

Diffusion and effects of accredited certification among exporting companies



In collaboration with



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Analysis based on Accredia and ISTAT data for 2018.

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THE ECONOMIC CONTEXT AND THE EXPORT SITUATION

Compared to a year ago, the economic and social picture has dramatically changed due to the Covid-19 pandemic and the resulting economic crisis.

In dealing with the emergency, however, the European Union has been able to react promptly and intensely enough to cushion its impact, at least in the first phase, also through a massive economic stimulus from the ECB.

The unprecedented expansionary impulse of the interventions defined in the context of the Next Generation EU (NGEU) for many countries and for ours in particular, will be an opportunity to redesign development based on the priorities that Europe, just before the start of the pandemic, set out for 2019-2024¹.

In Italy, in response to the health emergency, the government has launched substantial interventions to support families and businesses with its economic policies, providing for an increase in net debt. National interventions, as well as those in Europe, will push up the debt burden on GDP. The choice of the "right" investments for growth with a high multiplier and favouring the ecological and digital transition will therefore be of vital importance. The evaluation of the measures will obviously be necessary to fully seize the opportunity that arises from the crisis.

But in defining policies it will be important to take into account the intrinsic characteristics of our economy.

For Italy, the export vocation and the high integration in global value chains (GVC) were weaknesses in the first phase of the crisis. The restrictions imposed along the supply chains have in fact negatively impacted the offer with highly differentiated effects between sectors of economic activity and types of enterprises. The supply crisis was accompanied by a strong contraction in demand. Also in this, as for the level of public debt, Italy has suffered a sharp decline compared to other advanced countries. Our propensity to export will also be one of the levers on which to focus for supporting recovery.

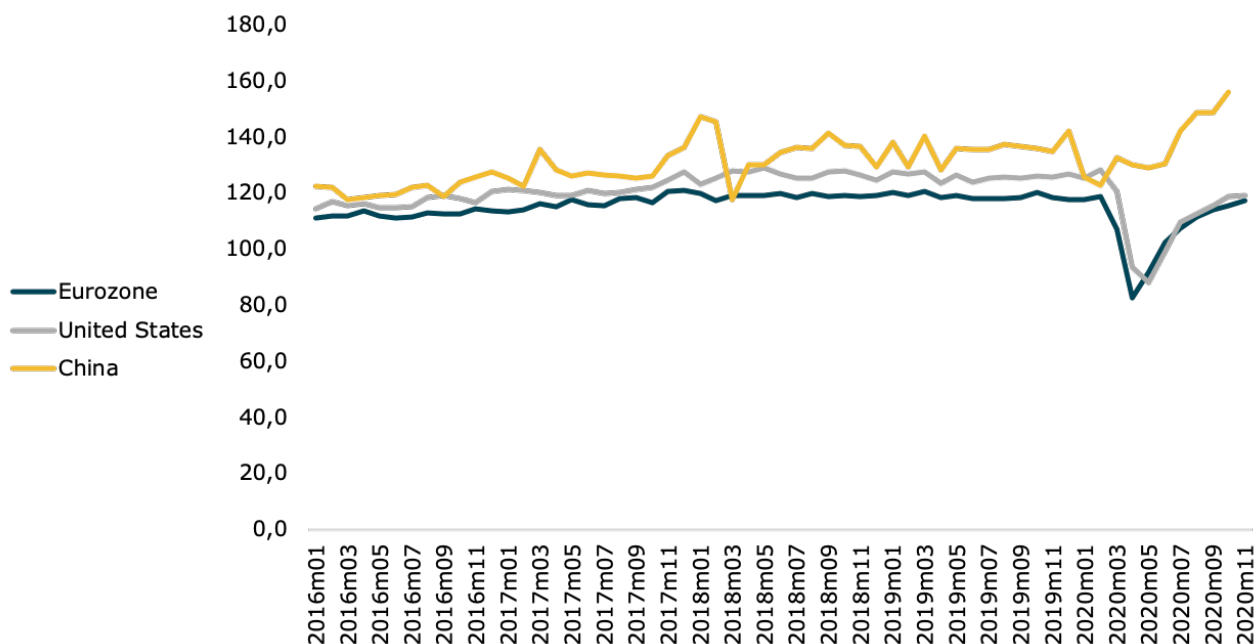
Globally, 2020 GDP is expected to contract by 4.5%, with a recovery of 5.2% in 2021. International trade, heavily penalized by controls on goods, will drop by 9.3% in 2020, to then recover in part in 2021 by 7.6%². The recovery of international trade in goods will be driven by emerging markets, China in the lead, which for many years now, but even more in the future, will be strategic for the development of Europe (Figure 1). Europe will have to suffer, as early as 2021, the consequences of Brexit on trade in goods with the UK³, which is added to the significant negative contribution of the main market in the area, Germany, hit hard by the effects of the pandemic and of the crisis in the automotive industry.

¹ https://ec.europa.eu/info/strategy/priorities-2019-2024_it

² Prometeia, Forecast, December 2020.

³ On 30.12.2020, at the end of complex negotiations, the agreement on future relations between the UK and the EU was signed, whose ratification will take place only after approval - in the first months of 2021 - by the European Parliament. The EU has authorized its provisional application from 1.1.2021, at the end of the transition period that was provided for in the Withdrawal Agreement. The treaty is based on three cardinal points: (a) the establishment of a free trade area and a new economic and social partnership with the UK; (b) a new partnership for the safety of citizens; (c) a horizontal governance agreement. With reference to the first point and, in particular, to customs, the facilities already present in other commercial agreements of the Union are included, including the possibility of procedural simplifications for authorized operators, but not the total exemption from customs, health and crop protection controls (instead absent within the EU). There is also a framework for collaboration against customs and VAT fraud.

Figure 1 – World trade 2016 -2020, index numbers (2010=100)



Source: CPB World Trade Monitor

From a sectoral point of view, the sudden interruption of global supply chains and the collapse of tourism has resulted in significant worldwide declines for the transport sector as well as and maritime and rail transport activities. On the other hand, the downsizing of import demand has been and will be more contained in the less cyclical and more favored sectors in the context of spending relating to the emergency, such as pharmaceutical products and food. The food and beverage sector will, however, suffer from the strong contraction in demand from the Ho.Re.Ca. channel, only partially offset by the increase in the private spending component. For certain, among the relatively less affected sectors, electronics will benefit from the acceleration in the drive towards digitalization that is affecting, especially in more mature markets, both the private sector (smartworking and remote education) and the industrial sector (increased automation and remote management of industrial plants).

The real test for companies will take place in 2021 when, taking into consideration the risks of new waves of contagion, we may see a resumption of opportunities connected to the international economic cycle, but in a new context, in which important repercussions in the future scenario could also derive from a redesign of global supply chains. The greater importance of continental production platforms and the push towards reshoring phenomena will accentuate the trend towards the regionalization of trade. Even before the onset of the pandemic, while offering their products on a global scale, value chains often operated in a smaller geographical areas and their exchanges tended to be concentrated at the regional level, in order to contain logistics and transport costs. This is the case, for example, with European value chains.

The reaction to the crisis will provide a boost to the modernization of production systems, offering opportunities for a qualitative leap in technological innovation and for a greener footprint of products and processes, thus responding to the increasingly exigent demands of consumers and businesses.

Furthermore, the greater use of e-commerce - on a trend that has seen a surge in the emergency phase - could become structural, acting as a driving force for international trade, especially in the field of consumer goods.

It is essential at this stage to build virtuous dynamics capable of accommodating these new trends in the world economy, disengaging from the logic of subsidies to the economy and intervening in terms of productivity. When the European and national support comes to an end, Italian companies will find themselves facing a drastically changed world and will have to be able to go ahead alone.

Of strategic importance in this context is the "Export Pact" promoted by the Ministry of Foreign Affairs and International Cooperation - in synergy with ICE-Agenzia, SACE and SIMEST - created to cope with the exogenous shock of the pandemic and its consequences.

In addition to supporting the main sectors of Italian production, with particular attention to the sectors most affected by the economic consequences of the pandemic, the measures envisaged give top priority to the enhancement of sectors with a high technological and innovation content, in which Italy possesses excellence, such as space, aerospace and robotics.

The interventions on the productivity of companies, especially those engaged in international markets, reflect this strategy. A new industrial policy requires tools, such as accredited certification of management systems, capable of facilitating participation in global value chains and guaranteeing, through an organizational and performance improvement, a boost in competitiveness which is fundamental in this period.

The **agreement between Accredia and Istat**, signed in November 2018, made it possible for the first time to deepen the link between accredited certification and exporting companies, providing a new element of study of the dynamics of international trade in goods.

The analyses set out below, based on the Accredia databases of organizations and companies with a certified management system and on Istat foreign trade archives, are aimed at **analyzing the degree of diffusion of management systems among exporting companies and assessing their effects in terms of participation in global value chains and productivity.**

ANALYSIS OF CERTIFIED EXPORTING COMPANIES WITH CERTIFIED ACCREDITATION

Certified management systems of accredited companies facilitate the dialogue between supplier and buyer by standardizing the language and organizational practices and constitute an important competitive element, especially for organizations that have to deal with international markets in which cultural and economic contexts can be very distant from those of origin.

In this way, we concluded the analysis of data on exporting companies which, at the end of 2017, held a certified management system under accreditation. **The update of the analyses to 2018** allows us to affirm with greater certainty that accredited certification is a competitive factor for exporting companies, and that the diffusion of this tool facilitates the participation of Italian companies in global value chains.

The analyses on the diffusion among exporting companies of the certifications, issued by CABs accredited by Accredia and concerning management systems, arise from the agreement signed with Istat aimed at enhancing the Accredia database.

In total, the database transferred to Istat for the year 2018 contained over **75,000 organizations with a certified management system**. Of these, about **19 thousand tax codes** corresponded to data in the archives of exporting companies in 2018.

The reference areas of the management systems considered are different and concern the quality of processes, environmental impact, health and safety of workers, information security, etc. (Table 1). It is important to reiterate that the accredited certification of these systems can represent a tool for monitoring the correctness of all phases of the value chain in which the company operates. In general, all management systems describe the procedures that a company must follow to ensure consistent quality of its products and services. For this reason, they facilitate the participation of companies, as suppliers, in production chains in many countries.

Table 1 – List of management systems considered

N	Certification standard	Description
1	CRMS FP 07:2015	Credit risk management systems - Requirements
2	ISO 28000	Security risk management in the supply chain
3	ISO 55001:2014	Asset management - Management systems - Requirements
4	UNI CEI EN ISO 13485:2016	Medical devices -- Quality management systems -- Requirements for regulatory purposes
5	UNI EN 9100:2018	Quality management systems – Requirements for aeronautics, space and defence organizations

6	UNI EN 9110:2018	Quality management systems -- Requirements for aeronautics maintenance organizations
7	UNI EN 9120:2018	Quality management systems -- Requirements for distributors in aeronautics, space and defence
8	UNI EN ISO 22301:2019	Security and resilience — Business continuity management systems — Requirements
9	UNI EN ISO 3834:2006	Quality requirements for fusion welding of metals
10	UNI EN ISO 9001:2015	Quality management systems
11	UNI ISO 20121:2013	Quality management systems for the sustainability of events
12	UNI ISO 21001:2019	QMS certification in conformity with UNI ISO 21001:2019 - Management systems for educational organizations
13	UNI ISO 29990:2011	Learning services for non-formal education and training - Basic requirements for service providers
14	UNI ISO 37001:2016	Anti-bribery management systems
15	UNI ISO 39001:2016	Road safety management systems
16	UNI/PdR 33:2017	Organisational principles and management of the risks related to the legal profession, in accordance with UNI/PdR 33:2017
17	UNI/PdR 42:2018	Preventing and combating bullying
18	UNI EN ISO 14001:2015	Environmental management systems
19	UNI CEI EN ISO 50001:2018	Requirements for establishing, implementing, maintaining and improving an energy management system
20	BS OHSAS 18001:2007	Occupational H&S management systems
21	UNI ISO 45001:2018	Occupational H&S management systems
22	ISO/IEC 27017:2015	Information technology — Security techniques — Code of practice for information security controls based on ISO/IEC 27002 for cloud services
23	ISO/IEC 27018:2019	Information technology — Security techniques — Code of practice for protection of personally identifiable information (PII) in public clouds acting as PII processors
24	ISO/IEC 27701:2019	Security techniques -- Extension to ISO/IEC 27001 and ISO/IEC 27002 for privacy information management

25	UNI CEI EN ISO/IEC 27001:2017	Information security management systems
26	ISO/IEC 20000-1:2018	Information technology -- Service management system requirements
27	FAMI-QS	Quality systems for feed additives and premixes
28	FSSC 22000 version 5	Food safety management systems
29	ISO 22000:2018	Food safety management systems

The Covid-19 pandemic has made our economies more vulnerable and exposed to external shocks, but the international trade in goods and services continues to be, for Italy, a central element for growth.

The processes of reshoring⁴, already underway before the health emergency, were strongly encouraged by the limitations on the movement of goods and people resulting from the pandemic. However, global value chains continue to be the basis for the development of the world economy and see Italy as a leading player.

Furthermore, international trade compensates for the polarization of supply in some countries by ensuring the product diversification on which consumption in advanced countries is based. When the Covid pandemic first broke out the availability of medical supplies, including personal protective equipment, was guaranteed by international trade.

Thus, greater regionalization of trade in Europe accelerates and intensifies intra-EU international trade flows by shortening value chains. But what effects could these processes have on the diffusion of accredited certifications among export companies?

Analysis of the 2018 data confirms a significant presence of certifications among exporting companies, both with respect to the number of companies and the value of exported goods.

In total, there are about **19 thousand certified companies that export goods worth over 230 billion euro** and which employ just under 2 million workers. Compared with the total of exporting companies, those in possession of a certified management system under accreditation represent 15%, and 53% with respect to the total number of exporting companies and the total export value.

Compared to the analyses conducted on 2017 data, the number of certified companies fell by 3.5%. However, the diffusion of certifications has remained almost stable both in relation to the number of exporting companies and to the export value.

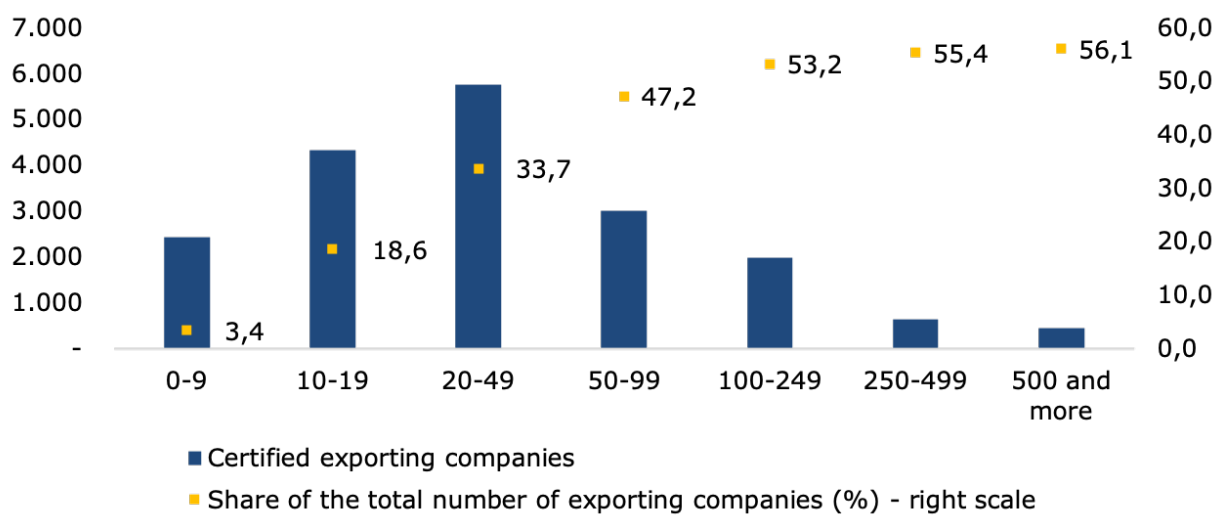
In practice, in 2018 fewer certified companies exporting goods for a higher value were analyzed.

The diffusion of certifications is increasing with the growth of the company size and **reaches over 50% for companies with more than 100 employees** (Figure 2).

⁴ Reshoring is the opposite of offshoring. It is an economic phenomenon consisting of the return of companies which had delocalised all or part of their production to countries with a lower cost of labour.

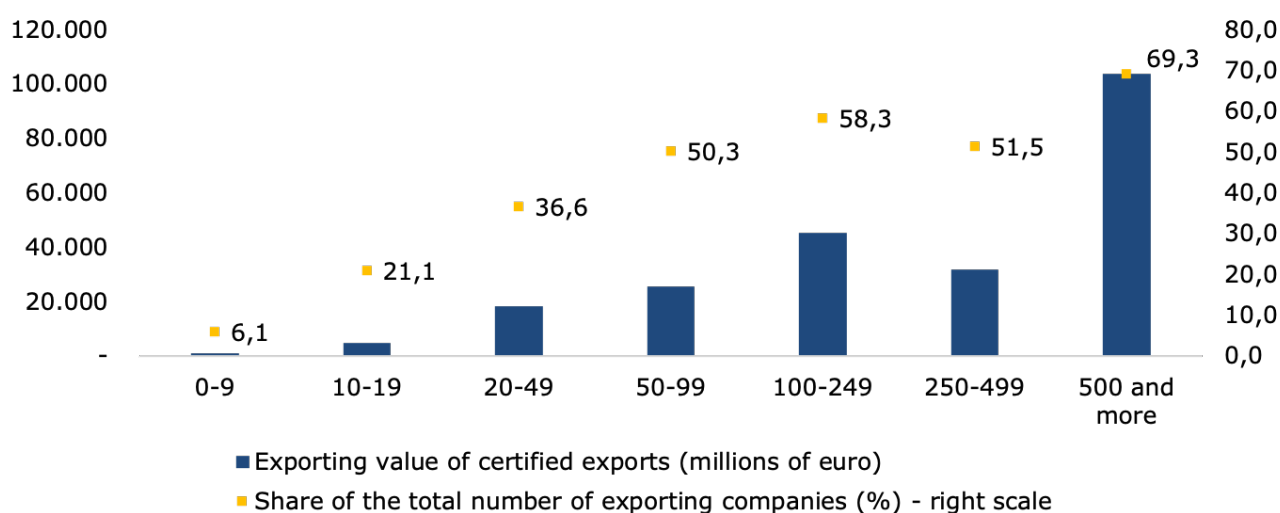
Even with respect to the value of exported goods, the greater company size is accompanied by a greater diffusion of certifications. In this case, the percentages of diffusion are significantly higher, reflecting a higher export value per exporting company with a certified management system (Figure 3).

Figure 2 – Number of certified exporting companies – 2018 (left scale: absolute values; right scale: % values)



Source: Istat and Accredia data

Figure 3 – Export value of certified exports – 2018 (left scale: millions of euro; right scale: % values)



Source: Istat and Accredia data

We repeated these first analyses (Figures 1 and 2) on specific sectors of national production: **food, clothing, furniture and automation**. For the purposes of defining the perimeter, we considered a selection of two-digit manufacturing codes from ATECO 2007 as illustrated in Table 2. The codes made it possible to identify the companies in these sectors, and to study the diffusion of certifications, both with respect to the number of exporting companies and with respect to exporting values. We found a significant share of exporting companies with a certified management system under accreditation.

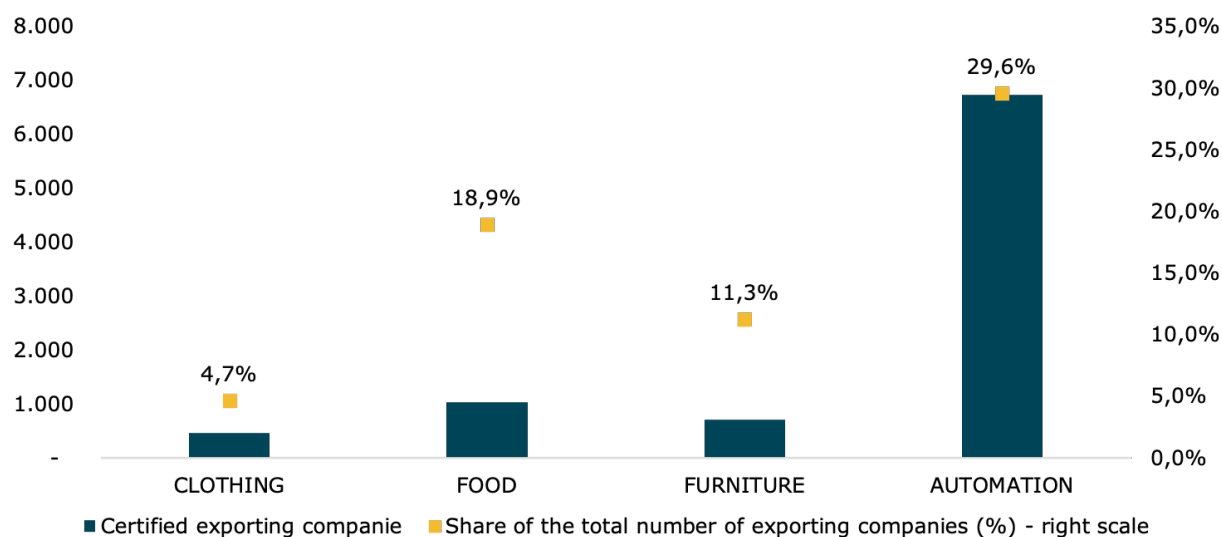
Table 2 – Economic activities falling within these sectors

ATECO 2007 code	Description	Sector
10, 11, 12	Food, beverages and tobacco companies	Food
13	Clothing companies	Clothing
14	Packaging of articles of clothing; packaging of leather and fur articles	Clothing
15	Manufacture of leather articles and similar	Clothing
23	Manufacture other non-metallic mineral products	Furniture
25	Metallurgy; manufacture of metal products (excluding machinery and equipment)	Automation
27	Production of electrical equipment and equipment for non-electric domestic use	Automation
28	Production of machinery and equipment (not elsewhere classified)	Automation
30	Production of other means of transport	Automation
31	Furniture construction	Furniture

The share of certified companies with respect to the total reaches about 30% in the automation sector and is characterized by shares of 18.9% and 11.3% respectively for the food and furniture sector (Figure 4). The diffusion of certifications is growing considerably if we look at the export value of certified and total exporting companies: the shares reach 63.5% for automation and exceed 50% in food (Figure 5).

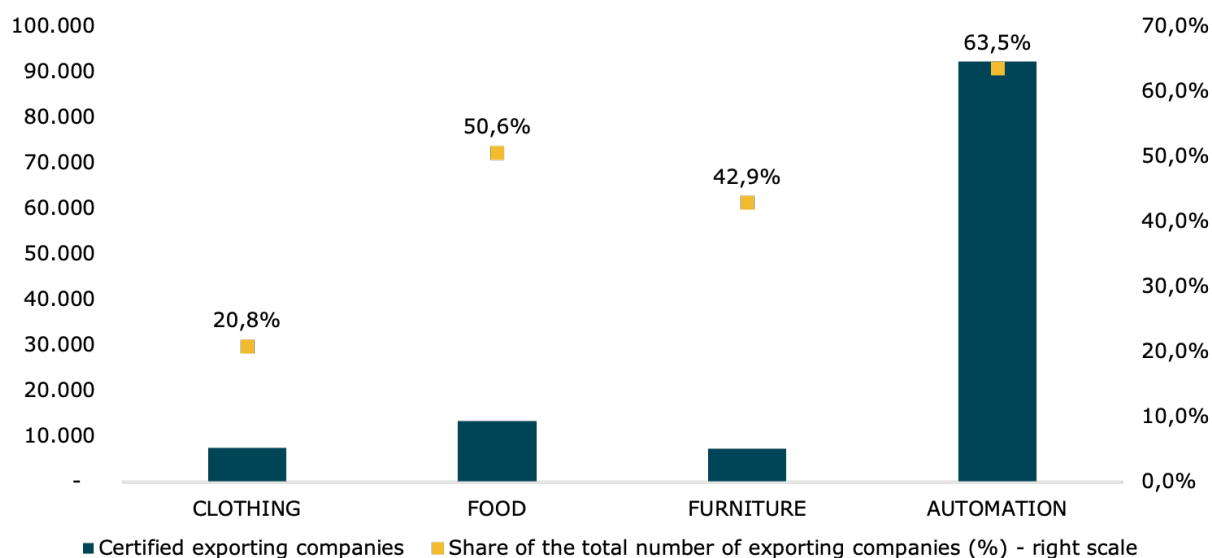
However, it is necessary to underline that the selection of the ATECOs of interest for the purposes of this analysis stops at 2 digits (ATECO divisions), and can represent a limit in the reading of the results.

Figure 4 – Focus on export samples: number of certified exporting companies – 2018 (left scale: millions of euro; right scale: % values)



Source: Istat and Accredia data

Figure 5 – Focus on export samples: export value of certified exporting companies – 2018 (left scale: millions of euro; right scale: % values)

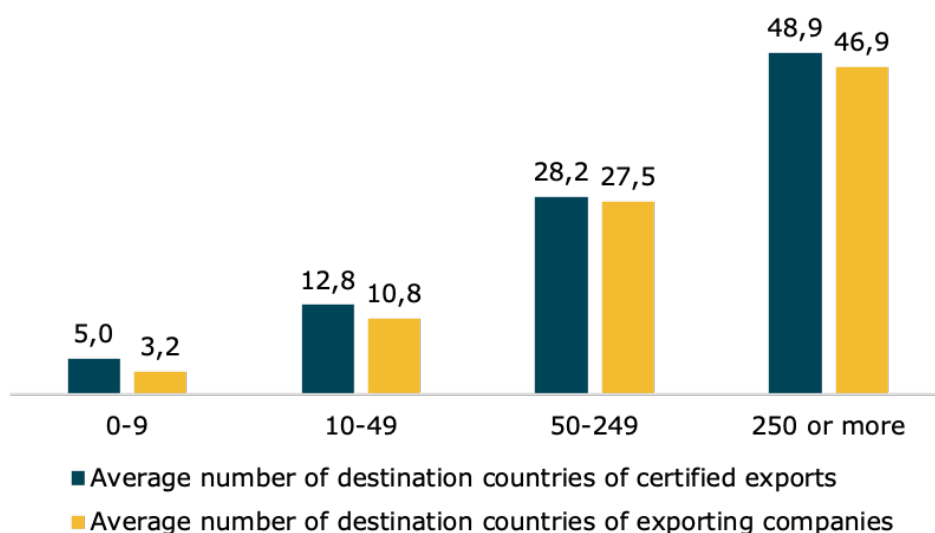


Source: Istat and Accredia data

To judge the effects that reshoring processes in Europe have had on the diffusion of accredited certification among exporting companies is certainly complicated, if not unrealistic, but one aspect that can certainly help in the analyses is to consider the link that would seem to exist between certification and participation in GVCs, especially among developed countries. In fact, in advanced economies, where certifications are more widespread, companies are used to dealing with certified suppliers.

In general, **the average number of countries of destination of goods is higher among certified companies**, regardless of company size, and this fact confirms their greater integration in international markets. This gap also appears to be greater among small and medium-sized enterprises than large ones (Figure 6). These results, which have already emerged in previous analyses in 2017, reinforce the belief that **accredited certification proves its benefits especially among SMEs**.

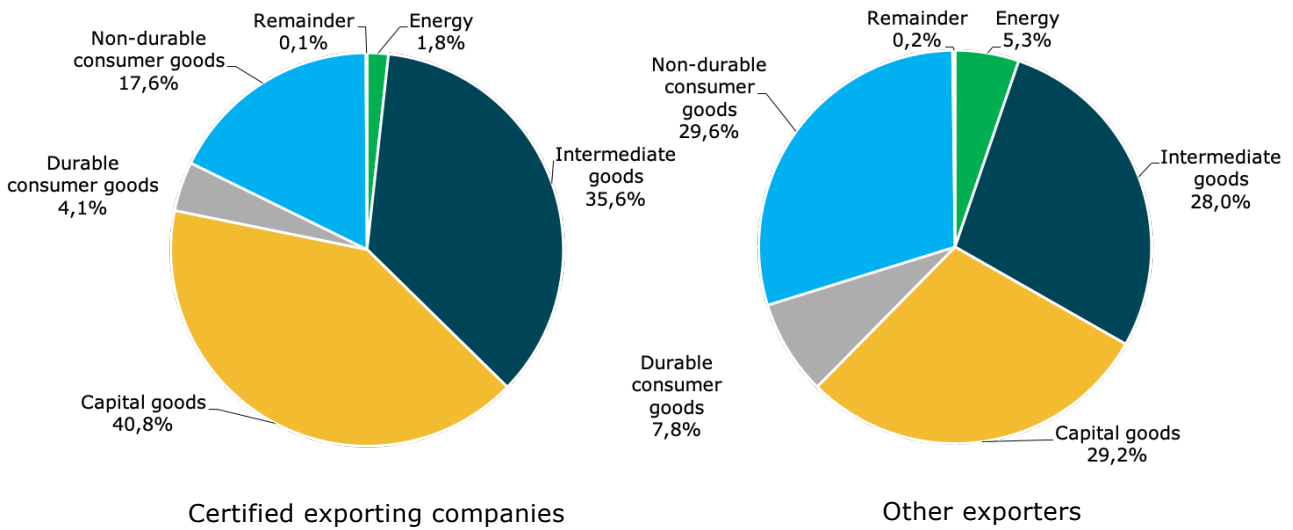
Figure 6 – Average number of destination countries of sales of manufactured goods exporters by class of employees – 2018



Source: Istat and Accredia data

The comparison by typology of goods exported among certified exporting companies and other exports also confirms a higher share of intermediate goods among the former, equal to over 35% of the total value exported by this category of operators (Figure 7). This is an **important confirmation of the role of accredited certification within the GVCs** in which Italian companies are widely involved.

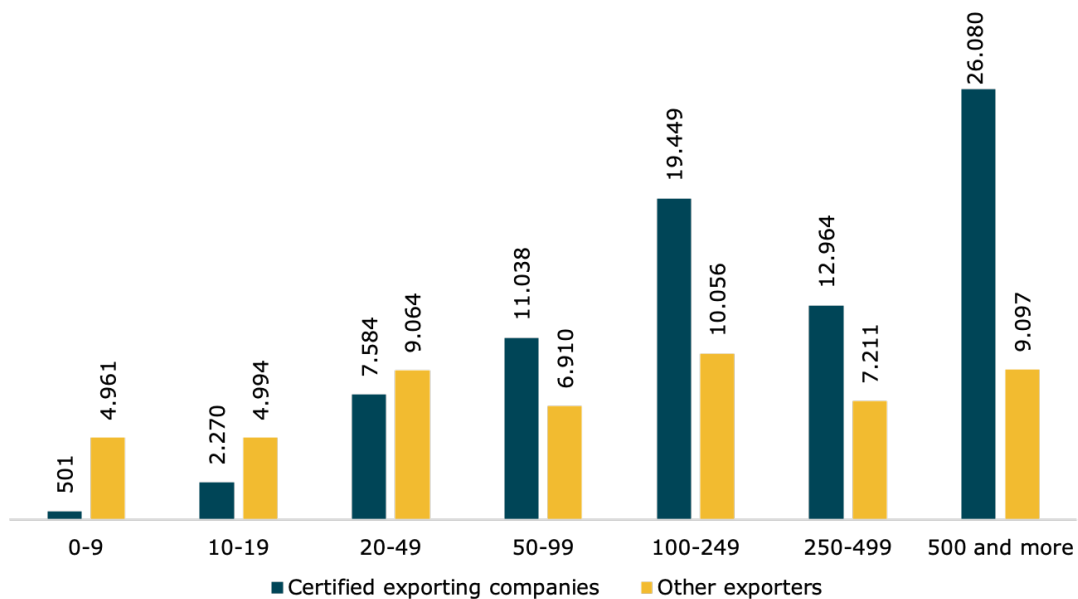
Figure 7 – Breakdown of the export values per typology of exported goods – 2018 (% values)



Source: Istat and Accredia data

The value of exported intermediate goods is highly variable among classes of employees of certified exporting companies, reaching up to 26 billion in larger companies. Furthermore, the differential with other exports is always positive for companies with more than 50 employees (Figure 8).

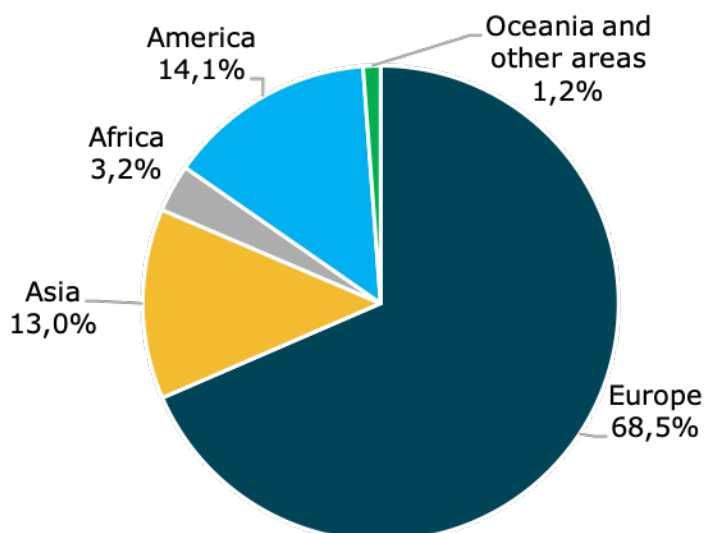
Figure 8 – Focus on intermediate goods: export value of exports – 2018 (millions of euro)



Source: Istat and Accredia data

As could be expected, the breakdown of the export values per certified manufacturing export companies per country of destination highlights the predominant share of Europe (68.5%). America and Asia account for just under 30% of the destination markets for goods (Figure 9).

Figure 9 – Breakdown of export values per country of destination of certified manufacturing export companies – 2018 (% values)

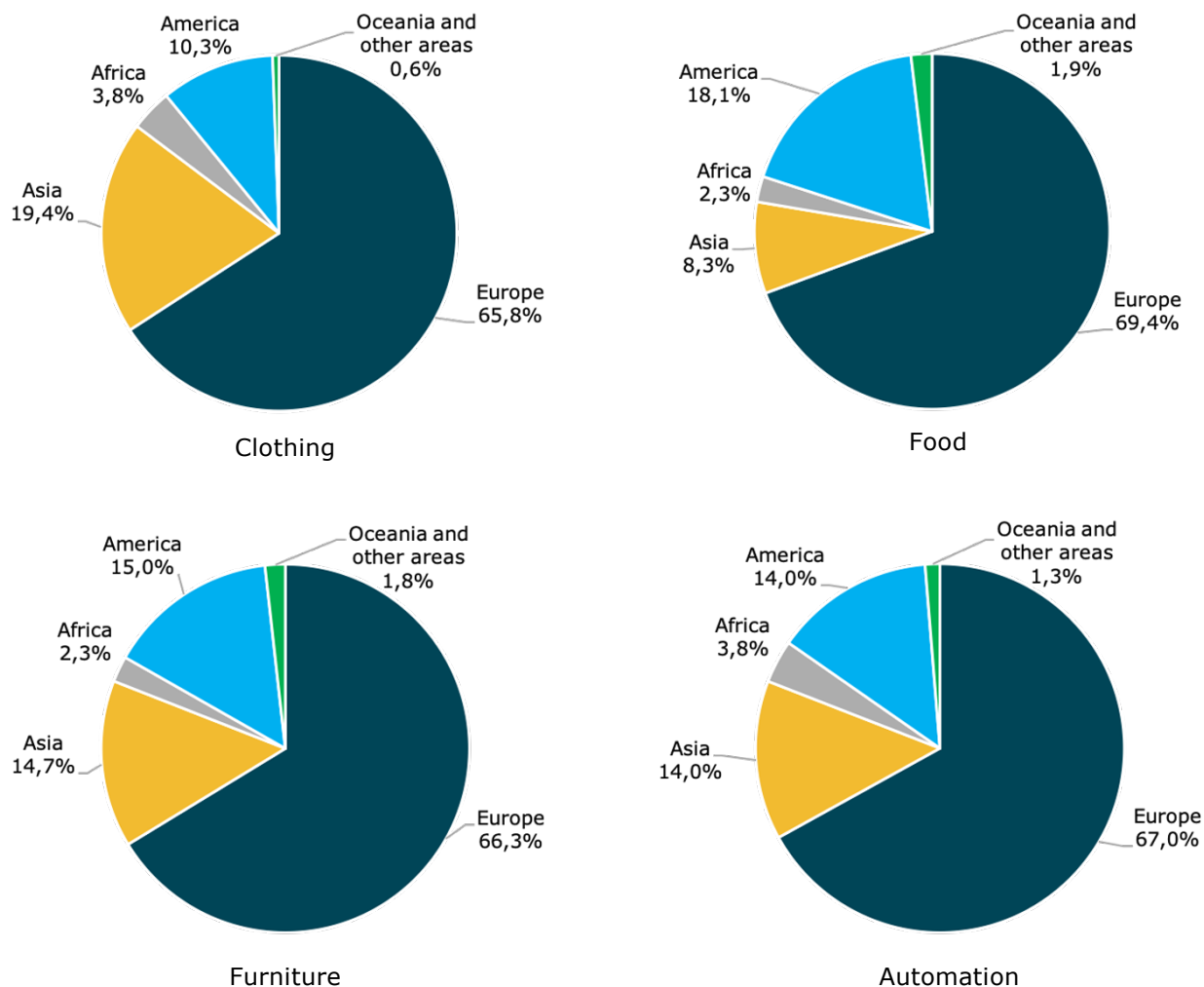


Source: Istat and Accredia data

By analysing the export data of the most representative sectors of Italian production, we can see significant differences in the distribution of the values of the export goods per country of destination. In particular, the Asian market does not seem to be particularly attractive for goods in the food sector, even if the Chinese macroeconomic and demographic dynamics would justify a greater presence of Italian companies.

On the contrary, the clothing sector is characterized by a very important exporting share in Asia and higher than the average share of the entire manufacturing sector. About 1/5 of the exported value is in fact destined for Asian markets (Figure 10).

Figure 10 – Focus on export samples: breakdown of export samples: breakdown of export values per country of destination – 2018 (% values)

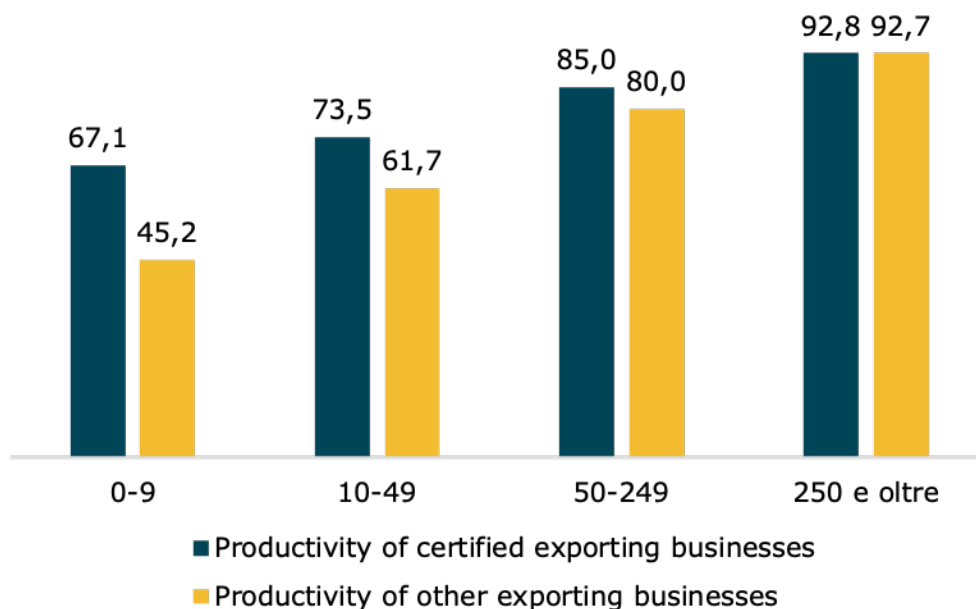


Source: Istat and Accredia data

To conclude, the 2018 data analysis confirms the leading role of accredited certification among exporting companies and the link with participation in value chains, especially in Europe. But, as had already been highlighted in the 2017 data analyses, accredited certification is also accompanied by greater productivity.

A positive productivity **differential for certified exporting companies in the manufacturing sector** compared to other exports has been demonstrated. This differential grows as the size of the company decreases, reaching, in the case of micro-enterprises, approximately 22,000 euros (Figure 11), an increase of approximately 4,000 euros compared with 2017.

Figure 11 – Productivity differentials⁵ among certified exporting manufacturing companies and other exporters, by class of employees - 2018 (value added per employee; thousands of euro)



Source: Istat and Accredia data

The strong exporting vocation of Italian industry, structured in a multitude of micro-enterprises and SMEs and characterized by a recognized quality of exported goods, makes differentiation tools capable of supporting these characteristics a decisive factor.

Accredited certification certainly fulfils this role by signalling the quality of the goods produced to the markets. It is a competitive tool, intrinsically linked to participation in global, especially European, value chains. The benefits of its greater diffusion, especially among small and medium-sized enterprises, would ensure greater resilience of operators, currently exposed to a severe economic crisis. The data analysis confirms the wide margin for improvement in the level of diffusion of certified management systems in small companies. This situation makes accredited certification a useful industrial policy tool which, if more widespread, would produce beneficial effects for the entire Italian economy.

⁵ Relationship between added value and employees of the export company.

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