



**BIPARTISAN SUPPORT FOR SMALL BUSINESSES:
STATEMENTS BY POLITICIANS AND LEGISLATIVE MEASURES
IN ITALY BETWEEN 1996 AND 2018**

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Abstract

Purpose. National and international institutions frequently define small and medium-sized enterprises (SMEs) as the backbone of national economies. Accordingly, both left-wing and right-wing politicians make frequent statements regarding the importance of SME policies for fostering economic growth and employment opportunities. This paper presents a quantitative study of the alleged bipartisan support for small business.

Design/methodology/approach. The empirical analysis considers the statements in support of small business, as reported by major national newspapers, of leaders of Italian political parties on the left and right. In addition, the empirical analysis reviews the legislative measures adopted by centre-left and centre-right national governments for SMEs between 1996 and 2018.

Findings. The results show that the leaders of right-wing parties were more active, in the period under review, in expressing their support to small businesses, while centre-left governments adopted more legislative measures and allocated more funds in favour of SMEs.

Practical and Social implications. These results provide an empirical background for assessing the position and credibility of the political and social actors that shape the discourse on SMEs in the public arena.

Originality of the study. This paper is the first attempt to quantify the widespread and debated political support to small business.

1. Introduction

Micro, small and medium-sized enterprises (SMEs) represent 99% of all businesses in the European Union, employ around 100 million people, and account for more than half of Europe's gross domestic product (GDP), while "just 0.2% of all enterprises has 250 or more persons employed and are therefore classified as large enterprises" (Eurostat, 2018). The European Union has long launched policies aimed at facilitating access to finance, reducing the regulatory burden, improving market access, building capacity and supporting SMEs in their transition to sustainability (De, 2017; Dvouletý et al., 2020)¹. These actions stem from the conviction that SMEs are the main engine of European economic growth, although the economic debate on which firm size distribution ensures stable growth and a balanced social development is still ongoing (see, for example, Wennekers and Thurik, 1999; Acs and Szerb, 2007; Atkinson and Lind, 2018). At the same time, politicians in every country never fail to publicly express their awareness that SMEs represent the backbone of national economies. The metaphor of SMEs as the engine of economic and social development is so frequent in the political arena that it is sometimes stigmatized as a "commonplace" (Dannreuther, 1999), "political rhetoric" (Perren and Jennings, 2005) or "political consensus" (May and McHugh, 2002). In addition, casual observations show that both parties on the left and right are ready to approve legislative acts in support of small businesses. While this position is not surprising - given the number of SMEs, small entrepreneurs and SME stakeholders that could guarantee substantial electoral returns - the actual conduct of policy actors towards SMEs may be conditioned by the political and ideological orientation. This could affect both the magnitude of public claims, for example during parliamentary debates, press conferences or newspaper interviews, and the actual government measures adopted when a centre-left or centre-right coalition is in power. However, to the best of our knowledge no previous study has systematically analysed whether and how the support given to small businesses changes across the political spectrum.

This paper explores this theme and considers the behaviour of Italian political parties towards SMEs between 1996 and 2018 and identifies possible differences between the left and right. On the one hand, the paper considers the public statements of political leaders in support of SMEs be-

¹ The broadest and most complete initiative designed for SMEs is the Small Business Act (SBA), presented by the European Commission in June 2008. The SBA suggests a political partnership with Member States, provides an SME policy framework to promote entrepreneurship and urges governments and institutions to "think small first" when establishing policy and law (Bennasi, 2010).

tween 1996 and 2018. On the other, the empirical analysis examines all the legislative measures adopted by centre-left and centre-right governments in favor of SMEs in the same period. The legislative acts are described in terms of form, financial commitment, and conditions to access support. The choice of the period under review is critical. Prior to 1992, Italy was governed almost exclusively by centrist or left-centrist coalitions. Between 1992 and 1994 a nationwide judicial investigation into political corruption led to the disappearance of many political parties and to the appearance of new ones. The Italian electoral law of 1993 (better known as *Mattarellum*) revised the proportional representation, encouraging the creation of two political coalitions. This led to alternating centre-left and centre-right governments in power after the 1996 general election. After other electoral law reforms (in 2005, 2015 and 2017), the distinction between centre-left and centre-right governments became less clear after the 2018 general election.

The empirical analysis clarifies the extent and characteristics of the parties' support for SMEs. Although several scholars have debated the fading distinction between left and right in the political arena (see Gilbert, 2018, in relation to the political scenario in Italy), real or perceived fundamental distinctions remain in every country. In addition to the scientific interest in a theme that is usually addressed heuristically, the results of the paper provide a solid empirical basis for political and social actors. Firstly, the results offer citizens and constituencies systematic information instead of casual observations on the real actions of parties on the left and right towards small business. Secondly, SME stakeholders and the trade associations that represent the interests of SMEs can better evaluate their endorsement or hostility towards political coalitions, especially during electoral campaigns, when the majority, if not all politicians, express their wholehearted commitment to the prosperity of small business. Finally, the paper provides what we believe to be a thought-provoking contribution for all those that shape, organize and participate in the "discourse" regarding SMEs in the public and political sphere (Habermas, 1962; O'Keeffe, 2006). The scope and quality of discourse on a specific theme can in fact affect citizen behaviour and policymaking (Scollon, 2008).

The paper is organized as follows. The next section discusses the theoretical issues on the position of parties on the left and right regarding small business. Section 3 and Section 4 explore this position by considering the Italian political parties between 1996 and 2018. Section 3 focuses on the public statements of Italian party leaders reported by the two most important Italian national newspapers. Section 4 analyzes the scope and characteristics of legislative measures in support of SMEs adopted by centre-left and centre-right coalitions in government. Section 5 discusses the results and the limitations of the empirical analysis, while the last section describes the possible implications of the results and presents the conclusions.

2. Theoretical background and research questions

Large firms can exploit economies of scale and scope in R&D, production, distribution, sales and marketing. They therefore have an initial technological advantage compared to SMEs, which ensures competitive advantages on the market (Chandler et al., 2009). At the same time, SMEs are sometimes described as more agile and flexible than large organizations; thus, SMEs are able to change the production process more rapidly in response to variations in demand, technology and regulation (Fiegenbaum and Karnani, 1991; Reynolds, 1997; Prasad, 1999). The broad debate on the firm size distribution associated with a stable economic growth began many years ago and is still alive today, given the mutability of markets and technology over time. In Italy, economic scholars have usually celebrated small businesses, given the success of the industrial district model, which boosted economic growth and trade surplus during the last century (Dei Ottati, 2018). However, the celebration of small businesses has weakened with the rising globalization of markets, which has exposed small organizations to harsh competition from medium and large foreign firms (Della Sala, 2004).

From a theoretical perspective, right-wing parties, as traditionally more pro-market and anti-regulation than left-wing parties, are expected to stigmatize the excessive burden of rules and the associated fixed costs incurred by SMEs, which is a possible cause of their supposed inefficiency. According to Bahn and Willenskym (2017), the idea that regulation disfavors SMEs is rooted in many conservative right-wing political parties, who try to reconcile deregulation and cut taxes with support for small business. On the other hand, thanks to economies of scale and scope, the greater efficiency of large organizations may lead to lower final prices and thus advantages for low-income consumers. In addition, large firms are easily unionized and thus provide the best “environment” to protect employees’ rights, which is a key objective of the left. These factors should lead parties on the left to focus on large organizations and to set aside SME issues. However, leaders of left-wing parties may be protective of small businesses, to the extent that the “negative” characteristics of SMEs (less capital, lack of economies of scale and scope, etc.) mean that they suffer under the market power of large organizations. In other words, supporting small business may reflect a democratic view of the economic process. In addition, left-wing parties are traditionally more interventionist than right-wing parties, which may be reflected in a more concrete defence of SME interests.

These preliminary remarks are sufficient in themselves to show the complexity and variability of factors that influence the attitudes of policy actors towards small business. The evolution of SME support in the United States is further proof. Mitchell and Holmberg (2020, p. 3) quote Roosevelt’s speech (1940) according to which, with the advent of the industrial age,

the struggle was between the large-scale “units of finance and industry on one side and the great mass of workers and small-business men on the other.” The combination of workers’ and small business owners’ interests was abandoned by the Democrats in the second half of the last century. On the one hand, from the mid-century, the Republicans claimed that they were ready to improve the conditions of SMEs with an agenda of tax cuts and trade union constraints (in doing so, the Republicans did not consider that these measures would also benefit large firms, which would thus steal the market share of SMEs). On the other, the Democrats reinforced the association between the right and small business, defining the “small business as inherently regressive, antithetical to worker interests, as opposed to Democratic values” (Mitchell and Holmberg, 2020).

In Europe, the alternance between left and right in supporting small business has shown less variability. Broadly speaking, Crouch et al. (2001) and Crouch et al. (2004) emphasized the role of sociocultural and institutional factors in boosting the development of regional economic systems and industrial districts, made up of small businesses. For example, Trigilia (1982) claimed that local Italian subcultures of both left-wing and right-wing parties (politically represented by socialist/communist and Catholic parties respectively) both supported the development of small business with socio-economic policies during the 1970s and 1980s. In Great Britain, after a general indifference towards small business until the early 1970s, Conservative and Labour governments “have been concerned about small business and have endeavoured to implement policies for its benefit” (May and McHugh, 2002, 79). At the same time, the right-wing in Europe has shown a steady position in support of SMEs (Ivarsflaten, 2005; Schaffer et al., 2019), which is associated with the liberal reforms of “Thatcherism, Christian Democracy and the Single European Market Programme” (Danneuther, 1999, 221). Also in Italy, right-wing parties have always courted small business. For example, the Lega Nord, usually described as an Italian right-wing or extreme right party, has tended to present itself as “the champion of small-and medium-sized companies” (Betz, 1994, 112). The distinction between the left and the right in supporting small business is however, not clear-cut even in Europe and Italy. All parties are aware that the system of small business represents a huge part of the electorate. Consequently, all politicians are keen to declare themselves on the side of SMEs.²

² SME stakeholders can achieve their own political positioning, an issue explored in a few surveys. In the United States, the surveys suggest small-business owners are more likely to consider themselves as republicans (National Small Business Association, 2014). In Europe, Oesch and Rennwald (2018) and Schaffer et al. (2019) obtained similar findings: small business owners tend to self-identify on the right, although they do not favour the far-right when national economic conditions worsen. These surveys also found that small business owners are more pro-business and market-liberal, in this respect more similar to the electorate of the centre-right (Ivarsflaten, 2005).

To sum up, three general considerations are involved. Firstly, both left and right European parties claim to be aware of the importance of SMEs in every national economy and, especially during economic downturns, express their willingness to support small business with concrete public policies. Secondly, over the years, right-wing parties have apparently supported small business more frequently than left-wing parties and have combined such support with a pro-business economic policy and against the rigid regulation of economic activities (although a less superficial analysis of this position reveals that it does not necessarily favour SMEs). Finally, the generic support given to SMEs contrasts with the extreme heterogeneity of small businesses. In fact, SME stakeholders may have contrasting interests. Supporting small business can mean helping SME owners and managers to make major investments as well as promoting the protection of SME employees during economic crises. Under certain conditions, SME policies can favour multiple stakeholders, however the actual recipients of the measures adopted by national governments can change.

The following sections provide a closer examination of these considerations. Section 3 assesses the extent of support to small business in the statements of Italian party leaders that appeared in major newspapers between 1996 and 2018. Section 4 considers the legislative acts relating to SMEs approved in the same period under the centre-left and centre-right governments. Our research questions and empirical expectations, based on the issues discussed in this section, are the following.

RQ1. Did political leaders of the left and the right express an equal support to small business? We expect that the statements in favour of SMEs characterized both the left and right, but also that right-wing parties are more determined to express their support for SMEs.

RQ2. Did political coalitions of the centre-left and centre-right adopt the same number of legislative acts in favour of small business? The greater “political” support given to SMEs by right-wing parties to small business could not necessarily reflect the actual legislative measures adopted by the centre-right ruling majorities, given the less interventionist attitude of right-wing compared to left-wing parties.

RQ3. Are SME policies neutral in terms of intended objectives and recipients? Our prediction is that the pro-business stance of right-wing coalitions in power probably entails legislative measures aimed at creating the proper context in which SMEs can pursue their objectives, as well as alleviating their fiscal burden (with, for example, tax credits). On the other hand, left-wing coalitions are expected to prefer direct forms of intervention, such as direct funding to SMEs with certain characteristics or belonging to certain

sectors. In addition, we expect to find differences in terms of the target and recipients of SME policies, given the extreme heterogeneity of the system of small business. In particular, the measures in support of SME employees are expected to be more frequent in the case of centre-left governments.

3. Supporting SMEs: the statements of the leaders of Italian political parties between 1996 and 2018

3.1 Data and methodology

The data collection regarding the statements in favour of SMEs considered 15 political parties present in the Italian Parliament between 1996 and 2018. The identification of left-wing and right-wing parties is relatively simple for those parties with a traditional left-wing orientation (Democrat-ici di sinistra, Partito Democratico, Partito Socialista, Verdi, Rifondazione Comunista, Comunisti Italiani) or right-wing orientation (Alleanza Nazi-onale, Fratelli d'Italia, Lega Nord, Forza Italia), because these parties explicitly claim to be left, centre-left, centre-right or right-wing parties. Some political parties define themselves as centrist or moderate (for example, Unione Democratica di Centro and Popolari), while others are not clearly aligned with the left, right or centre, because they take a left-wing stance on one matter and a right-wing stance on another, or because they refuse to be associated with left and right (for example, Movimento Cinque Stelle).

This paper considers the statements of the party leaders (called “secretaries” in Italy) reported in the online version of *La Repubblica* (hereafter, *Repubblica*) and *Il Corriere della Sera* (hereafter, *Corriere*), the two Italian national newspapers with the highest circulation. Given the frequent dis-solutions, foundations and reorganizations of Italian parties, there have been 40 party leaders between 1996 and 2018. For each leader, we searched for statements in favour of small business using the database Lexis-Nexis for *Corriere* and the internal archive for *Repubblica*. The coding consisted of using the keywords (in Italian): “small-sized firms”, “medium-sized firms”, “small firms” and “small- and medium-sized firms” along with the surname of each party leader. Among the search results, we selected the articles that included spontaneous statements of party leaders regard-ing SMEs. During the collection of statements, we subjectively decided whether a statement was in favour or not of small business. Our initial inquiry aimed at identifying both positive and negative statements, but *all* statements resulted in favour of small business, since they addressed the driving force of small business for economic growth, foreign trade, or employment. We then randomly selected five samples, each of them with 100 statements, and assigned the samples to five students. The students

had to confirm or reject our initial assessment of positivity of politicians' statements. Our initial assessments were totally confirmed. Therefore, we maintained all the statements collected. The statements of party leaders that could not be associated to centre-left or centre-right (12.7% of total statements) have been equally shared between the centre-left and centre-right.

3.2 Results

The data collection returned 5329 statements in *Repubblica* and 1724 in *Corriere*, split between the centre-left and centre-right as reported in Table 1.

Table 1. Statements in favour of SMEs, 1996-2018

	Centre-left	Centre-right
Repubblica	2974 (55.8%)	2355 (44.2%)
Corriere	868 (50.3%)	856 (49.7%)
Total (A)	3842 (54.5%)	3211 (45.5%)
Days of tenure (B)	4626.5 (57.9%)	3351.5 (42.1%)
A/B	0.83	0.96

Source: *La Repubblica, Il Corriere della Sera*.

Centre-left leaders express more statements in favour of SMEs than centre-right leaders. This difference is more pronounced in *Repubblica*, which is considered more progressive than *Corriere*, which instead has a conservative stance (Le Moglie and Turati, 2019). These observations need however to be adjusted for the tenure of centre-left and centre-right coalitions. In fact, the media usually (and understandably) give more coverage to ruling political parties, because these are responsible for legislative and administrative actions (Durante and Knight, 2012).

The average duration of Italian governments is shorter than in other countries, although nearly every government is associated with a majority of centre-left or centre-right. Between 26 May 1996 and 23 March 2018 there were eleven distinct governments, seven supported by centre-left coalitions, three supported by centre-right coalitions, and a "technical government" (the Monti cabinet), which ran the country between 16 November 2011 and 28 April 2013. In Italy, a technical government consists of a non-political body, usually supported by nearly all the political forces, that is, including both left wing and right-wing parties, especially in situations of economic or institutional emergency. For the sake of simplicity, the days during which the Monti cabinet was in power were equally divided between centre-left and centre-right governments. With this adjustment, centre-left coalitions ruled the country for 4626.5 days (57.9%) and centre-right coalitions ruled

the country for 3351.5 days (42.1%) in the period under review.

The higher number of days when centre-left coalitions were in power explains the prevalence of centre-left party leaders in expressing support to small business. However, weighting the total number of party leader statements with respect to the days in power between 1996 and 2018, the centre-right shows a greater propensity to make statements in favour of small business. We can thus conclude that both fronts frequently express their support to small business, although the data reveal a prevalence of centre-right party leaders in making statements in support of small organizations and in favour of policy measures that enhance the conditions of SMEs.

4. Supporting SMEs: legislative measures of the centre-left and centre-right coalitions in power between 1996 and 2018

4.1 Data and methodology

To collect the data regarding the Italian legislative measures in favour of SMEs, we used the Leggi d'Italia database (<http://online.leggiditalia.it/>), in which we searched for ordinary laws and decree-laws³ approved between 26 May 1996 and 23 March 2018 and that included “small and medium-sized enterprises”, “small firms”, and similar expressions. The database returned 48 legislative acts. Each legislative act was analysed in order to find the following information.

- *Measures.* Each legislative act can include one or more measures in support of SMEs.
- *Allocated funds,* in millions of euros.
- *Form of support.* The support for small business took the form of *tax credits, direct funding (including non-repayable contributions),* setting up of or increase in *revolving loan funds* and *administrative measures.* Administrative measures, mean, for example, establishing agencies for the internationalization of Italian firms, stipulating measures for administrative streamlining, and creating an institutional “guarantor” for small business.
- *Long-term measures.* Some legislative acts provide that the support to SMEs had to be implemented over several years, especially in the case of the allocation of funds. No measure provided the allocation of funds for more than three years.
- *Conditionality.* In some cases, SMEs may be the recipient of support if certain conditions are satisfied. These conditions may regard the

³ The decree law (decreto legge) is a regulatory act that is entered into force provisionally but requires the enactment of a legislative act (legge) to have definitive force.

characteristics of the SMEs, the characteristics of the industry they belong to, or the nature of the investment the support is designed for. Among the conditional measures, we identified those that: targeted SMEs belonging to specific economic sectors (*sectorial measures*), supported employment within SMEs (*employment*), supported investments in physical or intangible assets (*tangible and intangible capital*).

These characteristics of SME support were then weighted with respect to the duration of the centre-left and centre-right governments. To do this, we considered the days of tenure of both coalitions, calculated the quarterly duration, and then divided the value of each variable by quarters⁴. This calculation measures the real frequency of intervention of centre-left and centre-right coalitions in the period under review. In the first step, in line with Section 3, the variables regarding the technical cabinet (Monti cabinet) were divided equally between the centre-left and centre-right.

4.2 Results

Tables 2 shows the results of the data collection.

Table 2. Measures in favour of small business between 1996 and 2018 (including technical cabinets).

Total values	Centre-left	Centre-right
Legislative acts	24	24
Allocated funds	5499.5	2947.45
Tax credits	16	10
Direct funding	5.5	4.5
Non-repayable contributions	2.5	1.5
Revolving loan funding	18	6
Administrative measures	4.5	5.5
Total measures	47	28
Long-term measures	9.5	7.5
Conditionality	23	13
Sectorial measures	10	5
Employment	6.5	1.5
Tangible and intangible capital	3.5	3.5
Quarterly values		
Legislative acts	0.47	0.64
Allocated funds	106.98	79.15

⁴ The choice of unit of measurement (days, months, quarters, years, etc.) is not crucial. We chose quarters to simplify data readability.

Tax credits	0.31	0.27
Direct funding	0.11	0.12
Non-repayable contributions	0.05	0.04
Revolving loan funding	0.35	0.16
Administrative measures	0.09	0.15
Total measures	0.91	0.75
Long-term measures	0.18	0.20
Conditionality	0.45	0.35
Sectorial measures	0.19	0.13
Employment	0.13	0.04
Tangible and intangible capital	0.07	0.09

Notes: allocated funds in millions of euros.

Centre-left and centre-right coalitions adopted the same number of legislative acts in support of small business, although the quarterly average was higher in case of the centre-right (0.64 against 0.47 of centre-left). However, a single act can include more than one measure, which thus changes the result: the centre-left approved 47 measures against the centre-right's 28, with a quarterly frequency of intervention of 0.91 and 0.75, respectively. This result is reinforced by the fact that the resources allocated by the centre-left were higher both in total (+87%) and by quarter (+35%).

Centre-left and centre-right coalitions performed similarly in terms of long-term interventions, tax credits, and direct financing measures. Interestingly, both centre-left and centre-right governments (in particular, Berlusconi II-III, and Prodi II cabinets) adopted incentives (in the form of tax credits) for small businesses that decided to merge (Bigazzi and Mangani, 2010). On the other hand, more frequently than the centre-right, the centre-left created or renewed revolving loan funds and non-repayable funds, while the centre-right coalitions adopted more administrative measures, such as the institution of a "guarantor" of SMEs in November 2001, an agency devoted to put forward proposals, to be presented to the national government, for developing the system of small business.

The measures adopted by centre-left coalitions included, in absolute and relative terms, more conditions to access public support, although both coalitions frequently designed forms of intervention that addressed specific economic sectors (for example, a 6 million Euros fund that the Berlusconi II cabinet devoted to SMEs active in fish farming in 2004, or a 5 million Euros fund for audiovisual small industry by the Renzi cabinet in 2016). Finally, the centre-left and centre-right differed in terms of the recipients of the support. Compared to the centre-right, centre-left coalitions approved more measures aimed at bolstering employment in SMEs (for

instance, the tax credits for new hires in SMEs adopted by the Prodi cabinet in 1997), while the centre-right prevailed for those measures designed to support SME investments in tangible and intangible assets (for example, the tax credits and direct financing devoted to investments in hardware equipments by the Berlusconi II cabinet in 2002).

In order to test statistically the difference between centre-left and centre-right in terms of support to small business, we have built a distribution of quarterly legislative acts, measures and allocated funds between 1996 and 2018. For this, we excluded the actions adopted by the Monti technical cabinet (whose measures should be arbitrarily distributed across time). The descriptive results shown in Table 3 are basically the same as those in Table 2. However, a t-test shows that the average quarterly acts, measures, and allocated funds do not significantly differ between centre-left and centre-right coalitions.

Table 3. Measures in favour of small business between 1996 and 2018 (excluding technical governments).

Total values	Centre-left	Centre-right
Legislative acts	22	22
Allocated funds	4764.5	2212.45
Tax credits	15	9
Direct funding	5	4
Non-repayable contributions	2	1
Revolving loan funding	17	5
Administrative measures	3	4
Total measures	42	23
Long-term measures	9	7
Conditionality	22	12
Sectorial measures	10	5
Employment	6	1
Tangible and intangible capital	3	3
Quarterly values		
Legislative acts	0.43	0.59
Allocated funds	99.26	65.07
Tax credits	0.29	0.24
Direct funding	0.10	0.11
Non-repayable contributions	0.04	0.03
Revolving loan funding	0.33	0.13
Administrative measures	0.06	0.11
Total measures	0.87	0.67
Long-term measures	0.18	0.19

Conditionality	0.43	0.32
Sectorial measures	0.19	0.13
Employment	0.12	0.03
Tangible and intangible capital	0.06	0.08

Notes: allocated funds in millions of euros.

5. Discussion and limitations

The statements of party leaders combined with the real measures adopted by national governments in support of small business permit to respond to the research questions proposed in Section 2.

RQ1. The claimed support to small business is bipartisan, since both left-wing and right-wing parties frequently express their support to SMEs. At the same time, the centre-right shows a greater determination in claiming their support to SMEs, at least within our sample of articles taken from major Italian newspapers. Thus, the empirical findings confirm our expectations.

RQ2. The greater willingness of right-wing parties to commit to SMEs is apparently confirmed by frequent law-making in favour of SMEs. However, a more detailed analysis reveals that the centre-left actually presented more measures and devoted more resources to small business. Although this difference is not statistically significant (if we consider the quarterly distribution of acts, measures and funds), it confirms the less interventionist line of the centre-right compared to the centre-left. Therefore, our empirical expectations are partially confirmed in the data.

RQ3. The centre-right approved more administrative or “contextual” measures than the centre-left, that is, measures that do not provide for a direct public intervention within specific economic sectors⁵. The centre-left more frequently adopted measures aimed at protecting employment within SMEs than the center-right, while the centre-right preferred to support SME investments in tangible and intangible assets. However, centre-left coalitions did not present more direct financing measures, while centre-right coalitions did not provide more in terms of tax credits. Hence, our

⁵ A controversial SME policy adopted by centre-left cabinets is the Industria 4.0 plan presented in June 2016 and implemented with various legislative acts (decree laws 193/2016, 243/2016, 50/2017, 91/2017). The plan explicitly addressed to manufacturing industries and aimed at increasing SME productivity, supporting the adoption of digital technologies (Cassetta and Pini, 2018; Yang and Gu, 2021). Although the plan was presented as “horizontal”, many scholars noted that it was essentially “place-neutral” and “firm-based” (Seghezzi and Tiraboschi, 2018; Fiasché and Timpano, 2019), and that it did not take into account the “systemic nature” of economic development, also at a local level, for example within industrial districts (Andreoni, 2017; Gherardini and Pessina, 2020). The plan was then renamed Impresa 4.0 and extended to service firms at the end of 2017.

predictions are partially confirmed.

Broadly speaking, the data show that the support to small business is not necessarily neutral, as it is usually described in the statements of left-wing and right-wing policy actors. Although the objective of public support is to promote the generic “prosperity” of small business, the immediate effect of SME policies can affect different categories of stakeholders, whose interests do not necessarily coincide. An interesting bipartisan measure is the tax credits that both coalitions adopted to encourage mergers and acquisitions between SMEs. These measures show that both left and right assume that efficiency increases with firm size and that SMEs would want to grow if they had the resources to do it. However, previous work on the theme has found that many entrepreneurs do not want their businesses to grow, nor do they want public sector assistance. This would explain why many entrepreneurs are often reluctant to exploit the promotion measures available (Perren and Jennings, 2005; Niska and Visala, 2013).

Our results need to be contextualized. Three points regarding the position of political parties about SMEs, the units of observations of legislative acts, and the general approach of the empirical analysis, prevent these results from being extended to other countries.

In the first place, the statements of the party leaders reveal the official position of political parties only partially, since other party members could have different views on the same issue. In addition, the attitude of a party to SMEs should be combined with the position of companion parties within a coalition, especially during electoral campaigns. Of course, if the empirical observations regarded the programs of different coalitions, the sample would be inevitably smaller. In addition, the combination of parties within a coalition changes frequently during a single legislature.

Secondly, there are numerous, heterogeneous legislative acts that address small business in Italy, and, more importantly, they are approved at different administrative levels⁶. Since the early 1990s, the Italian public sector has undergone radical reforms, pursuing a higher decentralization of revenue and expenditure responsibilities (Arachi and Zanardi, 2004; Giarda, 2004, Grisorio and Prota, 2015). This means that many resources targeted at small business are not handled by the central government but directly by regional governments (Ferrucci et al., 2020).⁷ Several scholars have emphasized im-

⁶ In Italy, the public sector is organized in three main layers of territorial government: central government, regional governments, and local governments, which include provinces and municipalities.

⁷ In addition to their own resources, regions can count on a large set of financial tools provided by the EU and national legislation to fund policies in support of SMEs. The European Structural and Investment Funds and the National Fund for Development and Cohesion are part of a unitary planning approach to support regional development in all areas of the country, especially in regions with poor economic conditions.

portant regional differences in the management of these resources (see, for example, Rolfo and Calabrese, 2003; Ambrosiano et al., 2010). For example, some regional governments have adopted scattering funds to support small business, while others have drawn up long-term plans that support SMEs with certain characteristics in selected industries (Bianchi and Labory, 2019). These asymmetries can depend on the left-wing or right-wing coalitions in power at the regional level. This paper does not explore the interregional differences, which could reveal different results.

Thirdly, our analysis assumed that the Italian political spectrum can be described by a contraposition of left and right coalitions and parties. In reality, the distinction between left-wing and right-wing parties was uncertain even during the XX century. The Italian Communist Party, founded in 1921 and dissolved in 1991, attracted the support of about a third of the vote share during the 1970s and certainly represented “the left” of the political spectrum. However, Christian Democracy, which was the largest party in the Italian Parliament from 1946 until 1994, comprised both centre-right and centre-left political factions. After the dissolution of these large parties, new electoral laws introduced forms of majoritarian representation, but a large share of politicians was still elected with a proportional method. This prevented the development of two large and distinct political groups that could compete on economic and social issues.

Broadly speaking, several politics scholars and casual observations suggest that the distinction between political left and political right is fading, both at the national and international level. Since the contribution of Giddens (1994), several scholars have raised questions as to the possible evolution of the traditional left-right political spectrum used to classify political ideologies and political parties, and which characterized much of the European history during in the last century. What is under discussion is, on the one hand, the “blurring and the resilience of left and right” (Mair, 2007) and, on the other, the emergence of new forms of political polarization, with the rise of new populist movements (Taggart, 2004; Mudde and Kaltwasser, 2012; Caiani and Graziano, 2021). In reality, “blurring and resilience” issues especially regard parties and coalitions of the left. In fact, populist parties and populist movements tend to assume political and ideological positions traditionally advanced by right-wing parties (Pelinka, 2013; Rodrik, 2020). This also seems to hold for the issues discussed in this paper. Ivaldi and Mazzoleni (2020) observe that the new populism is seeking the attention of small business. Rovny and Polk (2020) claim that all European populist parties remain essentially right-wing, since they embrace “a typical right-wing pro-small business agenda of tax reduction and easing the bureaucratic burden on small entrepreneurs”. In conclusion, even if the “right” is becoming an ambiguous political subject, new populist parties are ready to replace them at least in their (claimed) support of SMEs.

6. Conclusions

The leaders of all political parties tend to highlight in their speeches and manifestos the contribution of SMEs to national economic growth and the importance of public support of small business. The often-generic statements in favour of SMEs, the confusing overlap between economic stances and ideological positions, and the large electoral base represented by the system of small business, can explain, *prima facie*, the bipartisan support given to SMEs. To investigate this in more detail, this paper has analysed the scope of SME support by the Italian centre-left and centre-right leaders between 1996 and 2018 and the actual legislative actions of centre-left and centre-right governments in favour of small business in the same period. The results show that right-wing parties are more active in claiming their support of small business, while centre-left governments adopted more measures and dedicated more resources to SMEs. The empirical inquiry also revealed differences in terms of the form and characteristics of intervention. The results are important for Italy, where the share of SMEs in terms of GDP and the total number of firms is greater than the European average (Goodman et al., 2016)⁸, but also provide a stimulus for similar analyses in other countries.

These results need to be contextualized both geographically and historically, since the very same concept of left and right may change over time and space. While the theoretical considerations presented in Section 2 reflect the left-right contraposition in Europe, they cannot easily be extended to other areas, where the political poles are not easily identifiable as left and right. The most important example is the United States, where the support of the system of small business has alternated between the Democrats and Republicans, who do not mirror the traditional European distinction between left and right.

We believe that the results of this paper are relevant in several ways. From a scientific perspective, the results clarify how the left and right diverge in terms of SME support, an issue that is usually addressed heuristically. However, the importance of the empirical results could be of value for those outside academia as well. Firstly, they could serve as empirical support for SMEs and SME associations, when they are assessing which political coalition has the greater chance to defend their interests. The system of SMEs includes various stakeholders and is rather “disorganized” (Dannreuther, 1999). The composition of SME stakeholders’ interests is therefore challenging for all representative organizations and political coa-

⁸ Italian SMEs create 66.9% of the total value added in the national non-financial business economy, against the EU average of 56.4%. The share of employment of Italian SMEs is 78.1%, against the EU average of 66.6% (OECD, 2020).

litions. In any case, the results offer important insights during crucial political moments, such as electoral campaigns, and provide a grounded empirical basis on which to assess the position and credibility of political parties and political leaders. This is important since some scholars have observed that many small entrepreneurs are not convinced that policymakers either have the required expertise to “help” small business, or that policymakers are really motivated by the interest of the entrepreneur (Niska and Vesala, 2013). Within the political arena, this paper provides new material for political parties when they challenge the opponents’ position on the grounds of SME policies. Borrowing the words of Perren and Jennings (2005, 181), policy actors should take these empirical findings as an “explicit challenge (...) to consider the irony and iniquity of their position as each of their utterances and interventions extends the contradictory discourses” regarding SMES, small entrepreneurs and SME policies.

More generally, this paper contributes to the debate regarding the formation of a public and political discourse on SMEs. The inclusion of SMEs in the political discourse stems from the expectation that SMEs, especially those of new formation, generate economic growth and increase employment (Davis et al., 1996; Haltiwanger and Krizan, 1999; Perren and Jennings, 2005; Audretsch et al., 2006; De Wit and De Kok, 2014; Wapshott and Mallett, 2018). The repeated references to small business by policymakers (confirmed in this paper) has induced some scholars to examine SME policies using an original discourse analysis. The modern SME policy can be perceived as a discourse, “a version of enterprise promotion that has become established as solid and real” (Niska and Vesala, 2013). The SME policy discourse shapes the goals (the maintenance and especially the growth of existing SMEs) and the means (funding provisions, training and advisory services) for enterprise promotion. Although the implementation of the SME policies naturally includes material events, these events only make sense through discourse (Wetherell, 2001). However, the discourse regarding SME policies is often piecemeal and SME policies are poorly explained (Curran, 2000). In addition, the objectives of these policies are defined only in “politician speak” (Storey, 2016) and it is difficult to understand whether they achieve their goals. Finally, Perren and Jennings (2005) observe that the political discourse regarding small business usually assumes that politicians are competent business experts, that small business want to grow, and that SMEs need the support of public policies. These assumptions, however, are rather questionable (Niska and Vesala, 2013) or need to be explored empirically (Pencarelli et al., 2010). While the development of empirical techniques for assessing the impact of SME policies remains a crucial step for policymakers and academic scholars, it is also important to explore the underpinning philosophy of the bipartisan support of small business, since this philosophy is often hidden behind the

multiple and generic statements in favour of SMES. This paper has provided a quantitative contribution to the debate on the political discourse regarding SMEs. The challenge of future research is to combine quantitative and qualitative analyses of the political discourse on SMEs, along with the study of SME policies adopted in different countries. This will clarify how and to what extent political representatives shape the debate regarding SMEs, which is likely to be long-lasting given the large proportion of SMEs in all economies.

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