

This emergence of integrative trade has created new challenges and opportunities for firms engaging in international commerce and, by the same token, for institutions engaged in facilitating international commerce.

Participation in GVCs is especially important for SMEs. Such participation provides SME suppliers "access to global markets at lower costs than those faced by individual small-scale producers, due to the intermediation function assured by the contractor."⁷ As well, "the exposure to learning processes among partners in global value chains generates knowledge spillovers and stimulates human and technological capital upgrading"⁸. SMEs that succeed in integrating into several supply chains gain access to economies of scale through increased specialization, as well as increased stability and improved financial performance. The catch however is that the ability to internationalize operations and to participate in GVCs may depend on a firm's scale of operations, its capital resources and its human resources and leadership, assets which many SMEs lack.

As well, many SMEs that do participate in GVCs often are low value contributors (in terms of either monetary value of input, level of technological content, or level of intellectual property). As a result, they tend to have limited power in influencing the terms of their participation in supply chains (e.g., over pricing, delivery time, payment terms). Given the many challenges that SMEs face, any assistance that responds to identified needs in terms of facilitating their gaining a foothold or improving their position in GVCs, including acquiring the enabling information technology base⁹ warrants some further consideration.

As outlined in the force field illustration below, many drivers can be identified that prevent/hinder SME entry into GVCs

⁷ OECD (2007).

⁸ Ibid.

⁹ The importance of technology and particularly information and communications technology to improved internationalization and export performance has been documented by Karavdic and Gregory (2004) and Karavdic (2006); its importance to relationship management with trading partners has been shown by McCabe (2006).