

Ouverture de ‘Special Issue on Start-Up Ecosystem’*

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Abstract

Symphonya. Emerging Issues in Management launches a new editorial line called 'Special Issue on' aimed at promoting Symphonya's specific vocation to maintaining a close link between the academic world and the business world through in-depth analyses of 'emerging issues' that managers are facing in global markets. This Special Issue is dedicated to the theme of the creation of new businesses. In today's competitive environment characterised by globalised markets, oversupply and a trend towards concentration in most sectors, innovation is a requisite factor for the survival of enterprises and the territories in which they operate. The Italian Start-up Act, introduced in late 2012 and incrementally enriched in subsequent years, is indeed a remarkable policy in a comparative context. Italian start-ups have been endowed with real, diverse and potentially high-impact instruments to find their own way to market and to success.

Keywords: Start-Up; Start-Up Ecosystem; Global Markets; Italian Start-Up Act; Innovation; Innovative Start-Up

1. Overture

Symphonya. Emerging Issues in Management launches a new editorial line called 'Special Issue on', aimed at promoting Symphonya's specific vocation to maintaining a close link between the academic world and the business world through an in-depth analysis of 'emerging issues' that managers are facing in global markets. The first 'Special Issue' is dedicated to the 'Start-Up Ecosystem'.

Symphonya. Emerging Issues in Management is the management journal edited by ISTEI - University of Milan-Bicocca and published by the same University. Founded in 1999, and thanks to the active participation of leading academics and managers as well as its high presence on search engines, Symphonya is a leading

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outlet for academics and managers on emerging issues in management and global markets.

The **Strategic Co-Editors** of Symphonya. Emerging Issues in Management are Jean-Jacques Lambin, Professor Emeritus, University of Milan-Bicocca, Professor Emeritus, IAG, Université Catholique de Louvain; Bert Rosenbloom, Rauth Chair Professor of Marketing Management, Drexel University, Philadelphia; Nicola Bellini, La Rochelle Tourism Management Institute, La Rochelle Business School; Silvio M. Brondoni, Professor of Market-Driven Management, University of Milan-Bicocca and the Editor-in-Chief.

Symphonya. Emerging Issues in Management also boasts a **Scientific Committee**, an **Advisory Board** (entirely constituted of top managers of global corporations), an **Editorial Board** and an **Editorial Team**. The scientific level and content of each article is assured by the **Referee Committee** established in 2011 and counting over 60 referees in the years 2015-2018. To perform this role, referees must have published at least one article in Symphonya.

Symphonya is distinguished for its high scientific profile, in-depth analyses of emerging issues in management and global markets, a double blind peer review process, free online access to all articles ensuring a high presence on search engines, worldwide circulation and a strong link between the academic world and top management, as reflected by the number of homepage clicks each year, as well as the active participation of leading academics and managers.

Managers have always been an important part of Symphonya. Emerging Issues in Management, and the editorial format also foresees 'case-vignettes' (highlighted in *italics* in the text) aimed at qualifying the theoretical content of articles with concrete examples referring to markets and firms.

As an Italian scientific journal, Symphonya. Emerging Issues in Management, is a very influential international scholarly journal for both academics and managers focusing on emerging issues in global markets. The printed version is available by annual subscription. Symphonya has been online since 12 a.m. 1 June 1999.

Symphonya. Emerging Issues in Management is a monographic review featuring in-depth analyses of specific emergent managerial issues discussed in dedicated workshops. Academics and managers are encouraged to submit papers on all emergent issues.

Since 2009, the article review process consists of:

- Reviewed Articles: all articles that are not Invited Articles (see below). Each proposal submitted for publication is read by at least one of the editors for an initial assessment. If the paper is in line with the editorial policies and the requisite quality level, it is sent to two reviewers for evaluation. Symphonya employs a double blind peer review process aiming to provide authors with competent opinions on their papers and offering suggestions on how to improve their papers where appropriate.
- Invited Articles: written by leading experts (usually top managers), invited to submit papers by the Editor-in-Chief, Advisory Board and Scientific Committee. These articles are not subject to the refereeing process and are indicated as such with a specific footnote.

Symphonya publishes two issues per year in June and December on specific monographic themes. Beyond the two annual issues, Symphonya. Emerging Issues in Management has now launched 'Special Issues on' led by Guest Editors together with the Editor-in-Chief. The 'Special Issues' are largely constituted of 'Invited Articles' authored by managers of large private or public enterprises, precisely to dedicate ample space to managerial contributions that foster extensive exchanges with the business world.

2. Start-Up Ecosystem

This Special Issue is dedicated to the theme of the creation of new businesses. The argument is not new (Shane, Venkataraman, 2000) and, in some respects, the current phase of study and public awareness has come to full maturity. Consider that published scientific articles including "start-up" in the keywords numbered over 4,000 in 2015 against around 2,000 in 2002 and fewer than 1,000 in 1992 (source: Scopus).

Precisely for this reason, we have invited some of the leading actors in the start-up ecosystem to identify the *emerging issues*, the factors on which to base the next phase that we are beginning to glimpse.

In today's competitive environment characterised by globalised markets, oversupply and a trend towards concentration in most sectors, innovation is a requisite factor for the survival of enterprises and the territories in which they operate (Cappiello, Galbiati, 2010). Those not innovating their proposal are condemned to rapidly being replaced by others offering greater value for customers. Similarly, territories fostering innovation and circulating knowledge are more attractive to companies seeking rapid growth and for those who want to exploit their talent.

Innovation means inventing something new, technologically upgrading the systems in use, entering new markets or streamlining production processes using previously unavailable tools. Innovating requires the ability to identify and provide customers with new solutions to emerging problems.

In former times, innovation was the result of research and development investments; this is no longer enough and growth must be endogenous (R&D expenses) or exogenous (merger and acquisition).

In this sense, Schumpeter's assertion that entrepreneurs are the leading innovators is still relevant (Schumpeter, 1934); entrepreneurs are innovative because they go where others cannot, bear the risks of new projects, are adept at developing executive programs, exceed the "filter of knowledge" (Audretsch, 2009) and disrupt routines that hinder awareness of the changes taking place. The entrepreneur seeks new skills and builds on existing skills.

New companies are therefore important as they generate new products, new jobs and increase the wealth of a region.

What do the articles in the Special Issue tell us?

In the daily news on start-ups, interest is mainly aroused by the acquisition of new firms by major groups, the so-called exit, such as Facebook that bought WhatsApp for 19 billion dollars, or in Italy, Facile.it, a start-up founded in Milan in 2010 to compare the rates of insurance policies and utilities, which was sold in 2014 to a

British investment fund for 100 million euro. The most frequent narrative is that of young men who starting from their garage (the start-up's first so-called headquarters), get rich by selling their creations. Apart from the fact that in Italy these cases are very rare, mainly due to the lack of a true capital market, the real issue is that a company is built to last over time and not necessarily to be sold. Selling can be a strategic option to develop a successful idea but the spirit deriving from "starting-up in the garage" is entrepreneurial and therefore to create lasting value for themselves and for others.

The second consideration relates to the localisation of innovation. Data show that some start-up cities are considered such because they offer a better standard of living, providing adequate entrepreneurial experience, the necessary capital and offering numerous excellent research centres. Consequently, the investments need to be selective and enable innovators to connect; indistinct funding can be very useful when wanting to 'break ground', but is not the most useful tool for the survival or growth of a company.

Third: the innovation phenomenon is not exclusive to new companies and continues to be vital in traditional large enterprises and R&D laboratories. Indeed, many successful businesses were born as a spin-off of other businesses already present on the market with positive results. The history of Italian industrial districts has many similar stories. Innovation and entrepreneurship have an essential cultural element, or even better, education. Many public institutions organize meritorious initiatives for the creation of new businesses by providing grants or services and the results are encouraging in many cases. However, developing an entrepreneurial culture is a priority for young school-leavers and graduates as well as those working in large companies. Firms established following public programs do not usually survive, but if the participants learn something, subsequent attempts will be more positive. The programs for the creation of enterprises are therefore positive, but programs are also needed to spread the corporate culture so as to support those who want to get started but also those who survived the first experience and have the potential to become great. Francois Michelin, who from 1955 to 1999 led the tire manufacturing company of the same name, stated that success was primarily due to the high consideration of staff and workers, who often suggested the most effective innovative solutions. This can only happen through an innovative business culture. However, education and training require time and development, and thus constitute indispensable investments in long-term projects that also allow obtaining short-term results.

3. The Italian Start-up Act, Four Years Later: A Critical Appreciation of the Italian Start-Up Ecosystem

Believe it or not, Italy is one of the very few countries in the world to have introduced both a precise legal definition and a comprehensive package of support measures for start-ups. The Italian Start-up Act, introduced in late 2012 and incrementally enriched in subsequent years, is indeed a remarkable policy in a comparative context for its breadth and level of ambition: it combines very different types of policy instruments in an attempt to shape a legal environment that is more conducive to innovative and tech-intensive entrepreneurship.

Of course, nobody in full possession of their senses would argue that a legal package can create a vital and competitive innovative ecosystem from scratch. Nonetheless, we at the Ministry of Economic Development maintain that, besides policy measures, words themselves can make a difference. By statutorily defining what start-ups – more correctly, innovative start-ups – are, the legislator did not just intend to grant this greater recognition from public authorities but first and foremost from our citizens. In itself, the term “start-up”, while obviously having a very positive connotation of excellence and venture, may sound to most people as rather esoteric: what exactly makes a start-up? The Italian Start-up Act's response is that, regardless of how much their founders know about Silicon Valley jargon, any new company with clear technological innovation characteristics, if meeting some additional legal requirements, can rightfully call itself an “innovative start-up”.

This potentially gives us a broad pool and is precisely the intention: instilling confidence and self-awareness in the world of small innovative businesses that are widely recognized as key to economic development and job creation. Clearly, confidence cannot grow from words alone: innovative Italian start-ups have been endowed with real, diverse and potentially high-impact instruments to find their own way to market and to success. Thus, conventional industrial policy instruments, such as cutting red tape, a more flexible labour law and public guarantees on bank loans are of utmost necessity in a country where conventional banking is by far the dominant source of financing. On the other hand, there are truly innovative measures such as the first ad hoc regulations on equity crowdfunding in the world, a special visa for innovative entrepreneurs from all over the world coming to establish an innovative start-up in Italy, and the possibility to incorporate start-ups with a pioneering, free-of-charge procedure that fully takes place online with no need for intermediaries.

Indeed, communication remains in many respects a key weakness of the Italian start-up ecosystem as a whole. Let us see, for instance, how communication helps us to understand the difficult relationship we have with the concept of internationalization. The Italian start-up ecosystem is difficult to understand from abroad for a variety of reasons, and the lack of a coherent narrative in the English language about it is one of the most visible. There is a very limited demand for communication materials in English: when they exist they are a product of individual initiatives – such as the newsletter curated by Start-up Business – that are not followed by other actors at a systemic level. On our part, we publish a comprehensive policy summary in English about all the main points of the Italian Start-up Act, which is updated with the same frequency as the equivalent Italian language summary, and the Annual Report to Parliament of the Minister of Economic Development is translated into English, but this is obviously by no means sufficient, as it could never be an instrument of mass communication.

In a country that still retains strong corporatist elements such as Italy, the role of intermediate bodies - i.e., representative organizations - is still central for the success of any kind of public policy, if only for their ability to spread information to the public. However, a strong representative organization for the start-up world is still absent, and the role of established organizations is largely disappointing. No matter how high the quality of governmental communication is our Ministry will never be able to fill this gap alone: institutional channels and initiatives only have a limited appeal. There are some good examples of positive interaction between

intermediate bodies and the government. Consider Aster, the consortium established by the Emilia Romagna regional authority to foster corporate innovation. Looking at the numbers, the region is clearly punching above its weight for number of start-ups created. Yet in many other contexts, interest groups, chambers of commerce and, most crucially, accountants and lawyers have not provided a significant contribution to the full development of the Italian start-up policy.

Connecting the dots, the lack of a strong private representative organization for Italian start-ups often results in problems on the international level. International discussion tables often see Italy underrepresented, as if it were a very distant periphery.

As everyone probably knows, information does not flow well enough also within the public administration itself. Our devolved administrative structure makes the regional authority an important part of practically any policy domain, and start-up policy is no exception. However, coordination is sorely missing in most cases, often giving birth to inconsequential, botched initiatives with little potential for value added. A chief example of this is the proliferation of local public VC funds with no hope of reaching the critical mass that is crucial in a country where alternative finance is still massively underdeveloped.

As a final point, I would like to stress how important the action – and the inaction – of representative politics can be. Having closely followed the Italian Start-up Act since its very first steps, I must admit that direct expressions of interest from politicians towards it are very rare. This is unfortunate: it is a sign that the theme of innovative entrepreneurship is still low on the political agenda. Politicians can do more: talking more about innovation beyond abstract - and occasional (!) - declarations of intent and principles, transmitting to citizens the perception that the State stands with innovators and will do everything possible to unleash their talent. In a country that really has a pressing need to rethink its position in the world, innovation policy has to rise to the top of the agenda.

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