



ValueFacturing SMEs Decalogue - Supporting SMEs and Social Partners for Fairer Participation in Global Value Chains

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ValueFacturing SMEs Consortium			
Partner Number	Participant organisation name	Short name	Country
1	Confindustria	CONFIMI	IT
2	Confindustria Digitale	CID	IT
3	FIM CISL LOMBARDIA	FIM CISL LOMBARDIA	IT
4	FONDAZIONE ADAPT	Fondazione ADAPT	IT
5	ADAPT ASSOCIAZIONE PER GLI STUDI INTERNAZIONALI E COMPARATI SUL DIRITTO DEL LAVORO E SULLE RELAZIONI INDUSTRIALI	ADAPT	IT
6	European DIGITAL SME Alliance	DSME	BE
7	Budapest Chamber of Commerce and Industry	BCCI	HU
8	CHAMBER OF COMMERCE & INDUSTRY TIRANA	CCIT	AL
9	ASSOCIAZIONI NON RICONOSCIUTE E COMITATI	Confindustria Puglia	IT
10	VASAS SZAKSZERVEZETI SZOVETSEG	VASAS SZAKSZERVEZETI SZOVETSEG	HU
11	Trade Union Federation of Industrial Workers of Albania	FSPISH	AL
12	INDUSTRIALL EUROPEAN TRADE UNION ASSOCIATION DE FAIT	INDUSTRIALL EUROPE INDUSTRIALL EUROPEAN TU	BE
13	CONSIGLIO REGIONALE DELLA PUGLIA - REGIONAL COUNCIL OF APULIA	CONSIGLIO REGIONALE DELLA PUGLIA - REGIONAL COUNCIL OF APULIA	IT
14	FEDERAZIONE ITALIANA METALMECCANICI-CISL ASSOCIAZIONE	FIM CISL	IT

Understanding Global Value Chains (GVCs)

Global Value Chains (GVCs) refer to the internationally distributed production systems in which the various stages of manufacturing – such as design, component sourcing, assembly, marketing, and distribution – are performed across different countries, coordinated by lead firms. For SMEs, GVCs offer both opportunities and challenges: they can be a path to innovation, market expansion, and knowledge transfer, but also entail exposure to cost pressures, regulatory complexity, and competitive asymmetries.

The shift towards GVCs has fragmented production across borders, with lead firms orchestrating operations globally. SMEs, particularly in manufacturing, have often been pulled into these chains as cost-efficient suppliers or sub-contractors. While GVC participation opens the door to innovation and market access, it also increases vulnerability to price pressure, job insecurity, and deteriorating labour standards¹ (see Valuefacturing SMEs report on the state-of-the-art, p. 6)

However, GVCs are not inherently exploitative. When embedded in appropriate institutional frameworks – including social dialogue, collective bargaining, and supportive policy ecosystems – they can enhance competitiveness, foster decent work, and support inclusive industrial development.

Through strategic use of collective bargaining... combined with investments in innovation, skills, and inclusive governance, SMEs can not only enter GVCs but thrive within them (see Valuefacturing SMEs report | Executive summary, p. 5)

¹ All text in *italics* throughout this Decalogue refers to excerpts and information taken from the research report “ValueFacturingSMEs – Report on the State of the Art (D2.2)” and its executive summary, produced by Fondazione ADAPT and ADAPT as part of the ValueFacturing SMEs project. Where applicable, references specify whether the content comes from the report’s analytical sections, executive summary, or stakeholder interviews. The report combines desk research and field research with a round of semi-structured interviews conducted in Italy, Hungary, Albania, at EU and international level.

1. Recognise Your Role in the Global Economy

Understand your position within GVCs to better manage risks and seize opportunities. Many SMEs operate in global chains without full awareness of their exposure to global trends such as supply chain digitalisation, sustainability standards, due diligence obligations and cost pressures from lead firms.

Stakeholders frequently noted that SMEs often do not perceive themselves as part of global production networks – and may underestimate their potential contribution (based on interview findings, see Valuefacturing SMEs report | Executive summary, p. 6)



Strategic pointers for workers' representatives: Promote joint mapping exercises with employers to clarify the enterprise's position within GVCs, enabling workers to anticipate changes and defend quality employment.



Strategic pointers for employers and business organisations²: Support SMEs in using practical supply chain mapping tools to increase strategic awareness and resilience.

² The expression “*employers and business organisations*” is used alongside the more specific term “*employers’ organisations*” to reflect the broader ecosystem of actors involved in supporting SMEs. While *employers’ organisations* refers primarily to formal social partners active in collective bargaining and industrial relations, *business organisations* also includes other categories of intermediary bodies -such as chambers of commerce, industry associations, and territorial consortia. Although not uniformly recognised across Europe as parties to collective bargaining, these organisations can nonetheless play a meaningful role in social dialogue, skills development, and public–private cooperation on matters such as innovation, sustainability, and decent work in global value chains. Their engagement is particularly relevant in supporting SMEs with limited internal capacity to act autonomously in these domains.

2. Avoid the Low-Road Trap

Race-to-the-bottom strategies are short-lived. Competing solely on low wages, poor conditions, or excessive flexibility damages both reputation and long-term resilience. Governance gaps in value chains can exacerbate this trend, especially for SMEs under cost pressure.

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 labour conditions – rather than benefiting from knowledge-sharing and sustainable upgrading (see Valuefacturing SMEs report | Executive summary, p. 6)



Strategic pointers for workers' representatives: Monitor subcontracting and supplier chains to identify risks of cost-driven exploitation. Advocate for responsible procurement clauses in collective agreements and public tenders.



Strategic pointers for employers and business organisations: Support SMEs in repositioning their value proposition around quality, innovation, and reliability, rather than labour cost minimisation. Promote industry-level benchmarks and certification schemes that reward decent work and sustainable practices.



3. Build Social Dialogue into Business Strategy

Institutionalise consultation to anticipate change and mitigate risks, especially in relation to digitalisation, restructuring, and supply chain shifts. Social dialogue fosters trust and stability during transformation and strengthens resilience in the face of uncertainty. Where actively promoted, it enables enterprises and workers to jointly address transitions in a way that aligns innovation with decent work and inclusive growth.

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 are often forced to the margins of chains, without diminishing standards of protection for workers. From this point of view, the (ValueFacturing SMEs) approach to be adopted is aimed at demonstrating that social dialogue and collective bargaining can help 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 (see ValueFacturingSMEs Report, p. 13)



Strategic pointers for workers' representatives: Advocate for permanent consultation mechanisms on participation, innovation, restructuring and strategic planning. Promote stronger models of workplace participation that go beyond information-sharing to include real involvement in enterprise decision-making, especially in transitions involving technological or organisational change.



Strategic pointers for employers and business organisations: Develop structured dialogue processes (e.g., joint committees, regular roundtables) to anticipate transitions and co-manage risks in SMEs, especially where formal representation is limited. Support participatory practices that link productivity with quality employment, and that frame workers not only as stakeholders, but as contributors to enterprise innovation and stability.



4. Engage in Sectoral and Territorial Collective Bargaining

Leverage collective frameworks to enhance employment conditions and business stability. Sectoral and territorial agreements help SMEs avoid the pitfalls of fragmented or informal labour governance. These agreements provide SMEs with shared, predictable standards on wages, working time, and training – especially valuable for companies lacking in-house HR or legal capacity.

A well-designed sectoral agreement can act as a public good, providing certainty, raising the floor of protections, and supporting fair competition

(see Valuefacturing SMEs report | Executive summary, p. 7)



Strategic pointers for workers' representatives: Mobilise support for broader coverage through sectoral mechanisms, advocating inclusion of SMEs and ensuring that agreements reflect the realities of decentralised production.



Strategic pointers for employers and business organisations: SMEs, through business associations and employer organisations, in taking part in territorial and sectoral bargaining to enhance predictability, reduce fragmentation, and improve legal clarity.

5. Strengthen Due Diligence and Labour Standards Compliance

Good labour practices are not a cost. They are a competitive advantage. SMEs increasingly face scrutiny over working conditions, even as subcontractors, and must respond to rising expectations from both buyers and regulators.

Social dialogue and due diligence are distinct but complementary tools: while due diligence is increasingly shaped by public authorities, social dialogue stems from negotiation between social partners and helps ensure that fundamental rights -such as freedom of association and collective bargaining- are genuinely upheld. Used together, they can be mutually reinforcing in strengthening compliance and improving working conditions along global value chains (see Valuefacturing SMEs report, p. 22)



Strategic pointers for workers' representatives: Workers' representatives can play an essential role in ensuring that social criteria -such as fair wages, decent working time, occupational safety, and the right to organise- are fully embedded in enterprise-level due diligence. To do so, they can refer to key international instruments and support tools, such as: the ILO MNE Declaration (Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy³), the OECD Due Diligence Guidance for Responsible Business Conduct⁴.



Strategic pointers for employers and business organisations: Actively engage in lobbying and structured dialogue with EU and national institutions to ensure that supply chain legislation is proportionate, predictable, and SME-sensitive. In parallel, provide SMEs with simplified tools and tailored guidance to help them comply with EU directives on corporate sustainability and due diligence (CSRD, CSDDD), and human rights reporting obligations. Support may include model codes of conduct, shared compliance platforms, or pooled HR/legal advisory services.

³ It sets out expectations for labour rights compliance by global and local firms: <https://www.ilo.org/about-ilo/organizational-structure-international-labour-office/ilo-department-sustainable-enterprises-productivity-and-just-transition/tripartite-declaration-principles-concerning-multinational-enterprises-and>

⁴ It offers step-by-step guidance on how enterprises should identify, prevent, and mitigate adverse impacts on workers and communities: <https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm>

6. Leverage Public and Private Support Schemes

Tap into support systems for innovation, internationalisation, and compliance. While a wide array of support tools exist – including EU programmes, digital platforms and national incentives – many SMEs remain unaware or struggle to access them due to resource constraints or information gaps.

Policies to support SME integration in GVCs may include the dissemination of best practices, streamlined administrative procedures, targeted tax incentives, improved access to credit, investment in digital infrastructure and R&D, promotion of industrial clusters and business networks, as well as shared service models such as open contracts for specialised professionals (based on interview findings, see Valuefacturing SMEs report, p. 19)



Strategic pointers for workers' representatives: Engage in local and sectoral development initiatives to advocate that public support is aligned with job quality, inclusive training, and sustainable working conditions.



Strategic pointers for employers and business organisations: Act as intermediaries to help SMEs navigate and access public and private resources effectively, and promote coordinated strategies at territorial or cluster level. In many contexts, Chambers of Commerce and similar intermediary bodies play a vital role in facilitating access to funding opportunities, providing training on regulatory compliance, and connecting SMEs to internationalisation platforms.



7. Invest in Skills and Lifelong Training

SME growth depends on a skilled, adaptive work force able to respond to the evolving demands of international value and supply chains. GVC integration increasingly requires transversal skills in digital technologies, logistics, language proficiency, and environmental and social compliance. At the same time, both workers' representatives and SME owners/entrepreneurs need continuous training to engage meaningfully in negotiation processes and strategic decision-making, particularly when facing technological change or restructuring. Building shared knowledge across organisational levels helps promote more informed and anticipatory labour relations.

Training initiatives targeted at both workers' representatives and SME entrepreneurs are increasingly seen as essential to navigate GVC dynamics (see Valuefacturing SMEs report | Executive summary, p. 7)



Strategic pointers for workers' representatives: Participate in designing training programmes aligned with current and future value chain needs. Promote capacity-building for representatives themselves in areas such as digitalisation, due diligence, and sustainability, to strengthen their ability to represent workers' interests in strategic transitions.



Strategic pointers for employers and business organisations: Facilitate access to co-funded training opportunities and promote partnerships with vocational institutions, bilateral bodies, training funds, and EU-funded initiatives targeting upskilling in manufacturing. Strengthen partnerships with vocational institutions, bilateral bodies and EU programmes, and encourage training schemes that support both technical upskilling and social dialogue competence.



8. Promote Equality, Inclusion and Safe Workplaces

Workplace fairness is not only ethical. It enhances productivity. Discrimination, occupational safety and health (OSH) failures, and harassment reduce morale, increase turnover, and inhibit innovation. Promoting inclusive and safe environments strengthens firm performance and resilience.

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 (based on interview findings, see Valuefacturing SMEs report, p.

25)



Strategic pointers for workers' representatives: Ensure effective implementation and follow-up of equality plans, anti-harassment procedures, and occupational health and safety frameworks. Use EU and national monitoring tools (e.g., Equality Bodies, OSH agencies) to report gaps and support remediation.



Strategic pointers for employers and business organisations: Disseminate best practices in diversity, equity and inclusion (DEI); promote uptake of self-assessment tools (e.g., gender equality checklists, OSH audits); and foster peer learning among SMEs to build inclusive workplace cultures.



9. Use Data and Technology Responsibly

Technology can improve or erode job quality. SMEs should ensure that digitalisation and automation support -not replace- decent work. A fair and inclusive transition requires anticipating skill needs and involving workers in shaping tech choices.

For small and medium-sized enterprises, 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
(based on interview findings, see Valuefacturing SMEs report, p. 32)



Strategic pointers for workers' representatives: Engage in dialogue to ensure digital transitions are negotiated fairly. Demand upskilling and reskilling plans that accompany automation and AI integration, particularly in routine or vulnerable roles.



Strategic pointers for employers and business organisations: Promote a “just transition” approach by involving employees early in technology adoption, mapping affected tasks, and cooperating with public training providers or sectoral skills councils

10. Act Collectively to Shape GVCs Rules

SMEs can influence the rules, if they act together. Coalition-building, transnational networking, and proactive participation in EU policymaking help counterbalance the dominance of lead firms in shaping the terms of trade, sustainability, and compliance in global value chains.

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 (based on interview findings, see Valuefacturing SMEs report, p. 41)



Strategic pointers for workers' representatives: Build alliances across borders to advocate for binding social clauses in trade, investment, and procurement rules. Engage in both transnational social dialogue (via EU Sectoral Social Dialogue Committees or cross-border union networks) and the negotiation or monitoring of Transnational Framework Agreements (TFAs) with multinational employers. Although typically signed at the global level, TFAs can have concrete effects on SMEs within supply chains-particularly in terms of labour standards, grievance mechanisms, and training rights. These agreements offer useful leverage and reference points for collective action at local or sectoral level. Worker representatives in SMEs can use tools such as the ILO Collective Bargaining and Social Dialogue (CBSD) database, which catalogues TFAs and transnational company agreements⁵, to identify relevant commitments made by lead firms or clients that affect their sector or territory.



Strategic pointers for employers and business organisations: Form or join SME consortia to participate in European Union (EU) consultations, multi-stakeholder initiatives (such as the Organisation for Economic Co-operation and Development – Responsible Business Conduct (OECD RBC) platform, or the United Nations Global Compact), and transnational fora focused on responsible business practices and sustainable supply chains. Contribute actively to transnational social dialogue processes to ensure that the voice and interests of SMEs are represented in shaping fair and proportionate frameworks. Promote cooperation models that allow SMEs not only to

⁵ <https://cbsd.ilo.org/category/transnational-agreements/transnational-company-agreements>

comply with external requirements, but to help shape them—especially in areas like due diligence, sustainability, and workforce development. Take advantage of resources such as the International Labour Organization (ILO)’s Collective Bargaining and Social Dialogue (CBSD) platform, which offers access to a wide range of Transnational Framework Agreements (TFAs) and examples of good practices in global social dialogue and cross-border labour governance.

Final Note

This Decalogue is the legacy tool of the *ValueFacturing SMEs* project. It builds on comprehensive research, comparative analysis, stakeholder interviews, and thematic workshops conducted across Italy, Hungary, Albania and at the European level in Brussels. Its guidance reflects a European perspective on how manufacturing SMEs, along with social partners, business organisations and local institutions, can engage more fairly and effectively in global value chains.

Structured as a modular and actionable resource, the Decalogue is designed to support SMEs, workers' representatives, business associations and relevant stakeholders in aligning economic integration with decent work, sustainability, and social innovation. It connects enterprise-level practices with broader frameworks such as collective bargaining, EU policy instruments, and international labour standards.

One of the project's core findings is that **SMEs thrive in GVCs when economic upgrading is accompanied by social upgrading** through investment in skills, inclusive governance, and shared responsibility across supply chains.

By strengthening the capacity of SMEs to act not just as cost-driven subcontractors, but as **agents of responsible industrial transformation**, this Decalogue contributes to a vision of competitiveness based on fairness, innovation, and long-term resilience, replicable across sectors and countries.

