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Abstract

The work addresses the issue of Italian medium-sized enterprises of the fourth capitalism. The question is whether this business model is going to last and actually represent a new model for global competition. This contribution examines the features of the model of the medium industrial enterprise. It also investigates the performance of the Italian medium-sized enterprises, comparing with large companies. The analysis of the data, albeit at a descriptive level using data published by Mediobanca-Unioncamere, allows to take some significant features of these enterprises.

The analysis of the business model of medium Italian enterprises highlights the low use of capital, the local roots, the importance of product innovation, the differentiation of products, the customer service, flexibility, specialization of production and internationalization. An important aspect stressed in the work is that the processes of innovation and internationalization that underlie the strategies of medium-sized companies require a strong collaboration with the institutions. Therefore, medium-sized enterprises need institutions, especially institutions that work. Lastly, medium Italian enterprises suffer from high taxation compared to their competitors.

Keywords: medium-sized enterprises, fourth capitalism, knowledge, innovation, internationalization

JEL Classification: D8, L10, L11, L16, O3

Introduction*

The present contribution addresses the issue of Italian medium-sized enterprises of the fourth capitalism. The question is whether this business model is going to last and actually represent a new model for global competition. This work examines the features of the medium industrial enterprises. It also investigates the performance of the Italian medium-sized enterprises, comparing with large companies, in particular, shows the sectors in which the medium-sized enterprises distributed their total sales and their exports and the weight of the *Made in Italy*, but also the different technological intensity of the sectors (high-tech, medium-high tech, low tech, etc.) in which the medium-sized enterprises are involved to a greater or lesser extent. Moreover, indicators of exports, value added and employees are provided. Lastly, indices of profitability are shown to get their ability to compete and grow and at the same time the resilience of Italian medium-sized enterprises during the crisis years (2008-2009).

The analysis of the data, albeit at a descriptive level using data published by Mediobanca-Unioncamere, allows to take some significant features of these enterprises.

Will emerge from the analysis that the business model of medium Italian enterprises is based on the low use of capital, by a high quality of the work used, the local roots from which is derived the core business, the importance of product innovation, the differentiation of products that are usually located in high-income customer segments, but also customer service as a means to create niches within large markets. Internationalization, flexibility and specialization of production are other fundamental elements of medium-sized enterprises of the fourth capitalism.

Another aspect of this investigation is that the processes of innovation and internationalization that underlie the strategies of medium-sized companies require a strong collaboration with the institutions. Thus, medium-sized enterprises need institutions, especially institutions that work. Unfortunately institutionalization is very difficult in Italy, because the aversion to institutions that do not work is such that in the end the companies think that they not need it. Instead of institutions there is a desperate need for the working of the enterprises of the fourth capitalism and for the development¹. Therefore a serious problem that the medium Italian enterprises have to face regards their future ability to withstand the global economic crisis, if it continues to make the horizon darker. As a result some necessary policies must be implemented to make the economic environment more favorable for these companies, in particular with regard to the relationship with the institutions and with regard to taxation, which disadvantages Italian companies compared to European competitors.

The work is organized as follows. The first section explains the notion and the features of the fourth capitalism and its enterprises. The second section considers, more specifically, the Italian medium industrial enterprises, their origin, geographical distribution, ownership, their weight in the context of the Italian economy, the sectors that they represent, in particular the *Made in Italy*, and so on. The third section analyzes the performance of the Italian medium enterprises, making some comparisons with the large companies. Conclusions end up the work.

1. The fourth capitalism and its enterprises.

Since over ten years, medium-sized enterprises along with medium-large companies are an important innovative element that characterizes Italy from the economic point of view: the "fourth capitalism". The fourth capitalism comes from the crisis of Fordism, which has been determined from the affirmation of a model of leaner production and from globalization. But this new model of capitalism is successful also because determined by changes in demand for products as a result of a profound change in consumer behavior and consumption patterns (Schilirò, 2010, 2011).

The 'Fordist' model, on which the large industrial enterprises had built all over the world – including Italy – their organizational model of production, was based on the factory as a solitary and self-sufficient entity.

This model was aimed primarily at internal economies of scale through standardization of the product, a strict division of labor, where labor was poorly trained and the work was divided into simple and repetitive tasks, the concentration of a multitude of workers and capital investment. The crisis of the 'Fordism', in the

* I wish to thank Mario Graziano and Maria Musca for their helpful observations and comments.

¹ Schilirò (2005, 2009).

mid-seventies, occurred as a result of the emergence in Japan of a more efficient system: the *lean production* or *Toyotism*, that is a flexible and smaller system, where not all value chain for the product is made in the main company (as was the fordist factory which adopted vertical integration of processes), but it will be divided among several firms. The realization of the new system passes through the de-verticalization and the creation of a network of firms². The lean production system reduces, in fact, the leading company to a chain system in which manufactured parts are assembled outside of the major enterprise by other firms (integrated subcontractors), often resulting in situations of collaboration as well as competition between them, ie of *coopetition*³. The de-verticalization of production processes and the globalization of business value chain was discussed, in the literature, in terms of international "fragmentation" of production (Arndt and Kierzkowski, 2001), to describe the separation of different parts of a production process in an international dimension (Levy, 1997, Escaith, 2010).

The crisis of Fordism certainly explains the downsizing of big companies and the rise, especially in Italy, of the medium-sized enterprises and, more generally, companies of the fourth capitalism. But the crisis of Fordism is also due to the changes that have occurred in the demand, determined, in turn, by a profound change in consumer behavior and consumption patterns that express a more differentiated and personalized demand, more linked to the levels of income and the expression of social distinction (Coltorti, 2008; Marini, 2008; Schilirò, 2010, 2011). This last element has definitely fostered the enterprises of the fourth capitalism. The birth of the medium-sized enterprises of the fourth capitalism was certainly favored in Italy also by the evolution of districts of small firms in medium industrial enterprises, which, in turn, have been transformed into joint-stock companies. These new medium-sized enterprises become leaders in their districts through strengthening the hierarchical structure. The origin and evolution of the firms of the fourth capitalism is, thus, connected to the metamorphosis of the industrial districts (Schilirò, 2008, 2010).

Finally, globalization also stimulated the transformation of industrial structure, production and trade (Gereffi, Humphrey and Sturgeon, 2005). Thus companies, from large multinational corporations to smaller ones, have faced a continuous redefinition of their basic skills (*core competencies*) to focus on innovation, product strategies, marketing, and on the segments with high value added of manufacturing and services, while reducing the direct properties on non-core functions, such as generic services and the volume of output. This led to a different organization of global value chains and to different models of governance of the enterprises (Escaith, 2010, Schilirò, 2011).

The definition of fourth capitalism, given by the Research Unit of Mediobanca, includes both medium-sized enterprises, which are made by firms with a workforce between 50 and 499 employees and a sales volume between 15 and 330 million euro, and the medium-large enterprises, which are societies with more than 499 employees and a turnover between 330 and 3000 million euro. This definition of firms of the "middle class", which are the backbone of the "fourth capitalism", cannot be exhaustive and rely only on quantitative variables, although statistically rigorously defined, as the number of employees or the turnover. But the definition of medium-sized enterprises of the fourth capitalism depends, however, on a particular business vision, a vision that regards economic variables, strategies, objectives, and which also includes the social dimension of the enterprise. It also involves the question of the transformation of the Italian economy in the last ten years, which occurred after the affirmation of these firms of the "middle class" and their corporate culture based on internationalization and innovation (Coltorti, 2008; Schilirò, 2010).

Italian enterprises of the fourth capitalism are, therefore, an important reality. They do not have a transitory nature, but, in turn, have a strong relationship with the territory and the culture that comes from these local roots. They show their strength establishing itself in foreign markets, thanks to their strategy based on internationalization and innovation, flexibility and capacity to adapt to market changes. Although there are still some open questions with regard to these enterprises, such as high taxes, the constraints of bureaucracy, the unfriendly nature the institutional environment in which these companies must operate.

2. The Italian medium industrial enterprises

The medium industrial enterprises have become increasingly important in the Italian production system in recent years and, above all, they assumed the role of protagonists in foreign markets. These Italian

² The de-verticalization of production processes and the globalization of business value chain was discussed in terms of international "fragmentation" of production (Arndt and Kierzkowski 2001), to describe the separation of different parts of a production process in an international dimension.

³ About *coopetition* see Schilirò (2009).

companies have good profitability and show a positive trend in production, investment, but more importantly, show a growing trend in export.

The regular study of the intermediate-sized enterprises started in 1999 by Mediobanca and Unioncamere (2004). Through their investigations, which cover only the manufacturing sector, Mediobanca and Unioncamere carry out an annual survey of industrial medium enterprises. These are enterprises that belong to the class 50-499 employees, have a turnover (sales volume) not less than 15 million and not more than 330 million euro, but also an attitude of self-ownership⁴ and legal form of capital companies. Mediobanca and Unioncamere exclude from the definition of medium Italian enterprises those subsidiaries to large companies or under foreign control.

Italian medium-sized enterprises are mostly found in the North-East and North-West, but also in the central regions and Adriatic coast, while their presence in the southern regions is far less. In fact, in southern Italy and the islands there is a number of medium-sized equal to one tenth of the total number of medium-sized enterprises. The Italian region with a larger number of medium-sized enterprises is Lombardia which hosts 30.8 per cent of those companies. The second region, in which the numerousness of medium-sized enterprises is higher, is Veneto with 18.3 per cent.

The origin of medium-sized enterprises dates back prevalently in the mid-seventies; it is determined both by the crisis of the "Fordist" model of the large companies and the development of industrial districts in the Centre-North of Italy, but also by the evolution of consumption and markets (Colli, 2005; Coltorti, 2006; Marini, 2008; Schilirò, 2010).

Mediobanca - Unioncamere (2012) has identified in the period 2000-2009 the following number of companies corresponding to medium industrial enterprises in Italy. As can be seen from Table 1.

Table 1

| Years | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| N.Medium Enterprises | 3889 | 4013 | 4016 | 3982 | 4054 | 4084 | 4326 | 4500 | 3946 | 3220 |

Source: Mediobanca-Unioncamere, 2012

The number of medium-sized enterprises has been an increasing trend from 2000 to 2007 (except 2003), which rose from 3889 to 4500 medium-sized enterprises; in 2008 and 2009, when the economic crisis has manifested itself in all its strength, the number medium-sized companies have decreased respectively to 3946 and 3220. Thus, between 2000 and 2009, the number of medium-sized enterprises decreased by 669 units. This numerical change of 669 units in the period 2000-2009 is the balance of 3473 entrances and 4142 outflows, which confirms a certain dynamism (and degree of turbulence) in the structure of the Italian industrial system⁵.

The years of economic crisis, in particular, have been years of great change in the organization of the Italian productive system. During the global economic crisis, net sales of medium-sized enterprises decreased by 22 percent and the total number of employees by 13 percent, so the degree of turbulence (i.e. the ratio of the number of overall businesses which enter and exit from the class of medium-sized enterprises and the stock of such enterprises at the end of 2000) increased in 2008 and 2009, and led to an overall decrease in the number of medium-sized enterprises. The degree of turbulence in 2008 reached 24 per cent and the same value was reached in 2009, that is the maximum value over the period 2000-2009. In such period of time many small enterprises have become medium-size enterprises, whereas a lower number of medium-sized enterprises have become big companies.

Medium-sized enterprises are autonomous entities under the aspect of the production function, but are linked with different degrees of intensity to other firms which constitute a "system" of production. These

⁴ The ownership of these Italian enterprises is mainly family-owned. The company, in the words Becattini, is a "life project" of the founder and / or owner. Medium-sized enterprises controlled by a single entrepreneur or his family are, in fact, more than 70% of cases (Coltorti, 2006; Gagliardi in Marini, 2008, pp.31-57).

⁵ Mediobanca - Unioncamere (2012, p. XIII).

companies, at least the most important, are often located in their proximity. Medium-sized enterprises are often part of the industrial districts and they have often become the protagonists and business leaders of the districts. In 2009, for instance, 824 medium-sized enterprises were established in the districts and others 453 in local production systems (SPL).

Thus, an important feature of these enterprises is their solid grounding in specific territorial contexts conjugated to an active presence at the international level, which is realized in various forms of delocalization such as, for example, the organization of the production process that takes place abroad, or occurs also in control of markets through the development of appropriate distribution channels. Medium-sized enterprises even in the diversity of the territories that express them have, however, similar characteristics and share common strategies of which innovation and internationalization are the two guidelines (Corò, 2008; Schilirò, 2008, 2010). Moreover, they develop in contexts where the stock of knowledge and the transmission of knowledge is the fundamental weapon to the innovative activity (Schilirò, 2005, 2009, 2011).

The 3320 Italian medium-sized enterprises, recognized in 2009, covered about 15 per cent of the value added of industry. Moreover, in 2009, the proportion of medium-sized enterprises on domestic exports was 16 per cent. The main activities of medium-sized enterprises concern the sectors typical of *Made in Italy*, which represent 62.1 per cent of sales and 66.9 per cent of exports; so they differ with respect to larger groups⁶ where the same activities accounted for 23.8 per cent of sales and 26.1 per cent of exports (Mediobanca-Unioncamere, 2012).

In Table 2 there is a representation of the sectors in which the medium-sized enterprises and the large groups distributed their total sales and their exports in 2009 and the weight of the *Made in Italy*.

Table 2

| Sectors | Total sales in 2009 | | Exports in 2009 | |
|--|--------------------------|--------------|--------------------|--------------|
| | Medium Enterprises | Large Groups | Medium Enterprises | Large Groups |
| | <i>in % of the total</i> | | | |
| Food | 21.4 | 6.8 | 11.9 | 3.1 |
| Home furnishing and personal goods... . | 21.3 | 6.1 | 22.3 | 5.6 |
| Mechanical | 31.4 | 68.2 | 42.4 | 76.5 |
| Others Sectors. | 25.9 | 18.9 | 23.4 | 14.8 |
| <i>Paper and Printing</i> | 5.1 | 2.4 | 3.0 | 0.1 |
| <i>Chemical and Pharmaceutical</i> | 12.3 | 5.9 | 12.0 | 4.6 |
| <i>Metallurgical</i> | 6.4 | 8.2 | 6.7 | 7.0 |
| <i>Others</i> | 2.1 | 2.4 | 1.7 | 3.1 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |
| Of which: <i>Made in Italy</i> | 62.1 | 23.8 | 66.9 | 26.1 |

Source: Mediobanca-Unioncamere, 2012

The analysis of Mediobanca-Unioncamere conducted on medium sized Italian enterprises for about ten years have shown some interesting results, highlighting three important characteristics: i) the dynamics of the economy in terms of output and employment in medium-sized enterprises has been systematically better in such enterprises than large firms; ii) medium-sized enterprises are more export-oriented than larger firms⁷; ii) the organization of production of medium-sized enterprises, as seen by the continued reduction in the ratio of value added and sales, is always oriented towards the *lean production*⁸.

The Italian medium-size enterprises are able to succeed in international markets, since they focus on the quality of the product, on the training of human resources, on the maximization of the value produced per employee, on their ability to generate innovations. These enterprises usually express a virtuous finance,

⁶ Mediobanca and Unioncamere intend for “large groups” who have achieved, in 2009, a turnover of more than 3 billion euros.

⁷ Schilirò, Musca, 2010; Schilirò, 2011.

⁸ Coltorti, Garofoli, 2011.

characterized by a contained debt structure; but also they are able to control the organization focusing primarily on the competitive advantages, including intangibles (brand, communication, customer relations) which are the ones that have gained importance (Schilirò, 2010, 2011). In fact, successful medium-sized enterprises focus their attention on the product, on the success of the brand, on the control of the distribution. The physical production of goods, instead, is very often almost entirely decentralized to small firms that represent a specialized chain giving flexibility at low cost.

An important aspect to be underlined is the relationship between medium-sized enterprises and innovation (Schilirò, 2011). It has been said that the medium-sized enterprises are operating in the majority of cases within the areas of traditional *Made in Italy*, where production is dominated by medium-low technology, and the presence in the conventionally defined "high tech" is marginal. Are few, in fact, the medium-sized enterprises operating in the high-tech, with the exception of the pharmaceutical industry, medical and surgery devices, equipment of telecommunications, electronic devices, manufacturing of instruments and appliances for industrial process control. Innovations in medium-sized manufacturing enterprises of *Made in Italy* are generally incremental, mainly related to the improvement of the product or the testing of new materials. Innovations are, therefore, often linked to mechanisms of diffusion of tacit knowledge rather than of codified knowledge⁹.

Table 3 shows the distribution of the medium-sized enterprises and of large groups among the high-tech sectors, medium-high tech, medium-low tech, and low tech sectors in 2009.

Table 3

| Sectors | Medium Enterprises | | Large Groups | |
|-------------------------|--------------------|--------------|--------------|--------------|
| | Turnover % | Exports % | Turnover % | Exports % |
| High Tech | 4.2 | 4.0 | 12.0 | 1.0 |
| Medium-High Tech | 24.5 | 34.1 | 57.6 | 58.2 |
| Medium-Low Tech | 26.8 | 27.0 | 16.7 | 17.0 |
| Low Tech | 44,5 | 34,9 | 13.7 | 8.8 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |

Source: Elaborations by Mediobanca-Unioncamere (2012) on OECD data

The relative efficiency of enterprises "no high tech" (measured by the value added per employee) seems to be a specificity of the Italian economy (Coltorti, Garofoli, 2011; Schilirò 2011). Therefore, the specialization of Italian exports in these sectors should not necessarily be interpreted as an element of weakness in international competition.

3. Performance of the medium-sized enterprises.

The representation given in the preceding section of the medium industrial enterprises leads to agree with the statement by Coltorti and Garofoli (2011) that an industrial structure strongly oriented to small and medium enterprises cannot be considered *sic et simpliciter* element of weakness in the global competitive context¹⁰. In this section, to demonstrate the validity of such statement, I consider the performance of the Italian medium-sized enterprises in 2009 and over the period 2000-2009. Thus I shall examine some economic and

⁹ Gagliardi in Marini (2008), pp.36-37; Schilirò, 2011.

¹⁰ See also Coltorti, 2006; Corò, 2008, Marini, 2008, Schilirò, 2010, 2011; Varaldo, Dalli et al., 2009.

financial data of the medium industrial enterprises comparing them with those of large companies and showing their different performances.

Table 4 shows some main variables (tangible invested capital, turnover, value added, exports) of the 3220 Italian medium-sized enterprises in 2009 and the distribution of these enterprises and such variables by sectors (absolute values and percentages).

Table 4

| Total of 3320 medium enterprises Year:2009 (million euro) | Tangible Invested Capital¹¹ | Turnover | Value Added | Exports |
|--|---|----------------------|----------------------|----------------------|
| | 98,372 | 135,320 | 32,390 | 48,468 |
| Sectors | <i>(million euro and percentage)</i> | | | |
| Food | 17,455 (17.7) | 28,958 (21.4) | 4,849 (15.5) | 5,763 (11.9) |
| Home furnishing and personal goods | 23,462 (23.9) | 28,833 (21.3) | 6,366 (20.3) | 10,821 (22.3) |
| Mechanical | 30,966 (31.5) | 42,510 (31.4) | 11,909 (37.9) | 20,562 (42.4) |
| Other Sectors | 26,489 (26.9) | 35,019 (25.9) | 8,266 (26.3) | 11,322 (23.4) |

Source: Mediobanca-Unioncamere (2012).

The distribution, in percentage terms, of the variables taken into account (tangible invested capital, turnover, value added, exports) shows the mechanical sector, as the sector with greater weight, followed by other sectors, the home furnishing and personal goods sector, and, finally, from the food sector.

Table 5 presents some indicators related to exports, value added, employees of the medium-sized enterprises in the period 2000-2009 in terms of percentage changes.

Table 5

percentage changes: 2000-2009

| | Exports | Value Added | Employees |
|---------------------------------|----------------|--------------------|------------------|
| Medium-sized enterprises | +42.9 | +20.0 | +11.8 |
| Large Companies | +21.6 | -1.8 | -9.6 |

Source: Mediobanca-Unioncamere (2012).

It is quite evident from the data of Table 5 that the medium-sized enterprises have done better than large companies in terms of exports, value added and employment over the period 2000-2009. Medium-sized enterprises prove they had success by their ability to create important market "niches" in foreign markets, which, in turn, led to a significant increase of exports and value added, allowing also to improve the level of employment.

Table 6 shows, in turn, the invested capital and its funding in 2009, and compares the medium Italian enterprises with the major Italian multinationals.

¹¹ The invested tangible capital is equal to net fixed assets plus net working capital less intangible fixed assets.

Table 6

| | Medium Italian Enterprises | Major Italian Multinationals |
|---|---------------------------------------|---|
| <i>% on the tangible invested capital - Year: 2009</i> | | |
| Short-term Debt | 29.9 | 24.0 |
| Medium-Long Financial Debt | 21.9 | 52.8 |
| Tangible Net Capital | 48.2 | 23.2 |
| Total | 100.0 | 100.0 |
| Represented by: | | |
| Fixed Assets | 45.4 | 53.6 |
| Current Assets | 41.8 | 11.8 |
| Liquidity | 12.8 | 34.6 |
| Net Capital + M-L Financial Debt in % of Tangible Invested Capital | 70.1 | 76.0 |
| M-L Financial Debt in % of the Total Financial Debt | 42.3 | 68.8 |
| Current Assets + Liquidity – Short-term Financial Debt in % of Tangible Invested Capital | 24.7 | 22.4 |

Source: Mediobanca-Unioncamere (2012)

Table 6 shows that in 2009 the tangible invested capital is financed, in the case of medium enterprises, 48.2 per cent from the net assets (tangible net capital) and the rest from financial debts, mainly to banks. The medium and long term liabilities account for 42 per cent of overall debt. In the case of Italian multinationals the tangible invested capital is financed only 23.2 per cent from the net assets and the rest from financial debts. The capitalization of medium-sized enterprises is therefore greater than that of Italian multinationals, but also with respect to large European multinational (Mediobanca-Unioncamere, 2012, p.XXII). The main uses of capital of medium-sized enterprises are the current assets (working capital and liquidity) that absorb around 55 per cent. The share of fixed assets in medium-sized enterprises is 45.4 per cent, which is lower than that detectable by the budgets of major Italian multinationals, which is equal to 53.6 per cent. Another characteristic of the medium-sized enterprise is that the net capital covers the entire value of the fixed assets. The supposed undercapitalization of medium Italian enterprises is not reflected in these data, however, medium-sized enterprises show a higher proportion of short-term financing, demonstrating some weakness of the financial structure that is associated with higher costs and greater managerial uncertainty. Tables 7 and 8 show some indicators of profitability of medium Italian enterprises comparing them with those of large Italian companies.

Table 7

percentage changes: 2000-2009

| | EBIT | Current Operative Result |
|---------------------------------|--------------|-------------------------------------|
| Medium-sized enterprises | -18.2 | -27.8 |
| Large Companies | -40.7 | -16.9 |

Source: Mediobanca-Unioncamere (2012)¹².

Table 7 highlights that, over the last decade, the performance in terms of profitability (EBIT and Operating Result) have proved for the medium Italian enterprises no worse than larger companies.

¹² Mediobanca –Unioncamere (2012, XXV).

Table 8**percentage changes: 2008-2009**

| | EBIT | Current Operative Result |
|---------------------------------|--------------|---------------------------------|
| Medium-sized enterprises | -25.5 | -21.6 |
| Large Companies | -48.5 | -28.2 |

Source: Mediobanca-Unioncamere (2012).

Table shows that during the period of crisis (2008-2009) the performance in terms of profitability (EBIT and Operating Result) of medium-sized enterprises was better than that of larger companies.

Table 9 presents the percentage changes of EBIT/VA ratio and of ROI over the period 2000-2009 and the values of these variables in 2009.

Table 9**percentage changes: 2000-2009****Year 2009**

| | EBIT/VA | ROI | EBIT/VA | ROI |
|---------------------------------|----------------|-------------|----------------|------------|
| Medium-sized enterprises | -9.3 | -6.0 | 19.7 | 6.7 |

Source: Mediobanca-Unioncamere (2012).

Faced with the crisis, the medium-sized enterprises react by means of productivity growth, the continuous innovation, the upgrading of the quality human capital, the competitive repositioning, a renewed relationship with the territory, and through the financial strength of a family capitalism that favors the production and the culture of the product (Schilirò, 2010, 2011)¹³.

The medium Italian enterprises of the fourth capitalism, therefore, appear as a "middle class" of companies that is able to deal with and stand the challenges of global competition with a peculiar business model. This model is aimed at quality products and great flexibility in which these medium enterprises combine economies of scale internal to the firm with networking economies of scale between companies, and where their ability to establish business networks increasingly large, suitable to capture a global demand, is the strategic element to achieve a successful model in the global competition (Marini, 2008, Varaldo, Dalli, etc., 2009; Schilirò, 2011).

In conclusion, the medium Italian enterprise, that is an expression of the fourth capitalism, highlights the following basic elements: parental control, specialization resulting from high technical and innovative expertise, fragmentation of the production structure along a supply chain (which is often based on proximity), business strategy that aims to build and develop markets of niche, high capitalization and consequent low financialization. These basic elements (and also the tables shown in these section) explain the ability of these enterprises to cope a market crisis of great intensity, as the current one, limiting the negative effects.

¹³ Many of the medium-sized Italian manufacturing firms embedded in the districts have been successful in the years of the crisis to reorganize and transform themselves to overcome many difficulties, often shifting and reallocating production on higher value segments, but at the same time trying to protect their own specificities.

Conclusions.

The Italian medium-sized enterprises play an important role in the context of the economic system, even if they are, in fact, a still limited core compared to the total firms of the Italian system of production.

This work has examined the business model of the medium Italian enterprises, in which flexibility, specialization of production, product innovation, differentiation of products, internationalization, low use of capital, a strong relationship with the territory are among the major features. The analysis of their performance shows that it is a model of enterprise destined to last and, actually, to represent a model of some effectiveness to deal with global competition.

However, a crucial issue that derive from the analysis developed in the preceding sections concerns the problem that the medium Italian enterprises, despite their ability to withstand the global economic crisis, as was the case in recent years, may be in great difficulty with a lasting crisis that is getting worse. It is, therefore, necessary to work on the fiscal front, on the R & D activity, but especially in the relationship with the institutions, so that the difficult conditions of the Italian enterprises of the fourth capitalism are made less problematic and their future will be brighter.

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