

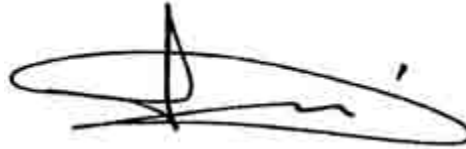
## Foreword

**S**mall and medium-sized enterprises (SMEs) and entrepreneurs are major drivers of innovation, economic growth and job creation, and play a critical role in social cohesion. They are essential to the Italian economy. This review underlines some important points of strength with respect to Italian SMEs and entrepreneurship. Italy can be characterised as an SME economy, with very large numbers of SMEs and entrepreneurs. Italian medium-sized firms very often excel in their market niches and, on aggregate, their productivity exceeds that of their peers in countries such as Germany and France. Italian SMEs have a strong propensity to business collaboration, as found for example in many world class industrial clusters. The Italian business environment is also favourable to business start-ups. The time needed to open a business is shorter than in most other OECD countries. Administrative burdens on firms, especially those of small size, are also low thanks to simplification of rules and procedures during the last 10 years. Important steps have also been taken by the government to help SMEs negotiate the crisis by improving their access to finance; for example the resources of the national credit guarantee fund have been increased and the government has brought forward payments of state commercial arrears to private-sector firms.

But there are also areas of weakness. The global economic crisis has hit hard in Italy, which has suffered a double-dip recession that has seen a reduction in the total stock of SMEs. Furthermore, the Italian SME sector is dominated by micro and small firms, whereas productivity would be greatly enhanced if the country were able to generate more high-productivity medium-sized companies and high-impact entrepreneurship. For this to happen, barriers to business growth have to be removed, including reducing the tax wedge on labour, streamlining the Italian tax system, favouring competition, attracting and embedding foreign direct investment, supporting the growth of equity finance and improving the training and skills of SMEs and entrepreneurs. The coherence of national and local policies also needs to be increased, including the contribution of SME and entrepreneurship programmes to the development of the south, and policies for industrial clusters rethought to enable diversification and upgrading. The nature of these challenges is set out in this report together with recommended policy responses.

The study is one of a series of OECD country reviews of SME and entrepreneurship issues and policies, which provide a tool for assessing and improving the design and implementation of SME and entrepreneurship policies and programmes in specific countries and for sharing experiences across countries. They benchmark SME and entrepreneurship performance, explore the business environment for SMEs and entrepreneurs, assess policies and programmes specifically targeted on SMEs and entrepreneurs and offer recommendations for improvements. The reviews are based on a standard methodology including a diagnostic questionnaire completed by the national authorities, study missions and fieldwork, and a peer review of the report by Delegates in the OECD Working Party on SMEs and Entrepreneurship.

*This review was requested by the Italian SME Envoy (i.e. Garante Nazionale delle PMI), Mr. Giuseppe Tripoli, with a view to providing analysis and advice to Italian policy makers, SMEs and SME stakeholders. Mr. Tripoli's comments and feedback have also been helpful in steering the work of the OECD secretariat towards the issues of greatest relevance to entrepreneurship and SME development in Italy. The OECD will continue to work with the Italian government to push reforms forward in entrepreneurship and SME development, which are critical for recovery from recession and renewal with economic growth.*

A handwritten signature in black ink, consisting of several fluid, overlapping loops and a final horizontal stroke.

Sergio Arzeni

Director of the Centre for Entrepreneurship, SMEs and Local Development  
OECD

## Acknowledgements

This review was undertaken by the OECD Centre for Entrepreneurship, SMEs and Local Development at the request of the Italian SME Envoy, Mr. Giuseppe Tripoli. It was prepared as part of the Programme of Work of the OECD's Working Party on SMEs and Entrepreneurship (WPSMEE). The preparation of the report has been guided by an OECD Steering Group comprising WPSMEE Delegates from Israel, the Netherlands and the European Commission.

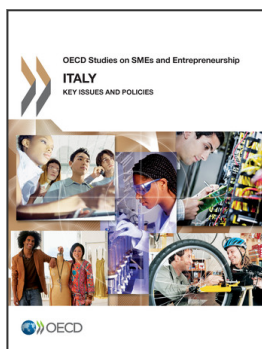
The information within the report is based on responses to a Fact-Finding Questionnaire completed by the Italian government authorities, information gathered during OECD study missions in Italy and a range of OECD data and information gathered from secondary sources.

The report was prepared and edited by Mr. Marco Marchese and Dr. Jonathan Potter of the OECD Secretariat. Substantial contributions were made by Mr. Carlo Borgomeo (C. Borgomeo and Co., Italy), Dr. Elisa Guiliani (University of Pavia, Italy), Mr. Michael Holz (Institut für Mittelstandforschung, Germany), Ms. Andrea Hofer (OECD), Mr. Marco Marchese (OECD), Ms Antonella Noya (OECD), Mr. Nunzio Pagano (C. Borgomeo and Co., Italy), Prof. Simon Parker (University of Western Ontario, Canada), Dr. Jonathan Potter (OECD), Prof. Roberta Rabellotti (University of Pavia, Italy), Dr. Michele Scarpinato (consultant, Italy), Prof. David Smallbone (Kingston University, United Kingdom), Mr. Stuart Thompson (OECD), and Prof. Friedericke Welter (Institut für Mittelstandforschung, Germany).

Local research support was provided by the Italian Ministry of Economic Development, including Mr. Giuseppe Tripoli (who had overall responsibility for the Report), Ms Ludovica Agrò, Mr. Giuseppe Capuano (technical coordinator), Ms. Benedetta Francesconi, Ms. Carla Altobelli, Ms. Francesca Bisceglia, Mr. Paolo Bulleri, Ms. Marielda Caiazzo, Mr. Paolo Carnazza, Mr. Federico Eichberg, Ms. Livia Regis, and by Mr. Fabrizio Costa of Invitalia.

The contributions of the Chair of the WPSMEE, Mr. Salvatore Zecchini, and the Director of the OECD Centre for Entrepreneurship, SMEs and Local Development, Mr. Sergio Arzeni, are also gratefully acknowledged.

The project was led by Dr. Jonathan Potter, Senior Economist, OECD, under the direction of Ms. Miriam Koreen, Deputy Director of the OECD Centre for Entrepreneurship, SMEs and Local Development.



**From:**  
**Italy: Key Issues and Policies**

**Access the complete publication at:**  
<https://doi.org/10.1787/9789264213951-en>

**Please cite this chapter as:**

OECD (2014), "Foreword", in *Italy: Key Issues and Policies*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264213951-1-en>

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