused, combined with future industry strategies and types (future manufacturing, future information, future materials, future energy, future space, future health), and its listing situation should be investigated to optimize the industry layout of "Little Giant" enterprises and deploy the segmented industries of "Little Giant" enterprises. On this basis, enterprise selection and funding will be carried out to identify unlisted companies that meet the future technological layout and have strong development potential, but are currently delayed due to funding bottlenecks and other issues. Targeted assistance will be provided to help them combat external financing problems caused by financial exclusion, improve their financial market position, enhance their credit rating, and pay more attention to unlisted companies.

(2) It is suggested to further optimize and improve the selection and review mechanism for "Little Giant" enterprises by integrating corporate financial performance data, and to tilt policies precisely toward small and medium-sized enterprises (SMEs) that are in greater need of support.

In the process of the state vigorously fostering "Little Giant" enterprises and promoting the high-quality development of SMEs, it is recommended that the state establish a more refined selection and review mechanism for "Little Giant" enterprises. This measure can not only save state financial funds but also optimize resource allocation with the goal of maximizing efficiency. Specifically, efforts can be

ISSN 2616-5902 Vol. 7, Issue 8: 126-136, DOI: 10.25236/AJBM.2025.070815

made in three aspects:

First, formulate an "exit-on-meeting-standards" rule. When a "Little Giant" enterprise has reached a certain scale and developed the ability for independent development and improvement (e.g., indicators such as operating income and independent R&D capability prove that it has the capacity for independent development and expansion), it is advised to withdraw from the "Little Giant" enterprise cultivation program, no longer enjoy support funds, and at the same time be encouraged to play a "feedback role"—assisting newly recognized "Little Giant" enterprises in overcoming financial and technological difficulties through means such as technology sharing and industrial chain collaboration.

Second, clarify the standards for "delisting-for-failing-to-meet-standards". If a "Little Giant" enterprise fails to meet the review requirements (e.g., no significant breakthroughs in technological innovation, no improvement in market competitiveness), it is recommended to revoke its "Little Giant" title.

Third, suggest that policies should focus on supporting unlisted "Little Giant" enterprises. For listed "Little Giant" enterprises, their financial performance growth should be taken into account when deciding whether to continue their "Little Giant" recognition.

Through the above measures, the released policy resources can be precisely tilted toward SMEs in greater need of support. While helping SMEs develop, this will effectively improve the efficiency of government fund utilization and maximize the effectiveness of policy support.

6. Conclusion

Through the benchmark regression analysis and heterogeneity analysis, there is a significant positive impact on the financial performance of enterprises recognized as “Little Giant”. Among them, unlisted enterprises recognized as “Little Giant” have a significant positive effect on their financial performance, while listed enterprises recognized as “Little Giant” do not have a significant effect on their financial performance. Therefore, policymakers should vigorously support unlisted enterprises so that they can realize high-quality development.

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