

Informal interactions between companies play a crucial role in shaping public policies

May 15, 2025

Findings from a new study by FBK-IRVAPP researcher Alessio Tomelleri, published in the international journal *Economic Modelling*

During the COVID-19 emergency, thousands of micro-enterprises in Trentino—small retailers, artisans, restaurant owners, and other entrepreneurs—faced sudden hardship: business closures, plunge in revenues, and an overall climate of deep uncertainty. A recent [study by Alessio Tomelleri \(FBK-IRVAPP\)](#) and **Anna Gloria Billé (University of Bologna)**, published in the international journal ***Economic Modelling***, investigates the factors that influenced microenterprises' decisions to apply for public economic support at the provincial level. The research highlights a previously overlooked element: **the influence of “peers”—other nearby businesses with similar economic performance—played a decisive role.**

“Our work,” explains Tomelleri, “focused on microenterprises because they are the most financially vulnerable segment of the economic system. *Unlike larger firms, micro-enterprises typically have limited access to capital markets, lower average levels of financial literacy, and are heavily dependent on the local economic environment. This makes them more susceptible to economic shocks and more likely to look to similar businesses when making important decisions. Given their central role in the economy—making up over 90% of businesses in Italy and many EU countries—understanding the drivers behind their financial decisions, especially in times of severe uncertainty, is essential for designing effective support policies.*”

The study is based on data from the “Microenterprise Panel,” a survey conducted in the province of Trento by the **Trento Province Institute of Statistics (ISPAT)** on a representative sample of **local microenterprises. Thanks to longstanding collaboration with ISPAT's economic surveys and research** office—dedicated to studying the local microenterprise landscape—the researchers were able to merge survey data with administrative records to analyze

a seemingly simple behavior: whether **or not businesses decided to apply for provincial support during the pandemic.**

The key finding? Using a **statistical** approach known as the *spatial hurdle probit model*, the study revealed that companies with similar pre-pandemic economic performance influenced each other's decisions about seeking local public support. This peer effect was especially strong in Trentino's peripheral areas, where businesses, often more isolated and less economically robust, **tended to rely more on one another when deciding whether to apply for aid.**

Additionally, businesses that had previously **received national aid** were more likely to also seek provincial support, suggesting a "learning" dynamic across different aid channels.

Our research,"**Tomelleri** said, "*shows that in regions where social capital is built on local relationships, trust, and proximity, it's even more important to leverage local associations and institutions that are deeply rooted in the community—such as trade organizations or neighborhood groups—alongside traditional communication channels.*"

"Working with the Trento Province Institute of Statistics," Tomelleri added, "allowed us to access unique, representative data that is essential for understanding how local microenterprises adopt public incentives. *This kind of collaboration between researchers and public institutions is vital for crafting policies that are not only more effective, but also more inclusive and locally grounded.*"

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