



Final Research Report on Manufacturing SMEs in Global Value Chains

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1. Executive summary

Overview

This report provides a review of how SMEs in the manufacturing sector are positioned within Global Value Chains (GVCs), and how social dialogue – particularly through **sectoral-level collective bargaining** – can support their inclusion while ensuring decent working conditions. It is part of the *ValueFacturing SMEs* project, co-funded by the European Commission, which seeks to promote fairer, more resilient global supply chains by strengthening the role of SMEs and social partners.

The research combines desk analysis with targeted fieldwork. Desk research explored academic and policy literature to identify the challenges SMEs face in entering or upgrading within GVCs. This included the effects of digitalisation, access to finance, human capital, and organisational models. To complement this, 18 semi-structured interviews were conducted with **relevant stakeholders** - employers' representatives, trade unionists, consultants, and representatives from business networks and labour institutions. These findings were discussed and refined through four national and European-level hybrid workshops (Italy, Albania, Hungary, and Brussels).

What emerges is a complex picture: SMEs are key to Europe's industrial fabric, yet their access to GVCs is often marginal, unstable, or dependent on cost-cutting strategies. Their small scale, resource constraints, and limited bargaining power place them at risk of being locked into low-value-added activities – while also exposing workers to unstable or unsafe working conditions.

At the same time, the report makes clear that this trajectory is not inevitable. Through strategic use of collective bargaining -especially at sectoral and territorial levels- combined with investments in innovation, skills, and inclusive governance, SMEs can not only enter GVCs but thrive within them. Social dialogue becomes not only a tool for worker protection, but also a **lever for competitiveness and quality employment**.

Insights from the Report

Understanding GVCs in Manufacturing

The shift towards GVCs has fragmented production across borders, with leading firms engaging in operations globally. SMEs, particularly in manufacturing, have often been pulled into these chains as cost-efficient suppliers or sub-contractors – especially in the textile or automotive sector. While GVC participation enables innovation and market access, it also increases vulnerability to price pressure, job insecurity, and deteriorating labour standards.

SMEs' role in GVCs can vary: some operate within **producer-driven chains** (where quality and innovation are key), others in **buyer-driven chains**, often characterised by low wages and high flexibility. Without appropriate support and governance, SMEs can risk contributing to a race to the bottom in working conditions – rather than benefiting from knowledge-sharing and sustainable upgrading.

Barriers and Opportunities for SMEs

SMEs face numerous structural obstacles to effective GVC participation, among others:

- Lack of awareness and international outlook, particularly in microenterprises
- Difficulty in accessing finance for innovation or digital transformation
- Shortage of skilled personnel, especially in logistics, data, languages, and trade regulation
- Asymmetric relationships with lead firms, which impose standards without negotiation

Stakeholders frequently noted that SMEs often do not perceive themselves as being part of global production networks – and may underestimate their potential contribution. Cultural and organisational inertia adds to the challenge.

Nevertheless, the report also highlights a number of **enablers**: SMEs' flexibility, proximity to clients, and capacity to innovate can offer a competitive edge. Crucially, **training, industrial policy, and collaborative governance** were identified as key areas for targeted support. Interviewees emphasised the role of EU projects, shared digital infrastructure, and business clusters in creating new entry points into GVCs.

Why Social Dialogue and Sectoral Bargaining Matter

A central theme in the report is the need to **govern GVCs**, not simply adapt to them. Voluntary corporate initiatives (such as codes of conduct) have proven limited in securing labour standards throughout global chains. In contrast, **collective bargaining – especially when developed at sectoral or territorial level – provides binding commitments** that protect workers and enhance predictability for businesses.

Sectoral bargaining, in particular, allows SMEs – often too small to negotiate individually – to benefit from shared frameworks on wages, training, working time, and safety. This is especially important in contexts where SMEs lack dedicated HR departments or union representation. Interviewees from both labour and employer organisations stressed that a well-designed sectoral agreement can act as a **public good**, providing certainty, raising the floor of protection, and supporting fair competition.

Moreover, social dialogue offers a structured platform for anticipating transformation – whether related to digitalisation, green transition, or reshoring strategies. It helps to align innovation with social sustainability, ensuring that business growth does not come at the expense of decent work.

National Perspectives

- Italy:** A consolidated industrial relations system ensures nearly full coverage of SMEs through national sectoral agreements, offsetting the relative weakness of firm-level bargaining. Territorial pacts and district-level coordination support integrated supply chains, especially in traditional manufacturing hubs. SMEs in Italy engage in both producer-driven and buyer-driven GVCs, depending on the sector. Crucially, the report highlights that **strategic training initiatives – targeted at both workers’ representatives and SME entrepreneurs – are increasingly seen as essential to navigate GVC dynamics**. These programmes often focus on topics such as innovation, digitalisation, internationalisation, and industrial relations. **Employers’ associations and sectoral trade unions play a key role** in designing and delivering this training, particularly through bilateral bodies and publicly co-funded schemes. This approach reflects a broader understanding that competitiveness and social sustainability must advance together, with social partners acting not only as negotiators, but as co-producers of knowledge and capabilities.
- Albania:** Despite the dominant presence of SMEs in the national economy, their integration into GVCs remains limited. Constraining factors include low export capacity, weak sectoral bargaining, and an underdeveloped culture of industrial relations. **Trade unions and employers’ organisations often lack the resources and expertise to engage in strategic social dialogue**, and workplace representation is rare, especially in smaller firms. However, several **external actors** are beginning to play a facilitative role. **Chambers of commerce and EU-supported initiatives** provide information services, business matching, and training related to internationalisation and labour standards – although their outreach is still limited. The government has made recent efforts to align skills policy and Occupational Health and Safety (OHS) with EU standards, but **higher institutional coordination and capacity-building for all social actors** is needed to make these reforms effective and inclusive.
- Hungary:** Hungarian SMEs are heavily involved in GVCs – particularly in the automotive, battery, and electronics sectors – but tend to remain confined to low-value-added, labour-intensive segments. The industrial relations landscape has undergone significant erosion in recent years, with

union density and bargaining coverage declining sharply. As a result, **sectoral dialogue is weak, and individual SMEs often lack the tools to influence their position in the value chain or improve labour conditions**. The report notes that **chambers of commerce, regional development agencies, and employers' organisations could play a more strategic role**, especially in supporting digital transformation and access to external markets. Nevertheless, their potential remains underutilised. A more **collaborative system**, where public institutions, business networks, training providers, and social partners work together, is necessary to foster innovation and ensure that SMEs – and their workers – benefit more fully from GVC participation.

What Should be Done

- **Strengthening sectoral and territorial collective bargaining**, especially in manufacturing, to ensure SMEs are included in GVC governance and can benefit from shared labour protections and training frameworks.
- **Supporting SME upskilling and innovation** through targeted public investment, with emphasis on digital technologies, ESG compliance, and new organisational models.
- **Promoting inclusive social dialogue** across all levels – from company to EU – to align industrial transformation with employment quality and sustainability.
- **Empowering social partners** with better data, resources, and transnational coordination tools to monitor supply chains and advocate for fair labour standards.
- **Facilitating access to finance and digital infrastructure** to enable SMEs to meet the requirements of lead firms while maintaining decent working conditions.

To Sum Up

The ValueFacturing SMEs project identifies a critical challenge: how to reconcile the global competitiveness of manufacturing SMEs with the need to ensure fair and sustainable work. This report shows that **social dialogue, particularly at sectoral level, is not only relevant; it is essential** to shaping GVCs that work for people as well as for profits.

Rather than relying solely on market mechanisms or unilateral codes of conduct, the engagement of workers' and employers' representatives offers a democratic and practical pathway to navigate complexity. Sectoral agreements, joint training plans, and coordinated policy initiatives can help SMEs move from marginal roles to strategic positions in global chains – while upholding the dignity of labour.

The next step of the project is the development of the **“ValueFacturing Decalogue for SMEs”**: a set of actionable, replicable guidelines designed to help social partners and institutions support SME inclusion in GVCs. The goal is clear: **promoting competitive SMEs, quality jobs, and resilient value chains.**

2. Methodology

For the purposes of this report, the authors carried out desk and field research activities.

As for desk research, the authors performed a brief analysis of academic and grey literature aimed at identifying and describing the impact of digitalisation in SMEs participation in GVCs; analysing the impact of international trade activities on sustainability of working conditions in SMEs; identifying factors that might hinder and/or favour SME participation in GVCs; exploring the positioning of Italian, Hungarian and Albanian SMEs of the manufacturing and advanced manufacturing sector in GVCs; exploring the role of social dialogue and collective bargaining regarding the involvement of SMEs in GVCs. These activities have been complemented with an analysis of social dialogue best practices aimed at promoting participation of SMEs in GVCs.

In order to gain a deeper level of understanding of the information acquired through the desk research, the authors carried out specific field research activities. Namely, 18 stakeholders with expertise on the project topics (employers’ representatives at European and national level; trade union representatives at global, national and regional level; representatives from national chambers of commerce; members of regional public institutions; independent consultants) were involved in a round of semi-structured interviews, carried out between December 2023 and March 2024.

The interview questions were divided into three sections, with the main aim of understanding the respondents’ perspectives on the role of social dialogue in facilitating the access of manufacturing SMEs in Global Value Chains while safeguarding workers’ employment conditions. The interview also allowed for an in-depth discussion on which kinds of organisational models and skills are needed to enable business participation in global value chains and the role of social partners in facilitating this transition¹.

¹ The interview respondents are identified as follows: R1 (Italian representative of small and medium manufacturing entrepreneurs), R2 (Italian trade unionist active at regional level), R3 (Italian trade unionist active at municipal level), R4 (Member of the Tirana Chamber of Commerce), R5 (Representative of small and medium digital entrepreneurs at the European level), R6 (Member of the Tirana Chamber of Commerce), R7 (Representative of small and medium digital entrepreneurs at the European level), R8 (Independent consultant of the Budapest

The desk and field research results have subsequently been discussed during National hybrid workshops organised in Italy, Albania, Hungary and Brussels between June 2023 and May 2025. The first three workshops were directed at company-level stakeholders (SMEs owners; company-level workers' representatives), together with employers' associations and trade union representatives respectively active in Italy, Albania and Hungary. The Brussels workshop target audience was instead mainly composed of European-level cross-sectoral social partners, labour market stakeholders and experts in the field of skills, industrial relations and social dialogue².

These activities allowed the authors of the present report to gather a comprehensive view of how the topic of Global Value Chains is perceived among social partners and SMEs owners at national and European level.

Building on the insights from the present report, a “*ValueFacturing Decalogue for SMEs*” was drafted, including procedures and guidelines for social dialogue (potentially replicable in contexts different from those of Italy and other target countries) to support quality labour markets and competitiveness of manufacturing SMEs in the context of GVCs.

3. Introduction to the concept of Global Value Chains in the manufacturing sector

The development of a globalised economy – together with the transformations of production related to technological innovation and the knowledge economy – is producing the restructuring of industrial geography (Raymond et al., 2014). In this context, since the 1990s – the concurrent fragmentation and internationalisation of firms - aimed at competing in the increasingly global market – has given rise to global value chains, also referred to as ‘global production networks’ or ‘global supply chains’. The characteristic of global value chains is that they are made up of links that “consist of a varied system of operations, transactions and relationships established between enterprises located in different parts of the world, with the aim of producing a good through the transformation of raw material

Chamber of Commerce), R9 (Italian trade unionist active at sectoral level), R10 (Italian representative of digital small and medium entrepreneurs, R11 (Italian representative of small and medium manufacturing entrepreneurs), R12 R11 (Italian representative of small and medium manufacturing entrepreneurs), R13 (Hungarian trade unionist active at sectoral level), R14 (European-level trade unionist), R15 (Albanian trade unionist active at sectoral level), R16 (Member of the Budapest Chamber of Commerce), R17 (Hungarian trade unionist active at sectoral level), R18 (Member of an Italian regional public institution).

² Visit the official ValueFacturing SMEs website to view the programme of events: <https://www.digitalsme.eu/projects/valuefacturing-smes/>.

into intermediate inputs, modules, semi-finished products and, ultimately, finished products ready for the global market” (Brino, 2019, own translation).

Global value chains are a significant phenomenon: according to the *2020 World Development Report*, about half of global trade takes place within global value chains (World Bank, 2020), and some see an unstoppable decline of the “vertically integrated firm” (Kano et al., 2020). Typically, the chain features a lead firm – based in a wealthier country – which coordinates the other firms as well as performs the non-routine activities that require creativity and high skills (e.g., to analyse data), while firms based in developing countries specialise in labour-intensive tasks characterised by repetitiveness (Lewandowski et al., 2023). Despite its positive sides in terms of opportunities for innovation and development, the risk that global value chains may generate violations of decent work principles, especially in the marginal and peripheral hubs on which competitive pressure is unloaded, appears to be concrete (ILO, 2016). This is a risk voiced by all major international bodies, and the Resolution passed at the 105th session of the ILO International Labour Conference expressly recognised “failures at all levels within global supply chains” (ILO Resolution concerning decent work in global supply chains, 2016).

These preliminary considerations are true in the context of the manufacturing sectors, in which companies, in order to cope with an increasing level of competition in their local, regional or national markets and the shortening of the life cycle of products and services, feel the need to reduce production costs and, at the same time, to seek new markets to which they can export their products or services. It is the possibility of exporting their products in connection with a global market that has been an opportunity for many companies in the manufacturing sector, especially SMEs, not to be ousted from an economy increasingly marked by innovative and knowledge-centred production processes (Raymond et al., 2014). This explains the reasons why manufacturing firms are among the most likely to operate in global value chains, both as producers and buyers of goods and services (Li et al., 2019). On this point, it should also be pointed out that a distinction must be made between global value chains in which the producer dominates (producer-driven GVC), and others in which the production process is dominated by the buyer (buyer-driven GVC): the first, typically capital intensive, are developed in technologically advanced sectors, such as the automotive and new technology sectors, in which the leading firm produces some key components and proceeds to assemble the finished product, delegating the packaging of other semi-finished products to further links in the chain; the second, characterised by the prevalence in the production process of the labour factor, are typical of the market for textiles, toys and household products in which the leading firm is the owner of a famous brand or a large distributor who, in order to

cut costs, concentrates production in countries with particularly low labour standards (Boscati, Sartori, 2023).

For these reasons, in an increasingly globalised market, there exist evident opportunities and risks that manufacturing firms can see in global supply chains and in entering the global market in countries where labour costs are lower. On the one hand, opening up to the global market makes it possible for firms to envision opportunities for growth and innovation (in both products and processes) related to exporting their products and services (Golovko, Valentini, 2011). On the other hand, there is a real risk that the use of global value chains takes place solely from the perspective of reducing production costs and, specifically, labour costs (Lewandowski et al., 2023), with the consequence that, while global value chains can contribute to job creation in developing countries, even allowing them to specialise in certain segments of production by virtue of specific competitive advantages (Kuzmisin, Kuzmisinova, 2016), they can also contribute to the growth of violations of fundamental workers' rights (Micheli, 2023).

As for the first issue, it should be highlighted that manufacturing firms, through participation in global value chains, have demonstrated the ability – due to the possibility of exploiting local skills combined with new production processes placed in connection with the development of a network organisation on an international scale – to create new knowledge useful for fostering innovation (Bettiol et al., 2022). From this point of view, the interaction between local production skills and innovative practices can enable all enterprises embedded in global value chains to implement new knowledge, which is also useful in order to assume a more relevant position within the same global value chain. It has been observed that SMEs that invest in innovative practices aimed at containing costs and maintaining high standards of price and quality (including through the implementation of circular economy models; Suchek et al., 2023) enjoy a natural advantage in the context of GVCs, being able to carve out relevant spaces because they are difficult to replace (Juergensen et al., 2020). In addition, the introduction of new and more advanced production technologies through investments made by companies in northern countries often result in higher wages for skilled workers. There, there are positive effects on manufacturing firms from inclusion in global value chains (Belussi et al., 2018).

As for the second aspect, it is not possible to deny that, through global value chains, the risk appears tangible that companies implement strategies focused on shifting from hierarchical organisations to business networks based on the outsourcing of all non-core business activities, the separation of intellectual labour from manual labour, and the use of labour subcontracting with the main purpose of reducing labour costs and workers' collective rights (Anner et al., 2021). These risks are evident in some productions specific to the manufacturing sector, such as those related to textiles, with significant levels of outsourcing of

labour-intensive and low-specialisation production segments to countries where labour costs are lower (Borsato, Volpe, 2022). Thus, there is a risk that the use of global value chains does not allow any innovation in the most marginal countries, but, on the contrary, leads to frequent labour law violations. In fact, in order to respond to a volume of orders of varying sizes in the shortest possible time, it has been observed that suppliers massively resort to temporary labour schemes, overtime, informal labour and subcontracting, even in violation of the most basic rules of worker protection, especially health and safety (Anner, 2020). It is significant in OHS some of the main risks associated with global value chains have also been identified by international organisations (EU-OSHA, 2024).

It is essential to understand how global value chains can represent an opportunity for development and innovation for businesses, in particular for SMEs, which due to structural limitations (see §2) are often forced to the margins of chains, without diminishing standards of protection for workers. From this point of view, the approach to be adopted is aimed at demonstrating that social dialogue and collective bargaining can help (see §3) govern global value chains by ensuring respect for the dignity of the working person. Through the engagement of the social partners, joint governance can be developed that makes it possible to implement growth processes for SMEs placed at various levels of global value chains by focusing on innovation and quality of work.

4. Exploration of factors that can foster/hinder SMEs participation in Global Value Chains

As stated, the participation of SMEs in global value chains is not always easy due to certain characteristics of this type of enterprise and intrinsically related to firm size. SMEs, despite representing the majority of global enterprises – to the extent that according to the World Bank “SMEs (...) represent about 90 % of businesses and more than 50 % of employment worldwide” (World Bank, 2021) – and despite being defined as “the backbone of the European economy” (European Commission, 2022) – have not fully developed a suitable toolkit to enable them to participate in the global market (WTO, 2019). According to international institutions, this circumstance is due to SMEs’ lack of understanding of global value chains, coupled with difficulties in identifying their competitive strengths, managing their intellectual assets, and developing certain professional skills and competencies needed to compete in the global marketplace (De Backer, Pilat, 2008).

In addition, several interviewees involved in the field research phase highlight a “cultural” factor regarding the involvement of SMEs in GVCs, related to a lack of

proactive approach to internationalisation among entrepreneurs (R2)³. This is deemed to be partially linked to *“mistrust towards competitors – but also towards the competitiveness of their own company”* (R3), but the lack of awareness among small and medium entrepreneurs concerning the potential benefits of the participation in GVCs is also considered a crucial factor. In the words of a European-level respondent, *“many SMEs may not realise how much they stand to gain by showcasing their ability to engage in global exchanges, because they are accustomed to local markets”*. (R5)

For this reason, respondents from the employers’ side highlight the need to provide *“seminars, training programmes, and webinars to educate SMEs about the importance of participating to GVCs”* (R7) and argue for the creation of a European level *“industrial level training plan, involving businesses and workers”* (R1). European co-funded projects are also viewed as an effective tool to promote the internationalisation of SMEs, facilitating their contacts with different realities and the creation of partnerships (R1).

According to an Italian trade unionist, the culture of internationalisation related to global labour chains can be promoted through the introduction of a *“participative organisational and decisional model, to be promoted in all parts of the supply chain – regardless of the dimension of the company”* (R2).

In its communication COM(2020) 103/final, it is the EC itself that stressed the need to include SMEs in value chains, while highlighting the risk for them to be subject to unfair trade practices, due to the asymmetries of power that characterise the contractual relations between them and large corporate clients. It is often this imbalance of power that risks hindering the economic and social sustainability (especially with regard to working conditions) of SMEs, jeopardising their participation in the global market. This imbalance of power can also be exacerbated by the fact that SMEs (especially in manufacturing) in global value chains are often entrusted with segments of production with low value added and, therefore, connoted by high levels of replaceability, placing them in a highly subordinate position to the commissioning firms (Suchek et al., 2023).

This viewpoint is shared by several respondents, who highlight how *“SMEs are often the third or fourth tier suppliers in the global value chain, and they face a lot of pressure from the upper tiers in terms of quality, standards and price”* (R14). Moreover, it has been underlined how *“large and multinational companies hold an advantageous position in GVCs, which is particularly evident in OECD countries where these entities lead global value chains. Their capacity to thrive in economies of scale and drive innovation is undeniable.”* (R5).

³ R codes throughout the text refer to the anonymised classification of interview respondents. Interviews were conducted in Italian and English; the translations of the Italian excerpts are provided by the authors.

However, a respondent highlighted how there are also specific enabling factors that may favour SMEs in GVCs, such as “*organisational flexibility and the ability to quickly adapt to the rapidly changing market needs*” (R18).

This peculiar difficulty that SMEs face in the global market is compounded by the problems posed by recent and contemporary major labour changes. SMEs are struggling against the digital transition, the governance of which is essential to participate in GVCs (Stefanelli, 2021) especially in the manufacturing sector, contributing to the development of Transition 4.0 (Suchek et al., 2023). This aspect has been repeatedly emphasised to highlight that the “digitalisation of SMEs is crucial in building inclusive and resilient economies and societies. Ensuring the uptake of digital technologies by all SMEs and entrepreneurs is central to fully unlocking the potential of the digital revolution at large” (OECD, 2021).

“The crucial issue and key factor for the success of SMEs is innovation. While many SMEs require support to engage in innovation – since they lack awareness of the processes, tools, and skills necessary to embrace innovation and digital transformation in their business models - some are already incorporating cutting-edge technologies into their business models, giving them an advantage when expanding their operations internationally. The promotion of innovation, digital technologies, and the overall enhancement of SMEs technological business models are critical for maintaining competitiveness and capturing added value within GVCs.” (R5)

In this sense, the involvement of SMEs in GVCs could be facilitated by the increasing digitalisation of business activities through new technologies, which accelerate the development of new business models and reduce geographic barriers to economic transactions (Poitiers et al. for the European Parliament, 2020).

“Digital tools are indispensable for businesses to thrive in today’s global economy and enable SME participation in global value chains. The advent of the digital economy presents a plethora of new opportunities for small firms to actively engage in global value chains.” (R5)

However, it was noted how “many SMEs risk missing the benefits digitalisation can offer. At the firm level, digital gaps are strongly associated with gaps in productivity, scaling up, innovation and growth. These gaps contribute to inequalities among firms, and, in turn, people and places, with concerns that the benefits of digitalisation could accrue mainly to early adopters” (OECD, 2021). Arguably, SMEs’ struggle to participate in the digital transition is due to “a range of factors and barriers, including SME lack of information and awareness, skills gaps, insufficient capital or missing complementary assets such as technology

itself or organisational practices (OECD, 2019). In this sense, the development of digital skills (both basic and advanced) is highlighted by respondents as paramount to enable SME participation in global value chains (R5, R12).

In addition, smaller businesses often face more difficulties in adapting to changing regulatory frameworks, dealing with digital security and privacy issues or simply accessing quality digital infrastructure” (OECD 2021).

Among the factors that undermine participation of SMEs in GVCs, the difficulty for SMEs to access sources of financing has also been pointed out. This is a difficulty related to the small size of the company, since it has been noted that it affects SMEs more than large enterprises. Not only that, it was also pointed out that: “banks in developing economies – compared to those in developed economies – tend to be less exposed to SMEs, and to charge them higher interest rates and fees (...). This has been largely due to three factors: (i) informational asymmetries related to SMEs that create risks, e.g. banks are mostly unable to gauge the creditworthiness of SMEs and thus ask for higher charges and collateral requirements; (ii) low revenue per client; and (iii) the need for local presence, and thus for a large branch network, which may not necessarily be optimal from a cost perspective, especially in a developing country setting” (Stein et al., 2013).

“SMEs may struggle to obtain sufficient funding to invest in the technologies, infrastructure, and skills necessary to participate in GVCs.” (R18)

“The lack of financial and human resources within SMEs is a factor that can hinder their ability to access accurate information and analyses about the opportunities available to them in foreign markets. SMEs face unique challenges in global value chains, notably due to their smaller scale, compared to multinational corporations. This results in inadequate financial resources, hindering their ability to fund research and development initiatives and provide necessary personnel training.” (R5)

Emphasis should also be given to those who relate profitability and liquidity problems to the size and ownership structure peculiar to SMEs, which make it particularly complex for smaller companies to invest in innovation and adapt to new transitions in the economy while ensuring sustainability. From this point of view, it has been pointed out that, compared to large enterprises, it is much more complex for SMEs to invest in health and safety and business process management systems that comply with certifications attesting to compliance with the highest standards of worker protection (EU-OSHA, 2024). Moreover, problems with profitability and liquidity make smaller firms “particularly vulnerable to external shocks”, as has also been stressed in connection with the recent crisis due to Covid-19 (Juergensen et al., 2020). SMEs, even though they may be

marked by greater flexibility, have more difficulty in mitigating the effects of production disruption caused by limited availability of resources (Bak et al., 2020). The pandemic has highlighted how the quest for cost containment through the use of cheap labour and just-in-time production models is especially damaging to SMEs participating in GVCs. In recent years, it has been highlighted that changes are needed in global value chains “in terms of reshoring, supplier diversification, stock management and embracing proximity, which brings new opportunities for European specialist-supplier SMEs and industrial stand-alone SMEs” (Juergensen et al., 2020).

Another factor that undermines the possibility of SMEs to participate in GVCs is the lack of skills, both hard and soft, developed by the workers employed by smaller firms, which instead could enable SMEs to achieve self-sufficiency in the global market (Lunati, 2008).

This problem has been highlighted by several interviewees, who pointed out how “a small company is less likely to employ people with skills sufficient to seize all the opportunities of a global value chain” (R3), lacking personnel dedicated solely to the management of international transactions and its related problems (e.g., cultural differences, different time zones, language and communication barriers, data protection issues, taxation, export restrictions and tariffs) (R7, R10, R11, R15, R17, R18). In addition, SMEs usually do not dispose of human resource management departments/functions with the ability to forecast customers’ needs, market trends (R6, R11) and labour needs, and often depend on staffing or recruitment agencies (R8, R9). A few respondents, however, underlined how, if SMEs invested in their employees’ skills development and adopted agile innovative organisational models, they would not suffer significant disadvantages in relation to bigger corporations (R7, R17, R18).

“SMEs can adopt organisational models and develop skills that allow them to overcome barriers to access to GVCs, such as the adoption of digital technologies, collaboration with suppliers and customers for continuous improvement of products and services, adaptation to the highest international standards of quality and social and environmental responsibility, and the development of strategic partnerships at all territorial levels.” (R18)

Furthermore, both trade union and employers’ representatives stress how organisational models should also be characterised by a participative approach, in order to improve productivity (R11). This, however, is often harder in SMEs, given the lack of workers’ representative bodies who could contribute to promoting such models (R9).

“Both collective bargaining but also research activities on the best organisational models to implement companies should be developed. Those models should be flatter, more linked to team results, more engaging and in some way must give more room for responsibility to those who participate in it: this is the key for companies that want to remain competitive in the immediate future.” (R3)

From this point of view, workers' skills influence the ability of firms to innovate, adapt to market changes, provide high-quality products and services, and meet the needs of global customers (OECD, 2023). Workers with advanced skills can contribute to more efficient production processes, better resource management, and greater problem-solving capabilities in international settings. However, the few resources available to SMEs make access to training for workers much more complex than for workers employed by larger firms.

For this reason, one of the challenges for the fruitful participation of SMEs in GVCs rests with the ability to train their workers, since this might help SMEs to respond to the challenges posed by globalisation (Tian et al., 2022).

This viewpoint is shared by the majority of interviewees, who highlight the importance of multidisciplinary training to allow SME participation to GVCs, to allow for the development of technical and transversal skills: foreign languages, artificial intelligence, change management, Internet of Things, supply chain management, problem-solving, and intercultural communication are considered relevant subjects for the needs of SMEs participating in GVCs (R2, R11, R18).

In some cases, it was proposed that training courses should be developed through the joint efforts of employers' associations and trade unions (R12).

“Companies must achieve their commercial and operational objectives through technological progress, and without neglecting the needs of human capital. European companies can maintain their position in international markets not by seeking to pay less or employ less-qualified personnel, but by investing in education and personnel development, improving language skills, and adopting new production processes.”

(R11)

“SME staff must be as qualified as possible, to enable the company to retain its talent and increase its competitiveness, thus anticipating possible crises.” (R3)

Some respondents, however, stress the need of institutional support for SMEs to be able to access training and development for their employees (R5, R13) – since they often do not dispose of sufficient financial resources dedicated to innovation (R6).

“Skills development emerges as a critical factor in engaging SMEs in global exchanges and fostering innovation within their operations. National policies should focus on

supporting training and capacity building through skills development programmes, promoting partnerships between SMEs and organisations involved in technology development or transfer, and facilitating technological upgrading through financial schemes such as credit lines for digital transformation.” (R5)

Others underlined how training can also be strategic in terms of ESG compliance, defined as “*the cornerstone of international business*” (R11).

With regard to other kinds of policies that could be set up in order to facilitate the inclusion of SMEs in GVCs, interviewees listed the diffusion and implementation of best practices, the concrete implementation of business-friendly institutional initiatives (e.g., tax incentives, ease of borrowing, removal of bureaucratic hurdles) (R15), but also investments in digital infrastructure, support for research and development, promotion of business networks, industrial clusters (R18) and acquisition communities (R17), and skills mapping and labour market analysis – involving unions, companies and training institutions (R3).

Another potential initiative which emerged during the interviews is that of creating “open contracts” of professional figures (e.g., data analysts, IT managers) that can operate within multiple companies, aimed at covering the needs of SMEs which need their professional skills only on an occasional basis, without them bearing the whole load of their labour costs (R12).

Despite those difficulties, the active inclusion of SMEs in global value chains is a commitment to the development of the global and continental economy. This perspective emerges as fundamental within the economic and trade policies applied by supranational institutions, which identify as a key area of intervention the increase in internationalisation, growth and innovation of SMEs (OECD, 2008). Moreover, this objective is as crucial as the benefits that SMEs could gain from economies of scale and specialisation, if they learned how to operate within global networks and value chains. Stable access to GVCs could enable SMEs to optimise their resources, increase their competitiveness, and pursue more effective diversification strategies.

Interviewees largely confirmed this data, highlighting how SMEs could gain significant advantage in being part of global or national value chains, mostly in terms of added value (R12).

In addition to affecting SMEs, these benefits could have positive effects for the growth of the entire economy, especially in the continental context, where, as noted, SMEs play a central role (Eurofound, 2018).

What we aim to highlight in the following is the role that social actors can play in facilitating participation of SMEs in GVCs, devising strategies to overcome the difficulties referred to above. SMEs throughout Europe face difficulties in being included in collective bargaining and social dialogue, due to both structural and

associational barriers (e.g., small size, low presence of employee representation, etc.), which make it complex for employers' and employees' representations to come together (there exist important differences between medium-sized enterprises, where bargaining tends to be widespread, and microenterprises, where bargaining plays a residual role; ILO, 2018).

According to the interviewees, the lack of social partner involvement in SMEs can be a factor in their scarce level of involvement in GVCs.

“Company dimensions are conditional to the participation in GVCs, in the sense that the value chain within a production unit can only be discussed, affected, addressed with the participation and possibly the participation of trade union delegates. So clearly, the larger the company, the easier it is to have an internal union representation, which facilitates participation in GVCs.” (R3)

Social dialogue and collective bargaining are instead viewed as effective tools in that regard, holding *“potential to foster SME participation in GVCs across various levels, from local to national and even within broader social policy frameworks - serving as a mechanism through which wage and productivity growth can align, promoting innovation and adopting efficient industrial techniques, thereby enhancing their capacity to engage in global value chains.” (R5)*

Emphasis is awarded to social dialogue at European and international level (R5, R7, R15), which should be facilitated through the involvement of international organisation such as the ILO (R10).

“The participation in European Works Councils (EWCs) allows workers and their representatives to be informed about the companies' approach towards GVCs and to contribute to relevant decisions on the matter.” (R2)

“At the international level, transnational relations and collaboration are essential. EWCs primarily focus on intra-European matters: however, to address the global nature of value chains, broader transnational collaboration is needed to navigate uncertainties and effectively anticipate future trends.” (R13)

By the same token, several interviewees underlined the potential role of employers' associations for what concerns SMEs access to GVCs. Some underlined the need for cross-sectoral collaboration between employers representing digital and traditional industries, which can facilitate sharing best practices and peer-to-peer learning (R5).

An interviewee stated that employers' associations should developed support services on human resources management for members who would like to be involved in GVCs – a service which has been lacking so far (R8). The importance

of employers' associations in supporting SMEs who would like to enter GVCs has been highlighted by another respondent, *"because they rely on research offices or helpdesks that answer specific questions concerning GVCs – thus avoiding individual companies to bear 100% of the economic burden connected to market analysis"* (R11).

The next section analyses the role social actors can play in the governance of GVCs, with a focus on policies that can be implemented to ensure the participation of SMEs in global chains.

5. Theoretical framework regarding the role of social dialogue and collective bargaining in the governance of Global Value Chains

Workers' freedom to organise and collectively bargain over working conditions have historically been regarded as fundamental rights both by international treaties and by the main sources of national and EU law. Despite this, the above-mentioned freedom appears to be constantly challenged in the context of GVCs (Morris et al., 2021). In an increasingly globalised market, relocations to nations in which trade union freedoms and rights are not guaranteed and in which the trade union movement is not rooted are problematic, since there are frequent violations of workers' rights, and the codes of conduct of the leading firms (to which we will return shortly), alone, are not sufficient to ensure workers' rights (Micheli, 2023).

"The global value chain is characterised by a lack of national regulation and enforcement, and a cross-border nature that makes it difficult to ensure the respect of workers' rights. Transparency, traceability and binding regulations at the global, regional and national levels should be enforced – especially to tackle the issue of informal labour." (R14)

Safeguarding workers' rights in GVCs appears to be more problematic when looking at SMEs, since

"they have a narrow margin for profit and are imposed with quality standards and prices. In the garment industry, a significant number of productions are done by third and fourth tier suppliers, most of which are in the black economy, unregistered, and without any protection for workers' rights, collective bargaining, or social dialogue" (R14).

Concurrently, there is evidence that, in contexts where industrial relations are present, there are better working conditions and more widespread compliance with codes of conduct (Kuruvilla et al., 2021). For this reason, it seems clear that the involvement of workers and their representatives can be an appropriate tool to foster the participation of companies in GVCs and to ensure compliance with minimum standards of worker protection and dignity of labour (Micheli, 2023).

Regarding the tools that enable the protection of working conditions in GVCs, it is necessary to distinguish between social dialogue, defined as “all types of negotiation, consultation or information sharing among representatives of governments, employers and workers, or between those of employers and workers, on issues of common interest relating to economic and social policy” (ILO, 2003), and codes of conduct adopted as part of human rights due diligence procedures. On this point, it has been noted that “both instruments take their starting point from a shared assessment of economic reality, which recognises the power of firms in the top position in value chains and intends to use it to condition the behaviour of suppliers and subcontractors” (Micheli, 2023, own translation). Thus, while both aim to protect the fundamental rights in international conventions and constitutional charters, social dialogue and collective bargaining arise from the will and action of the social partners and are developed through negotiation, while due diligence procedures, although established as voluntary, are now increasingly imposed by public authorities, even though they leave the company with the power to unilaterally determine its own actions (Micheli, 2023). It is this freedom that businesses enjoy in selecting the rights to be protected within codes of conduct, leading many to consider that, while codes can improve individual working conditions, they have only “a limited impact on the promotion of union rights such as freedom of association and the right to bargain collectively” (Lévesque et al., 2018).

Despite these differences, due diligence procedures and social dialogue appear to be strongly connected, as they can be mutually reinforcing. The OECD identifies actions to support collective bargaining and social dialogue among the examples of actions to be deployed within codes of conduct (OECD, 2018), and many scholars note that the development of codes of conduct in the absence of strong industrial relations are bound to fail to have significant effects (Holdcroft, 2015). The engagement of worker and business representatives is also crucial to strengthen instruments of a private-sector nature devised unilaterally by companies, which without the push and control of the social partners may be ineffective (Boscati, Sartori, 2023), to such an extent that the participation of social partners in the development of due diligence procedures “can make an important contribution to democratising the economy as well as to secure basic human rights standards for working life worldwide” (Zimmer, 2023).

In this context, it is noteworthy that representatives of workers and companies – who since the early years of the New Millennium had already begun to pose the problem of transnational trade union representation (Helfen, Fichter, 2013) and the conclusion of global agreements to govern the relocations implemented by multinational companies (Hadwiger, 2015) – had to devise new tools to ensure the protection of social dialogue and collective bargaining even in the current context, which is characterised by global value chains.

In global value chains, and in comparison, with the first transnational agreements made for multinational enterprises, the protection of working conditions in enterprises that are in any case controlled by the multinational is not seen as relevant as in enterprises acting as suppliers only and governed by supply contracts.

In these cases, it is more complex to ensure compliance with minimum standards of protection in working conditions because, even in those few cases in which an enterprise in the chain has entered into collective agreements or adopted codes of conduct guaranteeing the dignity of labour, these do not extend to supplier enterprises. Therefore, and save for agreements providing for the possibility of terminating the contractual supply relationship, the consequences of suppliers' failure to comply with the rights in the agreements or codes of conduct applied at the client firm are uncertain (Micheli, 2023).

Interviewees underline how companies that are part of GVCs should safeguard working conditions also among suppliers (R2), ensuring that all workers active in the supply chain – included those employed by SMEs – enjoy similar protections but also receive all the primary benefits recognised in a collective agreement applicable in larger companies (R9).

So, a need arises for the social partners to prevent abuses that can occur in global supply chains, especially in the more peripheral segments of production. This commitment must necessarily be multi-layered, since, in order to be effective, it cannot only concern the provision at the supranational level of special contractual clauses aimed at guaranteeing minimum standards of protection in all segments of the value chain; the involvement of local actors to verify compliance with the same standards is necessary, especially with reference to the most peripheral segments of the chain (Fichter, McCallum, 2015). In addition, the role of international players in overseeing the entire supply chain has been stressed (R2).

“SMEs often cover the role of subcontractors in GVCs and consequently have a relative impact compared to what agreements or negotiations with the lead companies might entail. Social partners should provide such a coordination in GVCs that excludes substantial power asymmetries within the value chain between the leading companies and its suppliers.” (R12)

It has been pointed out that the engagement of social partners on a supranational scale “is a necessary but not a sufficient condition for the respect of worker rights”, because it must be accompanied by the actions that the parties are called upon to carry out at the local level (Lévesque et al., 2018).

The most suitable tool for ensuring shared governance of global value chains, while allowing for the involvement of workers and companies at both territorial and supranational levels is social dialogue, as the ILO has also recently confirmed in relation to the post-pandemic situation (ILO, 2020). The ILO considers social dialogue suitable for developing “tools for strengthening the Corporate Social Responsibility (CSR) processes in supply chains, creating a bond of trust between the various stakeholders” (Spinelli, 2022).

Several interviewees expressed the same opinion (R15, R18), stating how “*an integrated approach – involving key stakeholders from both the trade union and employers’ side – is essential to promote decent work and uphold labour rights in global supply chains*” (R5). To this end, collective agreements are deemed to play a crucial role in “*establishing applicable criteria for the protection of employees, working conditions, health, and safety at work in the whole GVC. They are also essential for monitoring business strategies and proposals within this framework, in order to safeguard the position of employees.*” (R15)

The EC also stressed the importance of building an effective transnational bargaining system, which “could support companies and sectors to handle challenges dealing with issues such as work organisation, employment, working conditions, training”. According to the EC, the development of transnational bargaining can “give the social partners a basis for increasing their capacity to act at transnational level. It will provide an innovative tool to adapt to changing circumstances, and provide cost-effective transnational responses” (EC, 2005) (see par. 9).

The role of the European Union is also deemed necessary in order to safeguard workers’ rights in GVCs (R2, R17).

With respect to the issues posed by GVCs, the development of social dialogue and collective bargaining could ensure better economic conditions for workers, fostering the use of supply chains that do not undermine the dignity of labour, and pushing companies to compete on cost rationalisation based on efficiency, process innovation, skills, and quality improvement, rather than focusing on cost savings related to wages and working conditions (Hadwiger, 2015; On the role that social dialogue and social partners can play in developing the digital transition: Vogel, 2017).

“GVCs are an unstoppable process that bring significant benefits to the populations with whom companies interact. Equality in terms of working conditions, regulations, and

entrepreneurial aspects can bring great advantages to both developing countries and those working with them, as the global value chain can be seen as a kind of redistribution system of knowledge and opportunities offered by lead firms to all the actors active in the chain.” (R12)

It has been suggested that the social partners should set as a primary objective, to be achieved through the use of social dialogue aimed at both commissioning and supplying companies, that of extending basic labour protection provisions to firms operating in global value chains as suppliers and subcontractors, which are often excluded from collective agreements. This would ensure, even in these contexts, wage growth and improved living conditions and reduce the power asymmetry that characterises GVCs (Azarhoushang et al. 2015).

In order to reach efficient and effective solutions to the issues highlighted above, several interviewees stressed the need for social partners from different countries along supply chains to cooperate with one another (R15, R17).

Finally, with regard to smaller firms, although there are no solid studies demonstrating the impact of the development of social dialogue on SMEs, it is international organisations that point out that, in contexts where social dialogue is more structured, working conditions are also better in relation to SMEs that open up to global markets, not only with reference to wages, but also with regard to the well-being of workers (ILO, 2018). In systems where industrial relations are established, it has been observed that, through certain tools developed by the social partners – such as the provision of supra-firm and territorial levels of bargaining – it is possible to deal with the difficulties of SMEs in entering into collective agreements (see the previous section). The goal of involving SMEs as much as possible in social dialogue remains relevant (Smallbone et al., 2005); progress on this point should not “overlook the problems, particularly as regards the inclusion of the position of SMEs and their employees by all the bodies where social dialogue takes place” (Voss, 2009).

However, affirming the potential of social dialogue in the governance of GVCs is not the same as claiming that it can in itself be sufficient to guarantee all workers’ rights in global value chains. It is possible to consider social dialogue as a “strategic compass”, which can be used to involve the social partners in the multilevel governance of a complex economic phenomenon such as GVCs in order to reconcile the different needs of companies and workers and ensure respect for labour dignity (Lévesque et al., 2018).

For this reason, several interviewees argue for dedicated national regulations on the matter of working conditions in GVCs to be promoted by social partners.

“Lobbying activities by social partners directed towards governments to advocate for enhanced regulation regarding working conditions in global value chains, including

facilitating SME participation and promoting multilateral collective bargaining, could be an efficient solution to the issue, leading to agreements that ensure fair labour standards and enable SMEs to thrive within these frameworks” (R7)

“Individual companies should participate in decision-making or legislative processes through representation, whether it be employer representation for companies or union representation for workers’ associations. However, achieving important technological and/or social goals (e.g., decent work) can be hard for companies who have to compete with companies who do not adopt these kinds of values.” (R11)

Furthermore, in order to influence the governance of global value chains – and therefore effectively safeguard workers’ conditions involved in them – social partners, and especially trade unions, should have a high degree of knowledge concerning their concrete functioning. Several interviewees underlined the need for trade unionists to be trained on the topic (R9), in order *“to understand what is going on, articulate it from the point where they stand, make a strategy to protect their interests, and create the tools and actions to complete the picture.” (R14).* Some national cases are explored below, which were selected on the basis of the origins of the project partner institutions. An analysis was developed that took into account the position of the selected countries’ SMEs within the GVCs and the economic and institutional factors, starting with the industrial relations system, that affect the ability of the same SMEs to participate in the global market.

6. Analysis of the positioning of Italian SMEs in Global Value Chains, peculiar characteristics of the production sector and industrial relations system

Italy is a leading case among the countries where SMEs play an important role. Looking at the Italian business system, it is possible to observe that the debate on CSR within global value chains cannot be limited to large companies, but must involve SMEs as well, given that “it is already clear that the engagement of SMEs in responsible business conduct is crucial to world economies, considering that these enterprises help create employment opportunities, drive economic growth and a more equitable distribution of income in society” (Marchegiani, 2021, own translation).

SMEs in Italy – understood as those companies employing up to 249 employees – account for 99.9% of the total number of companies, and even considering manufacturing alone, this percentage does not change much, e.g., 99.61% (ISTAT data for 2022). Looking at workers, 76.7% of Italian workers are employed in SMEs, a percentage that, with reference to manufacturing, reduces to 75.46%

(ISTAT data related to 2022). Considering those manufacturing firms employing up to 49 employees, these account for 96.94% of the total number of Italian manufacturing firms and employ 50.44% of the workers in the sector (ISTAT data for 2022). From these statistics, therefore, it is possible to observe how, both in general and with specific reference to the manufacturing sector, SMEs – especially enterprises with fewer than 50 employees – represent the most widespread business model in Italy. This aspect is also confirmed when considering the domestic legal system: under Art. 2083 of the Civil Code, small entrepreneurs should include only “those who carry out a professional activity organised mainly with their own labour and that of family members” (Marchegiani, 2021, own translation), leading one to infer that enterprises employing from a few workers up to 50 employees, considered ‘small’ according to the most widespread economic taxonomies, could not be considered under Italian law, so the legislator understood this business model as the ordinary business model in Italy.

Concurrently, Italy is known to be a country marked by established industrial relations. Although the lack of disaggregated data by size class, it has been found that for more than 95% of labour relations the provisions of a national collective agreement apply (Spattini, Tiraboschi, 2022; more recently CNEL, 2023).

“The Italian metalworking NCLA⁴ has a very important role in promoting training initiatives in SMEs where neither an HR department, nor personnel specifically tasked with the development of training plans is present. Many training initiatives are directed at developing workers’ soft skills, thus increasing their professionalism and their level of specialisation. These kinds of initiatives are in demand also in SMEs – and are directed at enhancing human resource organisation.” (R9)

This high coverage makes up – in the case of SMEs – for the lack of established decentralised bargaining: in smaller firms, due to the structural limitations already mentioned (§2), agreements concluded at the company level are rare, while, at least in wealthier areas, local bargaining is widespread (with reference to artisan firms, often considered as the model of Italian SMEs, see the various contributions in Loi, Nunin, 2018).

“The size of Italian SMEs (20, 30, 50 people) is smaller compared to the average size of European SMEs. This is relevant because a smaller company may have difficulties in exercising social dialogue prerogatives, despite them being present in collective agreements, also given the weakness of internal union representation.” (R12)

⁴ National Collective Agreement.

These preliminary findings are useful for examining the role of Italian SMEs in global value chains. It has been observed that subcontracting in Italy has undergone a “gradual but radical transformation” from being “an important, albeit not very visible, component of the growth of the country’s manufacturing structure” to the current context in which companies that use subcontracting are called “to respond to the demanding challenges of globalisation and to adapt to the new competitive environment, with an adequate development of technical, organisational and relational capabilities and an expansion of their market on an international and global scale” (Giunta, Scalera, 2011, own translation).

Because of their diffusion in the Italian economic fabric, therefore, Italian SMEs within global value chains are very active. Although later than other Western European countries, Italian SMEs have participated in the outsourcing and offshoring processes typical of global value chains. However, due to the peculiar characteristics of Italian manufacturing firms (and in particular their small average size), they “participate in value chains, which globalisation has extended on a global scale, not only as buyers in factor markets (outsourcer) but also as suppliers, that is, in the role that typically the Italian medium and small enterprise had played in previous decades, in industrial districts or even outside them” (Giunta, Scalera, 2011).

“Creativity is a skill needed for the participation of Italian SMEs in GVCs: it is the only way for Italian manufacturing to remain competitive on the global markets, despite its higher-than-average costs.” (R3)

“We have the opportunity to express a historical identity in all sectors, not only in manufacturing. The Italian companies are recognised for its ability to be quick in decision making. If we combine innovation with pragmatism and the extraordinary attractiveness that we have, we can compete with the top four five (competitors) in the world.” (R1)

It has been observed that Italian companies use GVCs mainly to outsource segments of the production process and, in particular, “the most frequent activity outsourced consists of operations usually characterised by a high incidence of human work realised by subcontractors (semi-finished products on behalf of the company); this kind of outsourcing is very often flanked by the production of semi-finished products. Of the companies, 45,4% outsource specific components or finished products” (Chiarvesio et al., 2013). This is because Italian companies that resort to global value chains do so by following the producer-driven GVC model in which it is the producer (or sub-producer) who takes a central role. These are companies that operate in capital intensive and technologically advanced sectors and are responsible for producing some key components and

assembling the finished product, delegating the packaging of semi-finished products to other companies in the chain. Yet there are firms, especially in the textile sector, resorting to global value chains according to the buyer-driven model in order to outsource labour-intensive segments of production and save on labour costs.

For the supply of products, Italian SMEs mainly turn to companies located within the European Union itself (in 60.5% of cases), while 37% of Italian SMEs have established relationships with companies in Eastern Europe and 46.2% with companies in the Far East (Chiarvesio et al., 2013). The fact that most firms have the EU domestic market as their reference can be explained by the fact that, even in the current processes of globalisation of supplies, buyers maintain an interest in sourcing from nearby and specialised suppliers, thus contributing to the growth of a regional economy (Bettioli et al., 2022). Looking at manufacturing firms, differences emerge: for example, mechanical engineering firms predominantly turn to other firms in the European Union area, while textile firms offshore to Eastern Europe and Asia (Chiarvesio et al., 2013).

This difference also reflects a distinct strategic approach to value chains by Italian firms: while SMEs that have business relationships with North American firms or firms from other EU states adopted capital intensive production models and seek in their business partners quality and the ability to carry out product and process innovations by commissioning mostly specific product components, firms relocating certain segments of production to Asian or Eastern European countries are characterised by labour intensive production models and aim primarily to reduce production costs (with particular reference to labour-related costs, but also to costs related to the procurement of materials) by commissioning semi-finished or finished products from their suppliers (Chiarvesio et al., 2013).

Yet it is not possible to overlook the effects that global value chains have had on firms that previously filled the role of suppliers or subcontractors within local industrial districts and that, in recent years, faced competition on a global scale. After some initial difficulties, there has been an evolution of the typical sub-supplier business model, which has seen in global value chains an opportunity to expand its market, serving a larger number of customers (including on an international scale) and developing stable relationships aimed at participating in decisions relevant to production and proposing models and solutions for the problems of the client (Giunta, Scalera, 2011).

Other firms, especially those operating in sectors, such as textiles, traditionally connoted by labour-intensive production and which historically played the role of subcontractors for other European firms, have experienced a drastic decline in exports, due to competition from firms in Eastern Europe and Asian countries. In these cases, even Italian SMEs, imitating offshoring strategies through GVCs, have outsourced more labour-intensive activities while retaining the management

of more advanced activities (design, product development) locally (Bettiol et al., 2022).

It is to be noted how, during the last years, the involvement of Italian SMEs in GVCs has been further impacted by the current geopolitical tensions, with entrepreneurs evaluating to *“bring the most marginal parts of the chain back to Italy”* (R3)

“While until a decade ago small- and medium-sized entrepreneurs only took advantage of the opportunities for competitiveness and cost reduction arising from being part of a global value chain, today they are concerned about possible ‘butterfly effects’, i.e., events that happen thousands of miles away and that can affect decision-making in companies.” (R3)

In this context, much can be done by collective bargaining to govern the economic processes related to the spread of global value chains, especially in a country like Italy, where industrial relations are firmly rooted. According to trade union interviewees, alongside national collective bargaining, the social partners can enhance the role played by territorial bargaining, stressing the peculiarities of industrial districts and reconciling competitiveness-related needs with those of labour quality.

“Given that in Italy, some areas still maintain homogeneous characteristics in metalworking production, a kind of “supply chain” (even if on a smaller scale) involving several companies producing similar products may be implemented, thus enabling those companies to manage the issues concerning GVCs a similar approach.” (R9)

One employers’ representative, however, underlined how, in order for SMEs to effectively participate in GVCs and compete with other European and non-European countries, they need national collective agreements whose contents are targeted on their needs and features. As of today, SMEs *“often rely on a NCLA where the conditions are determined by companies of a much larger size [...] and therefore cannot support labour costs sustainable by larger companies”* (R9).

In any case, the interplay among national, territorial and company level agreements and European-level social dialogue is deemed crucial for the involvement of SMEs in GVCs (R2, R3).

“Social dialogue on national and territorial level should “translate” in the national context decisions taken at international level (e.g., during EWC meetings). Territorial social dialogue should ensure the link between local communities and the “international calling” of the metalworking sector.” (R2)

The need to involve civil society players in social dialogue and collective bargaining concerning GVCs is underlined by different respondents, in order to “achieve win-win agreements, advantageous for entrepreneurs and workers” (R18), and “reorient Italian universities to support national industry and production” (R11). The engagement of local governments and training institutions such as ITS (Istituti Tecnologici Superiori – Superior technological institutes) in social dialogue is also deemed crucial (R2).

“The creation of a strong connection between the world of work and of education should be at the top of the political and institutional agenda.” (R12)

Lastly, an interviewee expressed a critical opinion concerning the Italian Chambers of Commerce system, which appears to be “still anchored to an outdated system of promoting Italy’s interests worldwide” instead of discussing “whether Italian economic and foreign policies are in line with its industrial or productive needs.” (R11)

7. Analysis of the positioning of Albanian SMEs in Global Value Chains, peculiar characteristics of the production sector and industrial relations system

The case of Albania appears crucial to understand the innovation and growth potential related to the participation of SMEs in global value chains.

Firstly, it needs to be noted how, in terms of business demographics, Albanian SMEs constituted 99.8% of all enterprises⁵ and 82.1% of employment of the country in 2022 (INSTAT, 2024b) – in line with European average related to 2021.⁶ Microenterprises (1-9 employees) represent 93,5% of Albanian companies (INSTAT, 2024b), slightly below European data related to 2021 (Eurostat, 2023). As for the structure of the economy and business activities, in 2022 the industrial sector (including manufacturing) covered only one fifth of the Albanian GDP, accounting for 22% of employment. The highest sectoral share in the GDP and employment of Albania was instead held by services, representing 47.2% of GDP and 44% of employment (OECD, 2024a).

Focusing on the Albanian manufacturing sector, statistics show how the highest percentage of workers is employed in medium-sized enterprises (38%), while

⁵ This data is in line with data concerning SMEs percentage in Italy (see par. 4 above) and Hungary (forthcoming).

⁶ This data is slightly superior to the percentage of employment in Italian SMEs (see par. 4 above).

small and micro enterprises employ respectively 20,3% and 14,7% of Albanian manufacturing labour force (INSTAT, 2024b).

What might be inferred from this data is that, both in general and with specific reference to the manufacturing sector, SMEs represent the most widespread business model in Albania.

According to the OECD, the Albanian economic and business model – still mainly consumption-driven and only marginally interested by foreign direct investment - has not significantly contributed to the nation's growth, both generally and in terms of productivity (OECD, 2021).

Moreover, the main exports of Albanian companies consist of goods and services with limited technological content and added value, including tourism, textiles and apparel, electricity, as well as metals and metal-based products (OECD, 2021). Currently, trade with the EU countries accounts for the majority of total trade (58,4 %), with a share of exports to EU countries of 72% of total exports and a share of imports from EU countries of 52,2 % of total import. The main trade partners of Albanian companies are represented by Italy (28,8 %), Turkey (8,9 %), Greece (7,3 %) and China (7,2 %) (INSTAT, 2024a). In addition, Albanian SMEs are not very active in import-export: in 2022, only 2,6% of SMEs exported goods outside the nation, and only 9,0% performed import activities (INSTAT, 2024b).

The main constraints concerning the integration of Albanian manufacturing businesses in GVCs are gaps in infrastructure, customs and logistics, challenges in the business environment, skills gaps and firms' limited capacities for technology adoption and limitations in access to finance (OECD, 2019).

“For SMEs, investments in technology are crucial to remain competitive and meet customer demands. Having a large company makes it easier to be part of GVCs, especially considering the manufacturing sector where profit margins are low and costs are high.” (R4)

Moreover, during the recent years, Albania has been lacking in the design and implementation of SME and entrepreneurship policies when compared to good practices diffused in other Western Balkan countries (e.g. North Macedonia) – which lead to a considerable shortage of entrepreneurial skills among its population: this has been identified as one of the main reasons hindering the participation of Albanian SMEs in Global Value Chains (ILO, 2022). This is confirmed by Albanian stakeholders interviewed for this project.

“The low level of exporting experience – in terms of human resources and managerial skills - limits access to most SMEs to global markets and value chains. Furthermore, low levels of certification and compliance with international standards make Albanian

SMEs less competitive than foreign companies, reducing their ability to integrate into global value chains.” (R6)

However, according to the OECD, exports and integration of Albanian businesses in GVCs could be increased by the introduction of policies concerning the upgrading and diversification of the Albanian manufacturing sector, which could be targeted on the automotive industry (vehicle and engine parts), machinery, agri-food and metal processing – i.e., the sectors which show the most considerable growth potential (OECD, 2021).

An additional factor which might hinder the participation of Albanian businesses – and especially SMEs - to GVCs is constituted by the characteristics of Albanian industrial relations system.

The Albanian industrial relations system is quite “young”, given that the constitutional right to freely associate in unions – which, as of today, regulated through the provisions of the Albanian Labour Code - has been rendered effective during the 1990s, with the downfall of the Communist regime. After that date, several independent sectoral trade unions took up the challenge of acting as independent interest advocacies competing for both members and influence in a new political and social system – a challenge that proved extremely hard to overcome for many of them (Dragoshi and Pappa, 2015).

According to several international observatories, the general effectiveness of social dialogue in Albania is still quite limited. The main reasons are identified in the scarce trade union density – fluctuating between 10% and 30% (Dragoshi and Pappa, 2015) and the employers’ scepticism towards trade unions: the Confederation of Trade Unions of Albania (KSSH) reported in 2011 that employers’ anti-union behaviour (transfers, demotions, wage cuts and dismissals) is widespread in the country, and that many companies still see trade unions as an obstacle to freely managing their relationship with workers (ITUC, n.d.). Another relevant factor is the tendency of the Albanian government to take decisions without consulting social partners: this, despite the presence of an institution specifically dedicated to tripartite social dialogue (National Labour Council – NCL) which however cannot be considered as an effective social dialogue forum (ILO, 2022). Moreover, both employers’ associations and trade unions seem to lack capacities to collect and analyse economic and labour market data, which prevents them from delivering high quality input in shaping economic and social policies (ILO, 2022).

Collective bargaining coverage in the Albanian private sector is quite low (involving 28% of non-agricultural employees) (ILO, 2022) also given the scarcity of sectoral collective agreements. Despite the right to collectively bargain at the branch level being enshrined in the Albanian Labour Code (ITUC, n.d.) collective agreements are mainly concluded at company level, mostly in the construction,



energy and textile sector (Dragoshi and Pappa, 2015). National and regional branch-level collective agreements are stipulated more frequently in the public sector: 73,7% of public employees (mostly active in education and health) were in fact covered by a collective agreement in 2018 (Doci, 2018).

In terms of content, Albanian collective agreements focus mainly on basic topics such as wages, working hours, training sessions, working conditions, trade union rights and accident insurance, with limited attention paid to regulating non-standard forms of work (OECD, 2024b). According to an Albanian trade unionist, unions should also have a say on strategies and best practices undertaken within the global value chain - which, as of today, are exclusively decided by the entrepreneur - so as to ensure that workers are benefitted by business internationalisation (R15).

“Social dialogue is the bridge that connects the processes of participation in the Global Value Chain, and as such, social partners are the main pillars of this bridge.” (R15)

The same viewpoint is shared by an Albanian employers' representative.

“It is important that unions are consulted along with other interest groups. We do not have problems with collective bargaining agreements, we are very open”. (R4)

As already outlined in par. 3 of the present Report, the lack of a strong and structured two-tier collective bargaining system further reduces the possibility of social dialogue in SMEs. Concurrently, in the Albanian case, workplace representative organs are often limited to health and safety councils, and these appear to be often underdeveloped also in larger companies (OECD, 2021).

On the legislative side, however, Albania has made some progress with regard to the safeguard of employees' working conditions in the recent years. Efforts have been made to align Albanian OHS legislation with the EU acquis on the matter – though the goals of the EU Strategic Framework for Health and Safety at Work 2021-27 are still to be fully accomplished. Moreover, current national institutional capacities for enforcement of employment law (including OHS provisions) are still insufficient, despite a major restructuring and reskilling process undergone by the Albanian Labour Inspectorate in 2021 (OECD 2024b). Lastly, in terms of labour market strategy, it needs to be noted how the Albanian government recently placed significant importance on skills development. In the context of the National Employment and Skills Strategy 2014-22, for example, the quality assurance framework for vocational education and training (VET) was implemented. Then, Albania subsequently adopted its new Employment and Skills Strategy 2023-2030, whose main policy goals are bridging labour market



gaps and making the labour market more inclusive by developing the workforce's green and digital skills (OECD 2024b).

Despite this, Albanian stakeholders call for additional state intervention and support with concern to skills development for workers employed in SMEs, in order to facilitate their internationalisation (R6). The role of collective bargaining, (R15) European Union co-funded projects, and Chambers of Commerce (R6) in facilitating the creation of training programmes for SMEs is underlined as well.

“Digitalisation is costly and the state does not provide direct funding to businesses. However, by participating in European projects, some SMEs have been able to benefit from external expertise to introduce innovations into their business processes. The Albanian Chamber of Commerce translates into practice government guidelines concerning decent working conditions, mostly by offering training courses to SMEs. The training sessions are mostly focused on the contents of labour contracts, how to negotiate and enforce them.” (R6)

However, interviewees underline how Chambers of Commerce could be even more active in supporting the integration of Albanian SMEs in GVCs, for example by providing information on foreign markets, drafting guidelines for exporting and marketing outside the Albanian border and creating training courses targeted to female and young entrepreneurs (R6).

8. Analysis of the positioning of Hungarian SMEs in Global Value Chains, peculiar characteristics of the production sector and industrial relations system

The Hungarian case, like the Albanian one, provides elements of great interest when studying global value chains and understanding the dynamics that the phenomenon entails, particularly in relation to SMEs.

It should first be noted that, in statistical terms, and as seen in Italy and Albania, Hungarian SMEs make up 99.9% of the country's businesses, employing 72.6% of the workforce (KSH, 2024). Small enterprises are of particular importance, constituting 99.4% of all companies and employing 58.7% of the total workforce (KSH, 2024).

Regarding economic structure, it was found that in 2022 the Hungarian manufacturing sector contributed 21.5% of the national GDP (KSH, 2024) and, in the same year, the industrial sector (including construction) employed 31.2% of Hungary's workforce (KSH, 2024). Thus, it is evident that SMEs represent the dominant business model in Hungary and play a fundamental role within the manufacturing sector, which remains significant for the national economy.

For these reasons, the impact of economic globalisation processes on SMEs should not be overlooked, as they offer numerous development opportunities through global value chains (GVCs). Since the late 1990s, Hungary has attracted considerable foreign investment, especially in the automotive sector (OECD, 2019), which holds a central position in the Hungarian economy, employing 13% of manufacturing workers and generating 26% of the sector's internal value (Gaspar et al., 2023; Lorincz, 2017).

Within this context, the primary challenge faced by Hungarian enterprises has been managing openness to foreign companies, which has facilitated technological advancement (Gerocs, 2021). Through collaboration with foreign firms, Hungarian SMEs have been able to acquire new know-how and assimilate advanced and innovative technologies (Lorincz, 2017). According to the interviewees, this, however, might change in light of the recent geopolitical tensions (R17).

“The Hungarian economy heavily depends on both imports and exports, particularly in the manufacturing sector, and is therefore deeply integrated into global value chains. However, recent geopolitical tensions and conflicts threaten the stability of these value chains. The ongoing war and global uncertainties have raised concerns about potential disruptions, which could pose significant challenges for the Hungarian economy.”

(R13)

However, it should be emphasised that despite increased exchanges with foreign companies, the growth in local added value has remained limited, as the majority of components used in production are sourced from foreign suppliers and used by Hungarian companies to produce semi-finished goods (Gaspar et al., 2023). In the three most significant sectors of the Hungarian economy (automotive, mechanical, and rubber-plastics, which together account for more than half of the country's gross exports), national added value represents just over a third of the total export value (Gerocs, 2021). From this perspective, it is evident that in the Hungarian context, historically oriented primarily towards exports, there has been a further strengthening of the trend to reduce domestic connections in favour of production for exports via global value chains, especially to Germany and, in recent years, also to China and the United States (Gaspar et al., 2023). Companies from these countries serve as both suppliers, providing materials that Hungarian SMEs process, and as clients, re-importing semi-finished goods (Gerocs, 2021), making the Hungarian economy heavily dependent on GVCs (Lorincz, 2017).

Moreover, the growth potential of Hungarian SMEs is limited, as companies tend to focus on process improvements rather than functional upgrades (Lorincz, 2017), which would require investments in research and development, typically

the purview of client countries like Germany (Gaspar et al., 2023). Implementing systematic functional upgrades, however, could allow Hungarian SMEs to assume higher hierarchical roles and functions within GVCs.

“SMEs have to take bigger risks, standardise the production (or in contrary produce something unique), use alternatives and apply higher wages.” (R16)

“Openness and creativity are crucial in order to adapt to problems faced by SMEs in GVCs, in order to counter the disadvantage of their smaller scale. However, there is a lack of skilled and educated workers that can ensure that SMEs have unique means of production – essential when facing the issue of automation and standardisation brought, for example, by Artificial Intelligence.” (R17).

An emblematic example of the issues observed is found in the automotive sector, where supply chains are hierarchically rigid. Despite benefiting from substantial foreign investments, Hungarian SMEs are often engaged in low-added-value activities, such as assembly, and struggle to grow independently within supply chains or to participate in higher-level strategic functions. This is due to a lack of significant investments in infrastructure and skills (Gerocs, 2021), leaving them confined to a peripheral area of the market in question (Pavlinek, 2022).

“In Hungary, particularly in the automotive industry, many companies are part of the supply chain, serving as suppliers themselves. While there are companies like Daimler, Mercedes, or Audi, the majority are suppliers to these companies, forming an integral part of the supply chain.” (R13)

In this sector, the transition to electric vehicles could represent an opportunity for local companies to rapidly adapt to new production requirements (Lorincz, 2017). Similarly, a rapidly expanding sector in Hungary is the production of electric batteries, which has grown primarily due to partnerships with Asian companies. In this sector, Hungarian SMEs cover most of the production process, with the exception of raw material extraction and refining, and particularly research and development activities. Hungarian SMEs' position within the value chains of the battery industry is thus dependent, particularly in technological terms, on Asian client companies, and is generally limited to support services and labour-intensive activities (Czifusz, 2023). In terms of employment, the growth of the battery sector has created thousands of jobs, although these are often characterised by low wages and high labour flexibility (Czifusz, 2023).

This confinement of Hungarian firms to low-value-added production segments could be further exacerbated by a lack of investment in technology, innovation,

and training, as well as by the difficulties that domestic SMEs face in accessing dedicated credit lines (OECD, 2019).

“For Hungarian SMEs looking to participate in the global supply chain, innovation is crucial. Lacking the same resources as large companies, they must offer something new or produce existing products more efficiently and innovatively. This is a considerable challenge, especially considering emerging sectors like battery manufacturing for cars, which are dominated by Chinese and South Korean companies.” (R13)

“On a company level, there are few tools to enhance SME participation in GVCs: however, an investment in human capital and skills, good HR policy and strategy is key to become more efficient and to obtain a satisfied and committed workforce.” (R17)

According to Hungarian interviewees, the lack of institutional support also plays an important role in hindering the access of SMEs to GVCs. Firstly, it is highlighted how the Hungarian government often does not consult with trade unions and employers on industrial policy (R13): moreover, it is said to tend to advantage large corporations and strong medium-sized enterprises (R16), struggling in providing assistance for SMEs seeking to enhance innovation through workforce training and development (R13).

“This lack of support means that companies struggle to provide their workers with the necessary time and opportunities for skill development or retraining. Consequently, many workers remain stuck in low-value-added roles, such as operator positions.” (R13)

“There are a few state background institutions that are supposed to manage SMEs’ participation in global value chains, but Hungary is still lagging behind in digitalisation processes. I believe we need more informative platforms including information about starting a business and participating in global value chains.” (R16)

In addition to economic and institutional factors, another factor that may hinder Hungarian SMEs’ participation in GVCs is the characteristics of the industrial relations system, which is currently undergoing profound restructuring (Meszmann, Szabó, 2023). In recent years, union membership has plummeted from 89% in 1990 to 9% in 2020 (Meszmann, Szabó, 2023). Similarly, collective bargaining coverage is relatively limited, covering only 22% of workers (Meszmann, Szabó, 2023).

Additionally, the industrial relations system has, particularly in recent years, become heavily skewed towards the company level, with sectoral regulation losing importance. As a result, collective bargaining is firmly established only

within large enterprises, significantly undermining the effectiveness of social dialogue, since many workers are left “*without any form of representation beyond the basic protections of the law*” (R13). According to a Hungarian trade union representative, this also results in the lack of adequate representation of Hungarian SMEs at national level and their scarce participation to Global Value Chains (R13). Developing opportunities for social dialogue within companies may require the establishment of a robust, well-structured two-level collective bargaining system. This is particularly relevant for SMEs, where company-level bargaining struggles to take hold due to their small size (see § 2).

“Organised labour in Hungary is rare, especially among SMEs. Medium-sized companies with around two to three hundred employees are more likely to have organised labour, but smaller businesses often lack representation.” (R13)

Moreover, international organisations’ research highlights that Hungary can further develop workers’ involvement in strategic business decisions, which could be a crucial tool for safeguarding their rights (ILO, 2023).

From this perspective, developing a new paradigm based on worker engagement and social dialogue appears necessary to promote SME participation in GVCs while respecting fundamental rights. Such a strategy could be effective in creating an environment conducive to innovation and SME growth through a rethinking of industrial policies and the relationships among businesses, unions, and the government (Gerocs, 2021).

“Social partners should take action at all levels in order to promote the participation of SMEs in GVCs. Collective bargaining and social dialogue can bring together the participation of SMEs in GVCs with the protection of workers and respect for their work, especially through the elimination of information asymmetries and enhancement of knowledge sharing.” (R16)

In conclusion, Hungarian SMEs, particularly in certain manufacturing sub-sectors like automotive and battery production, are highly integrated into GVCs, although they are generally positioned in non-leading segments of supply chains (OECD, 2019). Consequently, the Hungarian economy remains heavily reliant on contracts from foreign companies. For Hungarian SMEs, fully capitalising on the opportunities offered by GVCs thus remains contingent on achieving greater independence from foreign capital, improving companies’ ability to adopt advanced technologies, and developing skilled labour, areas in which the contribution of social partners could be decisive, together with the support of Chambers of Commerce.

In this sense, field research activities highlighted how the Budapest chamber of commerce holds international partnership events and allows the participation of SMEs to international expos where they can be “mentored” by business experts and acquire access to profitable and long-term business opportunities (R16).

9. Collection of supranational (European and non-European) and national initiatives on governance of global value chains through social dialogue and collective bargaining

As highlighted in the previous chapters, the protection of workers’ rights in a globalised world necessarily needs to adopt a global value chain perspective.

As underlined by the OECD, these circumstances call for a multidimensional protection of labour standards across the value chain, realised through various legislative tools, such as (1) provisions in preferential trade agreements that focus on labour rights, (2) voluntary sustainability initiatives that support firms’ compliance with specific standards, and (3) supply chain sustainability laws which impose labour-related due diligence obligations on firms or assign new rights and responsibilities to government agencies regarding working conditions in supply chains (Jaax, Lieshout, 2024).

A prominent example of the latter is the new German Corporate Due Diligence in Supply Chains Act (Lieferkettensorgfaltspflichtengesetz), aimed at ensuring that German-based companies active in global supply chains respect internationally recognised human and labour rights by implementing core elements of human rights due diligence in their business activities (Zimmer, 2023).

Among relevant examples of national legislation on due diligence, the French case appears worthy of note. In fact, the French legislator has been active on this topic ever since 2017, when Law n. 2017-399 «relative au devoir de vigilance des sociétés mères et des entreprises donneuses d’ordre» was published.

This law, making lead firms responsible not only for the actions of their branches, but also companies it has “a consolidated commercial relationship with”, has been an important source of inspiration for the European Directive on Corporate Sustainability Due Diligence (Directive 2024/1760) – requiring companies to manage social and environmental impacts throughout their whole value chain, even when these arise from their business operations. (Dalmasso, 2025).

However, the research findings outlined in the previous paragraphs show how the role of social dialogue and collective bargaining in the governance of Global Value Chains cannot be underestimated, especially for what concerns the protection of workers’ rights.

A key tool available to social partners in this sense are International Framework Agreements (IFAs), defined as a new generation of agreements stipulated

between multinational companies and global union federations, representing an innovative approach to CSR whereby the MNC commits to respect workers' rights – usually those enshrined in core ILO conventions – in its operations and often along its entire supply chain (Levésque, 2018).

Trade union bargaining on a transnational level is deemed necessary by experts in order to balance the increasingly asymmetrical distribution of power between employers, whose scope of action and scale of activity are becoming increasingly international, and trade unions, which instead are largely active in local or national contexts (Levésque, 2018).

For this reason, the ILO describes International Framework Agreements as “part of the toolbox of global industrial relations and cross-border social dialogue”, which is, however, “are still in a formative stage” (ILO, 2019). Moreover, the ILO highlights that IFAs cannot replace social dialogue or collective bargaining at the country level, not having the same level of enforceability and not directly involving national employers' associations (ILO, 2019).

This view is largely shared by interviewees, according to which global framework agreements are a useful tool to *“create a global framework for workers' rights, including freedom of association, collective bargaining, health and safety, and social dialogue”* (R14).

“About 7 or 8 years ago, we filed a complaint based on a global framework agreement because a supplier, in our view, violated trade union rights. In recent years, we've also been addressing these issues due to a new German law on supply chains. German companies are now required to ensure there are no breaches within their supply chains. This has shifted our focus from voluntary agreements to mandatory compliance.” (R13)

However, interviewees also highlight IFAs' limitations in terms of content.

“These agreements stipulate that they respect basic human rights and working conditions within their supply chains. In some cases, they only promise that the parent company will not allow any legal breaches at subsidiary companies.” (R13)

According to the ILO, IFAs have their origin in European industrial relations, and are still “largely a European phenomenon” – given that a large share of them is signed by companies whose headquarters are located in the European Union (ILO, 2019). At European level, transnational company agreements are often negotiated with European Works Councils (EWCs), which appear to be often involved also in the stipulation of more “informal” arrangements with the multinational company, on issues such as restructuring, health and safety, and profit sharing (Müller et al., 2013).



The European Commission and the ILO currently jointly manage a database on transnational company agreements⁷, collecting more than 300 texts signed in the last 30 years: the database represents a valuable instrument for companies and trade unions who might be interested in stipulating an IFA and wish to consult previous practices.

IFAs are largely concentrated in the manufacturing sector, with IndustriAll Global Union as the main signatory on the trade union side (ILO, 2019), highlighting the strategic value of the joint management of GVCs participated by manufacturing companies. IndustriAll Global Union website proposes a section explicitly dedicated to IFAs,⁸ where texts of the most recent agreements are at the public's disposal.

The following boxes include examples of IFAs from the IndustriAll Global Union website, all belonging to the manufacturing sector as defined by the NACE) rev. 2) classification by Eurostat.

In order to provide a comprehensive overview of IFAs in the manufacturing sector, examples from different industries were included (defence and aerospace, chemical, textile).

Safran and IndustriAll Global Union (Defence and aerospace sector)

On December 4, 2023, Safran – leader supplier of equipment for the aerospace and defence industries – and IndustriAll Global Union renewed an IFA on CSR. The IFA, whose previous version was signed in 2017, is applicable to all subsidiaries over which the Group has direct or indirect control, together with Safran suppliers and subcontractors all over the world.

Under the 2023 agreement, Safran commits to integrate its CSR policy into a negotiated framework, in accordance with ILO labour conventions and OECD Guidelines, and renews its commitments towards environmental protection and ethical business conduct.

With concern to human resources policy, the company commits to promoting its employees by providing a positive work environment that promotes employee wellbeing, diversity, equity and inclusion, skills development, and health and safety, encompassing both physical and psychosocial risks prevention.

Lastly, the IFA strongly underlines the principles of collective bargaining and employees' fundamental labour rights, i.e., the right to freedom of association.

The IFAs provisions are monitored by the committee set up under the previous agreement (composed of representatives of Safran management and the national unions affiliated with IndustriAll Global Union) tasked with evaluating the way in which Safran's commitments are implemented.

⁷ Available at the following link: https://employment-social-affairs.ec.europa.eu/policies-and-activities/rights-work/labour-law/database-transnational-company-agreements_en.

⁸ Available at the following link: <https://www.industrial-allunion.org/global-framework-agreements>.

It is to be noted that, among the promotion and implementation measures of the Agreement, the parties agree on providing training on its contents to staff and/or trade union representatives, and employees with European, national, or local mandates.

Solvay and IndustriALL Global Union (Chemical sector)

Solvay is a pioneer in the stipulation of supranational framework agreements. In 1999, Solvay entered into a European Framework Agreement with its European Works Council (EWC), which has over time been expanded to cover more and more topics (e.g., restructuring, safety and health at work, social management in joint ventures), including provisions concerning the responsible behaviour by suppliers and subcontractors. After the acquisition of another chemical company (Rhodia) in 2011, Solvay stipulated an IFA with IndustriALL Global Union in 2013, which includes preferred provisions from the previous agreements. The IFA is applicable to Solvay's contractors, subcontractors and suppliers across the globe, which are also expected to comply with the provisions of the Solvay Supplier Code of Conduct.

The agreement includes references to the fundamental principles and rights at work and the most relevant ILO Conventions, with significant emphasis on the principles of nos. 87 and 98 on freedom of association and collective bargaining. However, it also includes provisions linked to wage fairness, skills development and promotion of stable employment.

The key monitoring organ of the IFA is the Global Panel - composed of three representatives from the Solvay Group, two representatives from IndustriALL's central body, and one representative per geographical region selected by IndustriALL - which carries out an annual review of the agreement.

As for what concerns the concrete results achieved by the IFA, the ILO reports: an increase in the unionisation rate in Chinese establishments; improvement in company-trade union relations in the US; the reduction in anti-union discrimination along the supply chain (ILO, 2019).

H&M, IndustriALL Global Union and IF Metall (Textile and garment sector)

In November 2015, H&M signed an IFA with IndustriALL Global Union and IF Metall. The IFA is the result of a transformation of H&M Group business strategy, following an increasing number of work-related issues in its suppliers' factories in Asia. Therefore, H&M decided to expand its CSR to include measures in relation to the workforce in its supplier factories that are not in an exclusive business relationship with H&M.

According to the IFA, H&M's suppliers and subcontractors need to respect the principles of international labour standards and includes a list of 31 ILO Conventions and Recommendations covering fundamental principles and rights at work, working conditions and employment policy. Special emphasis is placed on the recognition of freedom of association and collective bargaining. The agreement also refers to the respect for other international principles and frameworks, such as the Universal Declaration of Human Rights, the UN Conventions on the Right of Child, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the ILO MNE Declaration and the OECD MNE Guidelines.



The IFA is also equipped with a complex monitoring and governance strategy, based on the setting up of Committees at factory, national and global level. Following its successful impact in labour disputes arisen in H&M supplier factories (e.g., in Bangladesh), the Agreement has been renewed in 2024 (ILO, 2019).

It is to be noted, however, that international framework agreements are not the only supranational social dialogue initiatives which could contribute to a sustainable management of GVCs.

At the European level, the Sectoral Social Dialogue Committees (SSDCs) play an extremely relevant role in promoting decent work in their sectors and their supply chains. SSDCs are namely the main body for sectoral social dialogue at European level, consisting of representatives of the social partners relating to specific sectors and/or categories, organised at European level, comprising an equal number of employers' and workers' representatives.

The role of SSDCs is recognised by the European Commission, which recently funded a joint project with the ILO aimed at supporting them in decent work promotion.

The project, whose consortium is also composed by ETUC and BusinessEurope, builds upon the recent EU policy initiatives on Corporate Sustainability Due Diligence and the Communication on Decent Work Worldwide – but also on the Pillar of Social Rights Action Plan, which calls for the reinforcement of social dialogue across Europe by 2030.⁹

Starting in November 2022 and ending on April 2025, the “*Advancing decent work in supply chains through sectoral social dialogue*”¹⁰ project foresees an active role of the ILO, which is expected to draw on its normative framework, sector-specific knowledge, experience with sectoral social dialogue, tried and tested knowledge to provide guidance and tools to SSDCs, aimed at making them address sector-specific challenges and opportunities in a more effective way.

This project supports the European Commission's strategic objectives of promoting a rights-based approach to the management of global supply chains, and of empowering social partners throughout supply chains to effectively promote decent work in global supply chains.

Lastly, with regard to the most recent developments on European Social Dialogue concerning global value chains, it is to be noted how the Pact for European Social Dialogue, signed by ETUC, BusinessEurope, SGI Europe and SME United in

⁹ Information about the project can be found at the following links: <https://www.ilo.org/resource/news/new-eu-ilo-action-advance-decent-work-supply-chains-through-sectoral-social>, <https://webapps.ilo.org/DevelopmentCooperationDashboard/#btk5c9o>

¹⁰ Project webpage available at the following link: <https://webapps.ilo.org/DevelopmentCooperationDashboard/#bsxhplr>

March 2025¹¹, identifies social dialogue as “an important feature of the European social model”, playing a crucial role in “ensuring the competitiveness of European businesses, higher productivity and quality jobs”.

10. Conclusions

This report has offered a comprehensive analysis of the role played by SMEs in global value chains, exploring the key factors shaping their access, the depth of their integration, and the resulting implications for working conditions. In doing so, it has laid out a nuanced and thought-provoking framework, highlighting areas where strategic interventions could make a difference.

As highlighted, SMEs form the backbone of Europe’s productive landscape – particularly in Italy, Albania, and Hungary, the three countries under review. Yet, their involvement in global value chains remains limited. This is largely due to structural challenges such as small scale of operations, constrained financial capacity, weak bargaining power, and shortfalls in digital capabilities and workforce skills. These factors not only curb SMEs’ growth potential but, in some sectors, risk trapping them in low value-added segments. This, in turn, can adversely affect both economic development and the quality of employment, potentially undermining workers’ rights.

Yet SMEs’ participation in global value chains can be meaningfully enhanced through well-designed policies and targeted investments, particularly in innovation and human capital. Most importantly, a revitalised commitment to social dialogue and collective bargaining – at both sectoral and local levels – has the potential to be transformative. These mechanisms not only safeguard workers’ rights but can also serve as drivers of a more competitive, innovation-led growth model, which prioritises sustainability and quality over cost-cutting and labour exploitation.

The importance of social dialogue is particularly evident from a transnational perspective. Voluntary measures, such as corporate codes of conduct, often fall short when it comes to securing decent working conditions across global supply chains. Only when these measures are backed by established systems of social dialogue can meaningful and enforceable protections be put in place. In this regard, collective agreements – where implemented – can create binding obligations for companies and their supply networks, paving the way for shared governance of global supply chains. Through dialogue, social partners become

¹¹ Full text available at this link: https://employment-social-affairs.ec.europa.eu/document/download/93c513bd-9faa-4ba7-a4c7-9a06505790fc_en?filename=Pact%20for%20European%20Social%20Dialogue_signed%20version.pdf.

active participants not just in industrial strategy, but also in shaping innovative tools for workforce development and organisational design.

The comparative analysis of Italy, Albania, and Hungary – three countries with distinct economic profiles but a shared reliance on SMEs – has underscored substantial differences in their systems of industrial relations and in how well SMEs are equipped to confront the pressures of globalisation.

In Italy, a relatively established system of industrial relations, despite certain limitations, ensures broad collective bargaining coverage, even among SMEs. This helps to offset the weaker presence of trade unions at the workplace level. In contrast, Albania and Hungary continue to face major hurdles in terms of bargaining coverage, worker representation, and the influence of social partners on industrial policy. These findings highlight the need for coordinated action to help SMEs compete globally – by fostering vocational training pathways and accelerating the spread of technological and organisational innovation.

In this context, the report stresses the key role social partners can play in guiding SMEs through the ongoing digital, green, and demographic transitions that are reshaping the labour market. Navigating these shifts successfully is essential if SMEs are to compete fairly in global value chains. Strengthening collective bargaining around issues such as OHS, working hours, and work organisation can serve as a powerful lever for sustainable growth and upward competitiveness – ensuring that international integration does not come at the cost of workers' protections.

Another crucial area for action is skills development. In particular, fostering both transversal and technical-specialist skills is vital for keeping SMEs competitive in globalised markets. Continuous training – co-designed by employers and worker representatives – can be a strategic tool for refreshing workers' skills and adapting business models to new realities. In this regard, interprofessional training funds, active labour market policies, and EU programmes supporting digitalisation have a key role to play, especially in supporting the smallest enterprises.

Ultimately, the challenge at hand is not just economic – it is also political and institutional. The goal must be to ensure that SMEs do not remain passive players in global value chains but instead become proactive, forward-looking actors in innovation and sustainable development. Achieving this will require strong alliances and labour pacts at local, national, and European levels between employers, trade unions, and institutions – built around a shared vision and underpinned by a renewed commitment to social dialogue as a vehicle for co-creating industrial and labour policies.

In this regard, initial guidance can already be found in the ValueFacturing Decalogue for SMEs¹² – a set of practical, replicable guidelines designed to support the integration of manufacturing SMEs into global value chains through the active involvement of social partners.

¹² The preliminary version of the *ValueFacturing Decalogue for SMEs* has been completed and submitted as Deliverable D4.1. The final version (Deliverable D4.2) has also been completed and will be made available at the final conference on 1 July, initially in English only. Translations into the partner languages and all official EU languages will be published by August 2025.



11. ANNEX 1: literature review sources

Author(s)	Organisation	Type	Title	Date	Link/Reference	Topic/Key-works
R. Dalmaso	//	Article	Il dovere di diligenza “alla francese”: un primo bilancio	2025	In RGL, 2025, n. 1, pp. 119-130	Decent work in global value chains
R. D. Matthews	ILO	Report	Trade Unions, Labour Governance and Economic Upgradation in Value Chains	2024	https://www.ilo.org/media/600746/download	Decent work in global value chains
OECD	OECD	Report	A Roadmap towards Circular Economy of Albania	2024	https://doi.org/10.1787/8c970fdc-en	Economic overview of Albania
OECD	OECD	Report	Western Balkans Competitiveness Outlook 2024: Albania	2024	https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/06/western-balkans-competitiveness-outlook-2024-albania_a783c88e/541ec4e7-en.pdf	Economic overview of Albania
A. Jaax, E. van Lieshout	OECD	Report	Mapping efforts to protect worker rights in supply chains	2024	https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/02/mapping-efforts-to-protect-worker-rights-in-supply-chains_8e192c6e/f4eacea7-en.pdf	Decent work in global value chains
INSTAT	INSTAT	Report	Foreign trade in goods	2024	https://www.instat.gov.al/media/13468/tj-maj-2024-ang.pdf	Economic overview of





						Albania
INSTAT	INSTAT	Report	Statistics on small and medium enterprises	2024	https://www.instat.gov.al/en/themes/industry-trade-and-services/structural-business-statistics/publication/2024/statistics-on-small-and-medium-enterprises-2022/	Economic overview of Albania
KSH	KSH	Database	Business units and non-profit organisations	2024	in www.ksh.hu	Hungarian economics stats
EU-OSHA	EU-OSHA	Report	Monitoring and enhancing occupational safety and health in supply chains through sustainability assessment frameworks	2024	https://osha.europa.eu/sites/default/files/documents/OSH%20in%20supply%20chains_en.pdf	Global value chain and safety
Eurostat	Eurostat	Database	Structural business statistics overview	2023	https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Structural business statistics overview#Size class analysis	Size of businesses
Alessandro Boscati, Alessandra Sartori	Università degli Studi di Milano	Article	Le “Global Supply Chains” negli strumenti dell’OIL. Testo, contesto e prospettive evolutive	2023	in Variazioni su temi di diritto del lavoro, 2023, 2, pp. 475-509	Global chain and work and labour law
Esther Ortiz, Salvador Marín, Paul Thompson	EFAA	Article	The role of small- and medium-sized practices in the sustainable transition of SMEs	2023	https://link.springer.com/article/10.1007/s10668-023-03507-3#citeas	SMEs and sustainable transition in global value chain





Nathalia Suchek, Joao J.M. Ferreira, Paula O. Fernandes	Universidade da Beira Interior, Instituto Politecnico de Bragança	Article	Industry 4.0 and global value chains: what implications for circular economy in SME?	2023	https://www.emerald.com/insight/content/doi/10.1108/MD-11-2022-1541/full/pdf?title=industry-40-and-global-value-chains-what-implications-for-circular-economy-in-sme	SMEs and global value chain
Reingard Zimmer	Hugo Sinzheimer Institute for Labour and Social Security Law	Article	Options for action for German co-determination actors and trade unions. The supply chain due diligence act	2023	https://www.hugo-sinzheimer-institut.de/faust-detail.htm?sync_id=HBS-008712	Codetermination, supply chain, due diligence, trade unions, human rights
Czifrusz, M.	Periféria Policy and Research Center	Article	The Battery Boom in Hungary: Companies of the Value Chain. Outlook for Workers and Trade Unions	2023	Friedrich-Ebert-Stiftung	GVC in Hungary
Gáspár, T., Sass, M., Vlčková, J., & Koppány, K.	Budapest Business School	Article	Changes in automotive value chain participation on the integrated periphery – The case of Czechia and Hungary	2023	in Society and Economy, 45(3), 335-354	GVC in Hungary
Piotr Lewandowski, Karol Madoń, Deborah Winkler	IZA – Institute of Labor Economics	Working paper	The Role of Global Value Chains for Worker Tasks and Wage Inequality	2023	https://deliverypdf.ssrn.com/delivery.php?ID=027115021017122108028019016013065108040059093080069017118011035100107039017099124111026084111066083082066005126074080097102080101029004112117069106082065065	Global value chain and wage inequality





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Helene Langbein	Friedrich Schiller University Jena	Article	The german lieferkettensorgfaltspflichtengesetz (lks) – a step towards more humanity in supply chains?	2023	https://cllpj.law.illinois.edu/content/dispatches/2023/The_German_LKSG.pdf	Due diligence, contractors, human rights in Germany
Thomas Klein	Institute for Labour Law and Industrial Relations in the European Union, Trier	Article	Social sustainability in global value chains — new supply chain act in Germany	2023	https://cllpj.law.illinois.edu/content/dispatches/2023/Klein_Dispatch.pdf	Social sustainability, human rights, value chain in Germany
Federico Micheli	Università degli Studi di Brescia	Book	Il lavoro nelle catene globali del valore. Strumenti e tecniche di tutela	2023	Giappichelli, 2023	Global value chain and labour law
OECD	OECD	Report	Policies to strengthen the resilience of global value chains	2023	https://www.oecd-ilibrary.org/docserver/fd82abd4-en.pdf?expires=1717505147&id=id&accname=quest&checksum=84E9243A172E00B17FC3E986C999067A	Global value chain and covid-19
CNEL	CNEL	Document	Elementi di riflessione sul salario minimo in Italia	2023	https://www.cnel.it/Portals/0/CNEL/Documenti%20Commissioni/INQUADRAMENTO%20E%20ANALISI%20DEL%20PROBLEMA%20COMMISSIONE%20INFORMAZIONE%20CNEL%204%20OTTOBR	Collective bargaining in Italy





					E%202023.pdf?ver=2023-10-04-121417-970	
ILO	ILO	Report	Workers' representatives in selected Central and Eastern European countries: Filling a gap in labour rights protection or trade union competition?	2023	International Labour Organization	Industrial relations and Eastern european countries
Meszmann, T.T., & Szabó, I.G.	ETUI	Article	Hungary: After the end of illusions, trade unions on the brink of marginality	2023	in J. Waddington, T. Müller, K. Vandaele (Eds.), Trade unions in the European Union. Picking up the pieces of the neoliberal challenge, Peter Lang, pp. 543-583	Trade unions in Hungary
Dagmara Nikulin, Aleksandra Parteka, Joanna Wolszczak-Derlacz	ETUI	Report	Working conditions in Europe: The role of global value chains and advanced digital production-driven technological specialisation	2022	https://deliverypdf.ssrn.com/delivery.php?ID=763127112013067114006010100004013077025053037016086024125096099068102003124115067109045022005106001123061013000013114068028089016072058003054100029088102106087007086021038067117100093092020089006075101123109125101065118086018122101122098095089024066103&EXT=pdf&INDEX=TRUE	Workers rights, technology, value chain
ILO	ILO	Report	Decent work country Programme 2023–26, Albania	2022	https://www.ilo.org/media/109516/download	Social and economic overview in Albania





Roshan Borsato, Mario Volpe	Università degli Studi di Venezia	Article	"Governance" delle catene globali del valore tra crisi globali e difesa delle produzioni nazionali	2022	in Rivista giuridica del lavoro e della previdenza sociale, 2022, 3, 1, pp. 436- 448	Global chain and work and labour law
Gerőcs, T.	Corvinus University of Budapest	Article	The structural dilemma of value-chain upgrading: Hungarian suppliers' integration into the world economy	2022	in Society and Economy, 44(1), 159-181	GVC in Hungary
Zita Ildikó Popovicsné Szilágyi, Jozsef Menyhart	Debreceni Egyetem	Article	Analysing the Conditions of SMEs Regarding Quality Assurance in Hungary and the European Union	2022	in International Journal of Engineering and Management Sciences, 2022, 7, 1, pp. 59-69	SMEs and value chain in Hungary
Pavlínek, P.	University of Nebraska	Article	Relative positions of countries in the core- periphery structure of the European automotive industry	2022	in European Urban and Regional Studies, 29(1), 59-84	GVC in Hungary
Marco Bettiol, Chiara Burlina, Maria Chiarvesio, Eleonora Di Maria	Università degli Studi di Padova, Università degli Studi di Udine	Article	SMEs and the regionalization of global value chains: an untold story from the Italian industrial districts	2022	in Competitiveness Review, 2022, 32, 5, pp. 686-709	SMEs and global value chain in Italy
Lidia Alexa, Marius Pîslaru, Silvia Avasilcăi	University of Iasi	Article	From Industry 4.0 to Industry 5.0 - An Overview of European Union Enterprises	2022	in Draghici, A., Ivascu, L. (eds), <i>Sustainability and Innovation in Manufacturing Enterprises. Advances in Sustainability Science and Technology</i> , Springer, 2022, pp. 221-231	SMEs and industry 5.0 in EU





Carla Spinelli	Università degli Studi di Bari	Article	Regulating Corporate Due Diligence: from Transnational Social Dialogue to EU Binding Rules (and Back?)	2022	https://www.ddlmm.eu/wp-content/uploads/2022/03/Carla-Spinelli-Regulating-Corporate-Due-Diligence.pdf	Social dialogue and global value chain
Kailan Tian, Erik Dietzenbacher, Richard Jong-A-Pin	Chinese Academy of Sciences; University of Groningen	Article	Global value chain participation and its impact on industrial upgrading	2022	in The World Economy, Vol. 45 No. 5, pp. 1362-1385	Global value chain and industrial upgrading
Silvia Spattini, Michele Tiraboschi	Adapt; Univerità degli Studi di Modena e Reggio Emilia	Article	La crescita patologica del numero dei contratti collettivi nazionali tra narrazione e realtà	2022	in Diritto delle Relazioni Industriali, 2022, n. 3, pp. 934-939	Collective bargaining in Italy
EU Commission	EU Commission	Report	Annual Report on European SMEs 2021/2022 SMEs and environmental sustainability	2022	https://op.europa.eu/en/publication-detail/-/publication/c45665ad-fd9a-11ec-b94a-01aa75ed71a1/language-en	SMEs and global value chain
Maria Alessandra Stefanelli	Università degli Studi di Bologna	Article	PMI, mercato digitale e regolazione giuridica: la dimensione internazionale	2021	in Percorsi costituzionali, 2021, 2, pp. 495-511	SMEs, globalisation and digital transformations
OECD	OECD	Report	Competitiveness in Southeast Europe 2021: A Policy Outlook, Competitiveness and Private Sector Development	2021	https://doi.org/10.1787/dcbc2ea9-en	Economic overview of Albania





Laura Marchegiani	Università degli Studi di Macerata	Article	Shifting the SME Corporate Model Towards Sustainability: Suggestions from Italian Company Law	2021	in The Italian Law Journal, 2021, 1, pp. 355-372	SMEs and sustainability in Italy
Mark Anner, Matthew Fischer-Daly, Michael Maffie	Pennsylvania University, Cornell Nolan Hotel School	Article	Fissured employment and network bargaining: emerging employment relations dynamics in a contingent world of work	2021	in Industrial and Labor Relations Review, 2021, 74, 3, pp. 689-714	Collective bargaining and global chain
World Bank	World Bank	Article	Improving SMEs' access to finance and finding innovative solutions to unlock sources of capital	2021	https://www.worldbank.org/en/topic/sme/finance	SMEs and global market
Arlo Poletti, Daniela Sicurelli, Aydin B. Yildirim	University of Trento, University of Bern	Article	Promoting sustainable development through trade? EU trade agreements and global value chains	2021	in Italian Political Science Review, 2021, 51, 339–354	Global value chain and EU trade agreements
Sarosh Kuruvilla, Ning Li, J. Lowell Jackson	ILO	Article	Private regulation of labour standards in global supply chains	2021	https://cornell.app.box.com/s/nymh06ck35fz61onvsg1gula7ljpyo0	Global value chain and decent work
Jonathan Morris, Jean Jenkins, Jimmy Donaghey	Cardiff University; University of South Australia	Article	Uneven development, uneven response: the relentless search for meaningful regulation of GVCs	2021	in British Journal of Industrial Relations, 2021, 1, pp. 3-24	Global value chain and SMEs





OECD	OECD	Report	The Digital Transformation of SMEs	2021	https://www.oecd.org/cfe/the-digital-transformation-of-smes-bdb9256a-en.htm	SMEs and digitalisation
Ozlem Bak, Sarah Shaw, Claudia Colicchia, Vikas Kumar	Brunel University, University of Hull, Politecnico di Milano, University of the West of England	Article	A Systematic Literature Review of Supply Chain Resilience in Small–Medium Enterprises (SMEs): A Call for Further Research	2020	https://ieeexplore.ieee.org/stamp/stamp.jsp?tp=&arnumber=9184862	SMEs and global value chain
Francesca Bassi, José G. Dias	Università degli Studi di Padova, Instituto Universitario de Lisboa	Article	Sustainable development of small- and medium-sized enterprises in the European Union: A taxonomy of circular economy practices	2020	in Business strategy and the environment, 2020, 29, 6, pp. 2528-2541	European SMEs and circular economy
Jill Juergensen, José Guimón, Rajneesh Narula	University of Reading, Autonomous University of Madrid	Article	European SMEs amidst the COVID-19 crisis: assessing impact and policy responses	2020	in Journal of Industrial and Business Economics, 2020, 47, pp. 499–510	SMEs and global value chain in the covid-19 crisis
Michele Murgio	Università degli Studi di Pavia	PhD Thesis	Global value chains e diritto del lavoro: tecniche per una regolamentazione dell'impresa senza confini	2020	https://iris.unipv.it/retrieve/e1f104fc-5b74-8c6e-e053-	Global value chain and labour law





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Liena Kano, Eric W.K. Tsang, Henry Wai-chung Yeung	University of Calgary; University of Texas; National University of Singapore	Article	Global value chains: A review of the multi-disciplinary literature	2020	https://link.springer.com/article/10.1057/s41267-020-00304-2?utm_source=getftr&utm_medium=getftr&utm_campaign=getftr_pilot	Global value chain and firms
Mark Anner	Pennsylvania University	Article	Squeezing workers' rights in global supply chains: purchasing practices in the Bangladesh garment export sector in comparative perspective,	2020	in Review of International Political Economy, 2020, 27 n. 2, pp. 320-347	Global value chain and decent work
Niclas Frederic Poitiers, Dennis Görlich	EU Parliament	Report	Geopolitical aspects of digital trade	2020	https://www.europarl.europa.eu/RegData/etudes/IDAN/2020/653616/EXPO_IDA(2020)653616_EN.pdf	Global value chain and digitalisation
ILO	ILO	Working paper	The role of social dialogue in formulating social protection responses to the COVID-19 crisis	2020	https://www.ilo.org/publications/role-social-dialogue-formulating-social-protection-responses-covid-19#:~:text=Social%20Protection%20Spotlight-.The%20role%20of%20social%20dialogue%20in%20formulating%20social%20protection%20responses,high%20risk%20of%20social%20conflict	Social dialogue and covid-19





World Bank	World Bank	Report	World Development Report 2020: Trading for Development in the Age of Global Value Chains	2020	https://www.worldbank.org/en/publication/wdr2020	Global value chain and development
Vania Brino	Università degli Studi di Venezia	Article	Lavoro dignitoso e catene globali del valore: uno scenario (ancora) in via di costruzione	2019	in Lavoro e diritto, 2019, 3, pp. 553-570	Global chain and work and labour law
WTO	WTO	Book	Global Value Chain Development Report 2019: Technological Innovation, Supply Chain Trade and Workers in a Globalized World	2019	World Trade Organization, 2019	Global value chains and firms
Xin Li, Bo Meng, Zhi Wang	Beijing Normal University; IDE-JETRO; RCGVC-UIBE	Article	Recent patterns of global production and GVC participation	2019	in Aa. Vv., Global Value Chain Development Report 2019: Technological Innovation, Supply Chain Trade and Workers in a Globalized World, World Trade Organization, 2019	Global value chains and firms
OECD	OECD	Report	OECD SME and Entrepreneurship Outlook	2019	https://www.oecd-ilibrary.org/industry-and-services/oecd-sme-and-entrepreneurship-outlook-2019_34907e9c-en	SMEs and global value chain
OECD	OECD	Report	Unleashing the Transformation Potential for Growth in the Western Balkans	2019	http://www.oecd.org/south-east/europe/programme/Unleashing_the_Transformation_potential_for_Growth_in_WB.pdf	Economic overview in Albania





ILO	ILO	Report	International Framework Agreements in the food retail, garment and chemicals sectors. Lessons learned from three case studies	2019	https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed_dialogue/%40sector/documents/publication/wcms_631043.pdf	International framework agreements
Nikoll Doci	Friedrich-Ebert Stiftung	Report	Annual Review of Labour Relations and Social Dialogue, Albania	2018	https://library.fes.de/pdf-files/bueros/bratislava/15351.pdf	Social dialogue in Albania
ILO	ILO	Report	The impact of Social Dialogue and Collective Bargaining on Working Conditions in SMEs	2018	https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/publication/wcms_651378.pdf	SMEs and social dialogue
Eurofound	Eurofound	Report	Future of manufacturing. Born globals and their value chains	2018	https://livrepository.liverpool.ac.uk/3084610/1/fomeef18005en.pdf	SMEs and value chain
OECD	OECD	Guidelines	OECD due diligence guidance for responsible business conduct	2018	https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf	Due diligence, human rights, industrial relations
Christian Lévesque, Marc-Antonin Hennebert, Gregor Murray, Reynald Bourque	HEC Montréal, University of Montréal	Article	Corporate Social Responsibility and Worker Rights: Institutionalizing Social Dialogue Through International Framework Agreements	2018	In Journal of Business Ethics, Springer, 153, 1, pp. 215-230	Corporate responsibility, worker rights, global economy





Erjon Curraj	European University of Tirana	Phd Thesis	Business digitalization of SMEs in Albania: Innovative approaches and their impact on performance	2018	https://philpapers.org/archive/CURBDO-2.pdf	SMEs and innovation in Albania
Zhanna Belyaeva	Ural Federal University	Article	Business Environment Challenges and Trends for Contemporary SMEs in Europe	2018	in E. Rudawska (Ed.), <i>The Sustainable Marketing Concept in European SMEs</i> , Emerald Publishing Limited, Bingley, 2018, pp. 13-28	Global economy and SMEs in Europe
Rosalind Jones, Sussie C Morrish, Jonathan Deacon, Morgan P Miles	University of Birmingham, University of Canterbury, South Wales Business School	Article	Entrepreneurial marketing in small enterprises	2018	in Robert Blackburn, Dirk De Clercq, Jarna Heinonen, <i>The Sage handbook of small business and entrepreneurship</i> , SAGE Publications Ltd, pp. 297-320	SMEs and global value chain
Fiorenza Belussi, Annalisa Caloffi, Silvia Rita Sedita	Università degli Studi di Padova; Università degli Studi di Firenze	Article	MNEs and clusters: the creation of place-anchored value chains	2018	in V. De Marchi, E. Di Maria, G. Gereffi (eds), <i>Local Clusters in Global Value Chains. Linking Actors and Territories Through Manufacturing and Innovation</i> , Routledge, 2018, pp. 91-108	Global value chain and SMEs
Piera Loi, Roberta Nunin	Università degli Studi di Cagliari; Università degli Studi di Trieste	Book	La bilateralità nel tempo a garanzia dell'artigianato. Materiali di studio dai Convegni di Cagliari e Trieste – giugno/settembre 2018	2018	EUT Edizioni Università di Trieste, 2018	SMEs in Italy





Elisabetta Merlo	Università Bocconi di Milano	Article	Italian Luxury Goods Industry on the Move: SMEs and Global Value Chains	2017	in Donzé, PY., Fujioka, R. (eds), Global Luxury, Palgrave	SMEs and global value chain in Italy
Sandra Vogel	Eurofound	Report	Addressing digital and technological change through social dialogue	2017	https://www.eurofound.europa.eu/en/publications/2016/addressing-digital-and-technological-change-through-social-dialogue	Social dialogue in EU
Aytug Sozuer, Gultekin Altuntas and Fatih Semercioz	University of Yalova, Istanbul University	Article	International entrepreneurship of small firms and their export market performance	2017	in International Management, 2017, 11, 3, pp. 365-382	SMEs and global value chain
Lőrincz, N.	Corvinus University of Budapest	Article	Main characteristics of nowadays' global value chains and their relevance to the Hungarian automotive manufacturing industry	2017	in Vezetéstudomány - Budapest Management Review, 48(5), 35-48	GVC in Hungary
ILO	ILO	Report	Decent work in global supply chains	2016	https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_468097.pdf	Decent work, global chain
Robert Blackburn	EU Parliament	Report	Tailor-made support for SMEs towards effective implementation of the EU's trade and investment strategy	2016	https://op.europa.eu/en/publication-detail/-/publication/2b6e90e4-223b-11e6-86d0-01aa75ed71a1/language-en	SMEs and EU policies
Peter Kuzmisin, Viera Kuzmisinova	Technical University of Kosice,	Article	Small and medium-sized enterprises in global value chains	2016	in Economic Annals-XXI, 2016, 162, 11-12, pp. 22-27	SMEs and global value chain





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Eurofound	Eurofound	Report	Job creation in SMEs: ERM annual report 2015	2016	https://www.eurofound.europa.eu/en/publications/2016/job-creation-smes-erm-annual-report-2015	SMEs and EU policies
Eralda Xhafka, Elidon Avrami	Universiteti Politeknik i Tiranës	Article	The SME in a Globalized Economy. Challenges of the Albania's SME in the Optic of Small Business Act	2015	in European Journal of Economics and Business Studies, 2015, 1, 1	SMEs and globalization in Albania
Fation Dragoshi, Aleka Pappa	Friedrich-Ebert Stiftung	Report	Long Road to social dialogue in Albania: turning challenges into opportunities	2015	https://library.fes.de/pdf-files/bueros/albanien/12294.pdf	Social dialogue in Albania
Jenny Holdcroft	ILO	Article	Transforming supply chain industrial relations	2015	https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---actrav/documents/publication/wcms_433853.pdf	Industrial relations and global value chain
Behzad Azarhoushang, Alessandro Bramucci, Hansjorg Signor, Bea Ruoff	ILO	Article	Value chains, underdevelopment and union strategy	2015	https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---actrav/documents/publication/wcms_433853.pdf	Value chain, human rights
Pervez N. Ghauri, Manek V.H. Kirpalani (eds.)	University of Birmingham, University of Montreal	Handbook	Handbook of research on international entrepreneurship strategy: Improving SME performance globally	2015	Edward Elgar, pp. 1-395	SMEs and global value chain





Glynne Williams, Steve Davis, Crispen Chinguno	University of Leicester, Sol Plaatje University	Article	Subcontracting and labour standards: Reassessing the potential of international framework agreements	2015	in British Journal of Industrial Relations, 2015, 53, 2, 181-203	Decent work, supply chain, global economy
Felix Hadwiger	ILO	Article	Global framework agreements: achieving decent work in global supply chains?	2015	https://researchrepository.ilo.org/esploro/outputs/journalArticle/Global-framework-agreements/995319291602676	Global bargaining and decent work
Michael Fichter, Jamie K. McCallum	Freie Universität Berlin, Middlebury College	Article	Implementing global framework agreements: the limits of social partnership	2015	in Global networks, 2015, 1, pp. 65-85	Social dialogue and global market
Louis Raymond, Josée St-Pierre, Sylvestre Uwizeyemungu, Thang Le Dinh	Université du Québec à Trois-Rivières	Article	Internationalization capabilities of SMEs: A comparative study of the manufacturing and industrial service sectors	2014	in Journal of International Entrepreneurship, 2014, 12, pp. 230-253	SMEs and global value chain
Lucian Cernat, Ana Norman López, Ana Duch T-Figueras	European Commission	Report	SMEs are more important you think! Challenges and opportunities for EU exporting SMEs	2014	https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3777681	SMEs and EU policies
ECSIP Consortium	ECSIP Consortium	Report	Study on Support Services for SMEs in International Business	2013	https://www.ace-cae.eu/fileadmin/New_Upload/14_International/study-on-support-services-for-smes-in-international-business-final-	SMEs and global value chain





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Maria Chiarvesio, Eleonora Di Maria, Stefano Micelli	Università degli Studi di Udine, Università degli Studi di Padova, Università degli Studi di Venezia	Article	Sourcing from Northern and Southern Countries: The Global Value Chain Approach Applied to Italian SMEs	2013	in <i>Transit. Stud. Rev.</i> , 2013, 20, pp. 389-404	SMEs and global value chain in Italy
Markus Helfen, Michael Fichter	Freie Universität Berlin	Article	Building transnational union networks across global production networks: Conceptualising a new arena of labour – management relations	2013	in <i>British Journal of Industrial Relations</i> , 2013, 51, 3, pp. 553-576	Industrial relations and global economy
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