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The State and the Missing Middle: The Role of Mini-Multinationals in the Reconfiguration of Global Value Chains

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Security-driven reconfiguration and the return of the state

For most of the post-World War II era, the globalization of production has been organized through global value chains (GVCs) and global production networks (GPNs), which disaggregated production across borders and reshaped the economic geographies of firms, regions, and states. Early GVC research emphasized how lead firms orchestrate fragmented production through governance structures that shape upgrading trajectories and spatial outcomes (Gereffi, Humphrey & Sturgeon, 2005; Gereffi, 2018), while economic geography and GPN scholarship highlighted territorial embeddedness and the role of institutions and clusters in mediating global–local linkages (Sturgeon et al., 2008; Coe & Yeung, 2015; Horner, 2017; Hess & Horner, 2024).

Recent disruptions have brought state agency back to the center of debates on global economic organization (Evenett et al., 2024; Curran, 2025). Trade conflicts, security-driven industrial policy, supply-chain fragmentation, and geopolitical rivalry among the United States, China, and the European Union have challenged assumptions of efficiency-driven globalization and ushered in a new era of strategically selective intervention (Cantwell et al., 2026; Gereffi et al., 2025). Yet this debate largely overlooks the "missing middle" of global production: micro and small enterprises (MSEs) whose investment decisions underpin the territorial viability of reconfigured value chains.

Research gap: The missing middle in state-led GVC reconfiguration

While GVC and GPN literatures emphasize that economic geographies are remade through relational interactions among states, firms, and places, a significant empirical gap remains. Contemporary debates on security-driven industrial policy focus on large lead firms and flagship investments. Yet GVCs depend on dense layers of MSEs, particularly in intermediate inputs and specialized manufacturing. As production networks have become increasingly "thin," many of these suppliers are MSEs whose domestic and cross-border investment decisions condition whether state-led reconfiguration strategies succeed (Canello et al., 2022; Canello et al., 2025).

Beyond acting as suppliers, many MSEs participate directly in GVCs through offshore outsourcing and foreign direct investment (FDI). While non-equity internationalization by smaller firms has received growing attention (Di Gregorio et al., 2011; Buciuni et al., 2022), equity-based internationalization remains underexplored. This omission is particularly consequential in the current policy environment. Tariffs, local-content requirements, and investment incentives—central to Trump-era trade policy and the EU's Open Strategic Autonomy agenda—do not merely affect trade; they also encourage tariff-jumping and market-seeking FDI (Gereffi et al., 2021;

Moder & Spital, 2025). Whether such policies mobilize only large multinationals or also "mini-multinationals" has direct implications for supply-chain resilience and territorial anchoring.

Although the existence of mini-multinationals has long been acknowledged (Adler, 1984), systematic evidence on their sectoral and geographical distribution—and on how they adjust investment strategies in response to policy shifts—remains limited. Firm size is likely to shape responses (Johnson, 2025): smaller firms may be more flexible (Miklian & Hoelscher, 2022), yet face stronger financial and organizational constraints that limit strategic reconfiguration. Understanding whether and how MSEs respond differently from large multinationals is therefore central to assessing state-led GVC restructuring.

Research Questions, Data, and Methodology

This paper addresses the "missing middle" by constructing a novel firm-level dataset that combines greenfield FDI project data from ORBIS Cross-Border Investment (CBI) with firm-level information from ORBIS for 2014–2025. This allows comparison of large multinationals and mini-multinationals during the recent phase of geopolitical fragmentation and renewed industrial policy activism.

Firm size is identified using harmonized turnover thresholds (e.g., the EU €10 million cutoff distinguishing micro and small firms), ensuring consistent classification across countries. Table 1 provides a descriptive overview of greenfield FDI by mini-multinationals and larger MNEs.

Table 1: Overview of mini-multinationals and large MNEs, period 2014-2025

	Mini-multinationals			Medium/large MNEs		
year	Number	%	average turnover	Number	%	average turnover
2014	129	17%	4,212,727	966	16%	10,351,171,492
2015	138	18%	4,162,792	852	14%	7,630,659,081
2016	39	5%	3,505,359	466	8%	14,196,121,199
2017	65	9%	3,451,940	503	8%	14,564,403,140
2018	54	7%	3,935,455	624	10%	12,850,684,221
2019	56	7%	4,207,230	604	10%	10,954,369,239
2020	36	5%	3,575,012	403	7%	10,870,473,668
2021	69	9%	3,678,178	371	6%	13,492,558,745
2022	31	4%	2,805,904	205	3%	6,030,122,680
2023	66	9%	3,493,464	422	7%	12,916,383,983
2024	32	4%	2,910,563	265	4%	11,416,988,836
2025	34	5%	3,807,061	313	5%	10,966,239,770
Total	749	100%	3,645,474	5994	100%	11,353,348,005

Source: Authors' elaborations on ORBIS CBI.

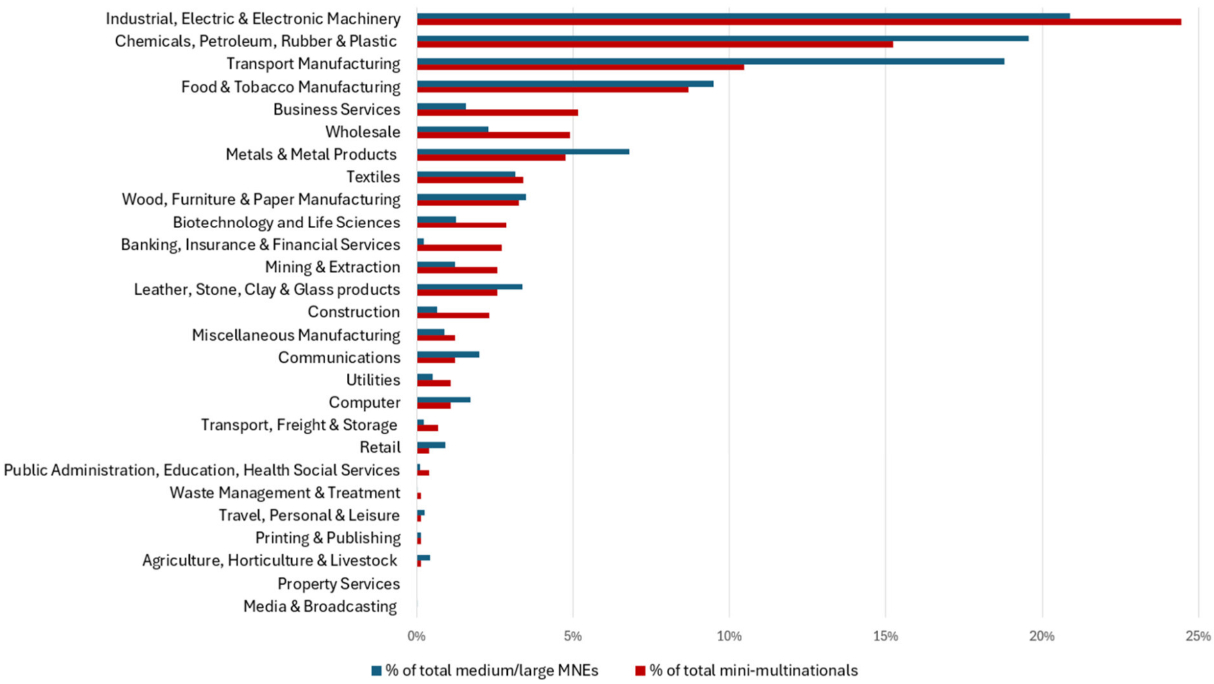
The paper addresses three main research questions:

1. Do mini-multinationals operate in different industries compared to large MNEs?
2. Do mini-multinationals exhibit a different geographical footprint relative to large MNEs?
3. Do mini-multinationals respond differently to disruptive policy shifts?

Empirical Strategy

To address the first two questions, we conduct conditional mean comparisons across firm-size categories, testing whether mini-multinationals are more active in less capital-intensive industries, in specific GVC segments, or in geographically proximate markets. Preliminary evidence (Figure 1) indicates systematic sectoral differences, with larger MNEs more concentrated in capital-intensive industries such as transport manufacturing.

Figure 1. Sectoral composition of mini-multinationals and large MNEs, period 2014-2025



Source: authors' elaborations on ORBIS CBI.

To examine policy responses, we implement an event-study design centered on the beginning of the Trump II presidency in early 2025, marking a renewed phase of tariff announcements and security-driven trade measures. Let denote FDI from origin country o to destination d, in sector i, firm-size category j, and period t. Following Miller (2023), we estimate:

$$y_{odijt} = \left(\sum\nolimits_{k=-m,\dots,0,\dots n} \gamma_k \cdot D_{d=USA,t-k}\right) + \alpha_{od} + \alpha_{di} + \alpha_{dj} + \delta_{ot} + \delta_{it} + \delta_{jt} + \varepsilon_{odijt}$$

The model includes origin–destination fixed effects, destination–industry–size controls, and origin–time, industry–time, and size–time fixed effects to account for global shocks (e.g., COVID-19). This framework allows us to identify whether MSE FDI to the United States responds differently to security-driven policy shifts than FDI by large multinationals, shedding light on the role of the "missing middle" in state-led GVC reconfiguration.

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