

Innovation in Financial Services: A Challenge for Start-Ups Growth

Vincenzo Formisano¹, Maria Fedele¹ & Emanuela Antonucci¹

¹ Department of Economics and Law, University of Cassino and Southern Lazio, Italy

Correspondence: Emanuela Antonucci, Department of Economics and Law, University of Cassino and Southern Lazio, Italy. E-mail: emanuela.antonucci@libero.it

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Abstract

Innovative services offered by a medium-sized bank, deeply rooted in the territory, generate benefits for the local start-ups and consequently for the local context. The present work aims to verify such research hypothesis, focusing on the analysis of economic-financial implications as well as social ones generated by start-ups projects whose initiatives have been considered deserving of funding and then admitted to micro-credit disbursement by Banca Popolare del Cassinate (BPC).

The methodology implemented has a dual nature. The work firstly detects literature contributes about innovative services for business growth such allocation of financial resources for company survival. Secondly, the empirical part of the paper explores the results produces by the project "First Idea", financially supporting the creation and growth of new businesses that present innovative projects and are supposed to generate worth. Reasonably, the research is based on the qualitative approach, using the multi-method layout for data collection, whose validation is performed through the triangulation method.

As result, the analysis confirms the benefits generated by the BPC initiatives at different levels, and that without innovation there is not economic growth nor local community development.

Keywords: innovative financial services, territory, start-ups, local mutuality network, value creation

1. Introduction

Banking has undergone deep changes over the last few years, even after the process of globalization and technological innovation, which led it beyond the mere function of intermediation and towards ever more advanced financial services, in order to meet the expectations of an increasingly demanding customer. In this context, local banks, though suffering critical issues arising from the small size, they have the advantage to be constantly at the service of the territory, due to the proximity and the level of depth knowledge, not only in terms of economic development, but also social and cultural development while respecting their traditions. The local bank, in fact, "for its local connotation, mutualistic principles, social responsibility and for the activity of micro-credit that distinguishes it and allows to combine both internal requirements regarding the spreading risk and external ones aimed at support units in deficit of financial resources, plays an important role in the development of social local context" (Paniccia et al., 2011). Therefore, this paper aims to analyze the role of the bank to support the development of companies. In this context, the research hypothesis is to determine whether an innovative service offered by a medium-sized bank strongly rooted in the territory, has generated benefits for context and, in particular, for start-ups. In particular, the Banca Popolare del Cassinate stands out not only for the funds administered and the results of operations, but also for the relational capital, organizational flexibility, rapid decision-making and the purpose of mutual, social and ethical offering to the territory. This concept, which will be analyzed through the observation of the "Prima Idea" and the financial results achieved after the delivery process of the micro-credit, reflecting in the value generated by different actors. In light of what said above, the work has been structured as follows: after the introduction, a brief review of the literature on innovation as a driving force for the survival of the banks according to the Service-Dominant approach and the role of delivery process of microcredit to finance start-up initiatives that are highly innovative in a position to contribute to the development of the territory. Hence, the importance of the innovative role in the start-ups, for which the process of disbursement of micro-credit becomes crucial. Then, it will be described the research methodology and the next section will be addressed to the case studies. Conclusions, managerial implications and suggestions for future research close the work.

2. Research Methodology

This research is based on the analysis of the single case study, the one of Banca Popolare del Cassinate and the initiative "Prima Idea" promoted by it. The methodology described was considered by the authors the most suitable for the phenomenon described.

The approach adopted was based on the qualitative method using the multi-method approach to collect data from different sources, whose validation was carried out following the principles of the triangulation methodology. This makes it possible to validate the data acquired through different sources and direct them towards meaningful conclusions (Denzin, 1978; Mathison, 1988; Bruschi, 1999; Flick, 2007).

The research group, primarily made a desk analysis for the study of national and international academic contributions regarding the subject treated.

Subsequently, from Top Government of the Banca Popolare del Cassinate, primary data and information were acquired. After a meeting with the President of the bank, which allowed to fully understand the purpose of the project "Prima Idea" and the between the Bank and the beneficiaries of microcredit, a semi-structured interview was conducted to the responsible for Trusts Office. Such a figure was chosen as the main source of information, as an expert in the procedures and operations of the initiative, as well as member of the evaluation committee of the ideas submitted by the young entrepreneurs. Finally, a structured questionnaire was submitted to the subjects funded by BPC with the aim of acquiring objective data on the trend of business management, from the time when the business plan was approved for accessing "Prima Idea" funds until the month of May 2015. In particular, the key performance indicators (KPI) identified in the analysis are:

- Revenues;
- Sales forecast for the current year;
- The number of employees;
- Regularity of the amortization of the loan;
- The gain or loss.

Secondary data were picked from public source as brochures and the website of the bank.

Finally, data have been validated and analysed through a qualitative approach.

3. Literature Review

3.1 Innovation as a Key Factor for Bank Survival: A Service-Dominant Logic Approach

The crucial function played by innovation on both productivity and economic growth has widely been recognized over time by economists, entrepreneurs as well as institutions, starting from the studies of Schumpeter (1942), who underlined how innovation can drive many companies to disappear, born or reinforce themselves. Innovation appears, thus, as the driver able to create competitive advantage for the enterprise, contributing at the same time to annihilate the competition. Schumpeter (1942; 2010) and Varaldo (2015), in this context, call this process "creative destruction", fatal event and cornerstone of capitalism with effects that span over decades and centuries.

Even more, the changing contextual conditions that characterize the competitive arena of modern markets require, for all socio-economic actors, important adaptability. This leads to talk of "Industrial Renaissance" with reference to the distinctive features of the current economy, in which emerges the awareness that in order to be competitive it is crucial to innovate, producing knowledge (Varaldo, 2015). Innovation becomes a mentality and an entrepreneurial courage in those who perceive how important it is to innovate for the industrial system and the young people who represent the real resources of the future. Moreover, the changing context conditions characterizing the competitive arena of modern markets require all socio-economic actors important ability to adapt (Varaldo, 2015). In this view, innovation can be understood as an attempt to preserve their identity over time and make its value offer sustainable: The ability of the company to understand and even anticipate the contextual changing contingencies (Fiedler, 1967) and market needs, means to be more competitive, successful and enhance their own distinctive characteristics (Ifm & IBM, 2008).

The company that chooses to change chooses an interactive relationship with its over-reference systems (Golinelli, 2010; Barile, 2009) that mature expectations over the actions aimed to innovate for a different future, in a logic of evolution (Parente, 2008; Parente & Petrone, 2010). Such company becomes aware of the paradigm of "no business is an island" (Hakansson & Snehota, 1995; Gummesson & Polese, 2009) so that any enterprise, in order to survive, must relate to the environment that surrounds it, respecting constraints, rules and

expectations.

The ability to innovate (both incrementally or radically, in process or in product) allows an organization to meet the chance of survival in the long run and helps to make more sustainable its value proposition as being able to constantly adjust their offer in function of the client preferences, favors the creation of a durable competitive advantage. Firm survival in fact implies the persistence of both identity and innovation (Schein, 1990). Therefore being able to preserve the value of the offer, means to update appropriately compared to the changing needs and perceptions through a different concept of supply and use of the offer.

In line with the paradigm of the Service-Dominant (S-D) Logic (Vargo & Lusch, 2004, 2006, 2008, 2009), the concept of value follows the logic of perception and is therefore subjective of the end user instead of the alternatives on the market. When a value proposition is preferred to another, through the mechanism of the use, it triggers a process of value co-creation (Prahalad & Ramaswamy, 2004; Ballantyne & Varey, 2006; Grönroos, 2008) that involves the multi-actor active contribution of the protagonists of the exchange and the actual value related to a particular offer (up to that time only potential). The focus is towards the process of value creation, in which several parties are involved, and play an active role by taking part in a win-win logic, successful and mutually beneficial. In this framework, the customer is always a co-creator of value. This means that the value is recognized in the moment in which its consumer experiences and perceives the service. The S-D Logic also explains that the price of tangible products (value in exchange) is only the provision of an “experience without price” (value in use) linked to the interconnected service (Maglio et al., 2006). Thus, it is possible to state that the final product created and sold, just represent the physical, tangible vehicle through which a service is chosen and bought. According to this approach, companies can only make own proposal of value to offer to the market (or value propositions), but the value is actually determined by the final consumer, by his choices/preferences, from the way it makes use of the same product purchased and benefits from the connected service. Capacity of enterprise and consumer needs are driven by an on-going two-way relationship, able to generate loyalty and competitive advantage durable in time (Lusch et al., 2007). In other words, the attempt to improve, modify, correct, integrate an offer—that is to innovate- actually brings to build the pillars for the firm survival over time. Innovation becomes today a strategic factor for organizations successfulness, competitiveness (and survival). The reason is that modern organizations are called to understand the market need in order to respect more and more the customer orientation, and his last final judgment on the value proposition offer. This implies that an economy based on service necessarily need to be innovative, customer-oriented and focused on the relationship with client, as the benefits are co-determined (Maglio et al., 2010).

As stated by Formisano, Russo (2011), in response to increased competition and deep crisis, banks in particular, began to show an active attitude towards customers using the first marketing strategies and realizing the need to shift the strategic and operational focus from product to customer. In highly competitive environments, as modern ones, in order to achieve advantage, great attention should be given to the customer, trying to understand his characteristics and needs, satisfy them promptly by adapting one’s range of services (Scott & Paulotto, 1995).

Due to the general dissatisfaction and mistrust of citizens toward institutions, the customers’ trust could represent a goal to be achieved and a value to be preserved, since customers are even more looking for new services (Spohrer et al., 2007) in the place of the core business of banks. All this have led banks to implement a transition from a product oriented trend to a customer oriented one, with the aim to understand and possibly satisfy the needs of every client. Just to mention one issue of change, bank branches are transforming from operational centers to relational ones. The bank must prove to be fully operational in a few square meters, because the customer, entering into any branch of a bank, judges the entire bank by the impact with the staff, with the structure and the environment. Thus, after a long period of opening new branches in every kind of location, banks have realized the strategic importance in the research of structures with architectural standards consistent with the style of the bank and details of the interior layout in order to make them more functional and consistent with the overall image of the institute and the socio-economic characteristics of the market in which the individual branch operates. Some examples follow of banking system increasingly oriented towards a new relation with the customer aimed at keeping its loyalty. Bank Credem arranged a corner specialized in providing mortgages and consumer credit, with a layout similar to that of the bank to evoke in the customer's mind the concepts underlying the philosophy of the group; Banca Intesa Sanpaolo increased space dedicated to consulting equipped with desks for the customers; Banca Monte dei Paschi di Siena installed three self-banking positions powered by solar energy; Cassa di Risparmio di Asti: implemented touch screen technology to facilitate consultation and print information leaflets for customers; Cooperative Credit Bank of Carate Brianza created an internal environment characterized by simple geometry, use of high-quality material such as basalt stone and parquet flooring, and colors highlighting the most important areas.

In line with what said just before, banks top government understood that the quality of banking service is anymore generated by the performance of the product offered, but the performance perceived in relation to the users' expectations. Therefore, to add value to customer service and make it more difficult for competitors to imitate it, banks are extending their services offer. Here, the service provision can be defined as the combination of technical and organizational solutions created and used by the bank to allow customers to use their service (Munari, 1988). The service provision system includes contact staff and physical and technological tools, structure organization as for the parts that have an effect on both direct and indirect front-office staff and physical support. The provision of banking services must be designed as a system since considering numerous variables affecting the final level of customer satisfaction.

The role of the process of micro-credit disbursement to finance start-ups presenting initiatives with highly innovative content that can contribute to the development of the territory

In an environment characterized by increasing scarcity of natural resources, global and constantly changing (Drucker, 1970), innovation is a strategic imperative for companies and for the territory in which they are located. For enterprises innovative activity not only refers to products (Schumpeter, 1911; Kline, Rosenberg, 1986; Nonaka, 1994) and operational processes, but also non-technical use (Camisón, Villar-López, 2011) as the organizational structure (Johnson et al., 2008; Chesbrough, 2010; Rosenbush et al., 2011), systems implementation and control, marketing, and the overall business strategy and innovation (Sawhney et al., 2006). To all this, the possibility of reinventing old business models must be added. This enables to exploit new market niches, reinforce competitiveness in increasingly technological context and improve social welfare.

Innovation, coming from the need to respond to the increasing international competitive pressure, may promote the proliferation of a new entrepreneurial culture and can even increase employment levels. This factor is derived from an appropriate mix of a knowledge endogenous and exogenous to the company (Chesbrough & Crowther, 2006; Enkel, 2009).

Innovative capacity, in fact, is a heritage of the different professionals who work within the organization as well as external parties that are directly or indirectly interested in promoting the company success (Varaldo, 2015) and survival. Therefore, a rigorous teamwork is essential, combining creativity, interaction and effective methods in order to create a sequence of successful innovations. Thus, there is constant process of creative destruction that allow the company to pursue new opportunities for growth and development (Schumpeter, 1942), or to take advantage of those already existing on the market and able to cope with change (Kirzner, 1973). Such processes, are activated not only in the case in which the innovations are radical or incremental, but also in the case of architectural innovations and modular one (Henderson & Clark, 1990; Murmann & Frenken, 2006; Schilling, 2009; Lundvall, 2010). At the centre of such a vision a key role is played by the entrepreneur whose ability to innovate can be innate or develop over time by exploiting the experience acquired. He promotes technological innovation, the reorganization of the production structure, changes in the allocation of resources and competencies of the company; identifies and exploits new sources of supply and widens the company horizons into new sectors/markets. These attitudes, supporting harmony with the environmental trends, increase competitive advantage, help to reduce competition and thus affect sectors (Schumpeter, 2010).

Within technological innovation in the strict sense, the process innovation, able to improve the productivity, can determine cost advantages and affects the level of vertical integration; product innovation can generate benefits resulting from the process of differentiation. The need to resort to differentiation was created to meet the different needs inherent to the socio-cultural changing conditions, the different lifestyles and consumer tastes (Dringoli, 2007).

Technological innovation in the broad sense, however, goes beyond the boundaries of industrial production. For Sciarelli (2008) it is due to the technology applied to other functional areas of the company. It regards such techniques to strengthen marketing policies, communication, human resources management, planning and control, strategic planning.

In the innovation process that a company intends to run and/or manage, however, it is important to effectively combine adequate material, assets, organizational and institutional resources, enhance the company's strategy, balance the risks that are measurable, considering the uncertainty that is not measurable and weight the innovation efforts (Cooper, Edgett & Kleinschmidt, 1999; Hart, 2001; Smits, 2002; Kotler & Caslione, 2009; Cooper & Edgett, 2010).

Among the resources to adequately allocate, financial ones are critical elements. Where criticalities are represented by the extent of funds for innovation, typically risky activity characterized by investments involving medium to long term recovery, from their collection and the characteristics inherent to the investment that being immaterial

does not allow a reliable estimate of monetary value before it reaches the market, or to offer adequate guarantees to lenders (Sciarelli, 2008).

In the access to external sources of financing and in particular debt capital, start-ups need to address the high degree of uncertainty hanging over the risk assessment of the innovative project in addition to the information asymmetries (Bobtcheff & Levy, 2015), which often determine a risk profile that exceeds the amount which the broker is willing to cope. This results in situations of credit rationing (Stiglitz & Weiss, 1981) that can threaten the possibility of implementing innovative process and therefore the survival of the young company (Stoneman & Canepa, 2002; Canepa & Stoneman, 2007). To overcome these problems, today, it is possible to rely on some opportunities of bank financing (Nanda & Nicholas, 2014) arising from the innovative services offered in Italy by some lenders, inspired by the principles of microcredit. The objective is to encourage the creation and growth of new business initiatives that are innovative and, very often, oriented towards sustainable forms of entrepreneurship more than companies that have been active on the market (Hockerts & Wüstenhagen, 2010). They, while not having adequate financial allocations, have features which facilitate the economic and social progress of the local context in which they operate.

With the instrument of microcredit loans are disbursed to small entities, which will be repaid over the long term and in small monthly sums, to all those individuals who are denied from access to normal credit channels because they are considered non-bankable, since they are not able to offer adequate warranties. It is a form of ethical finance as the lender invests focusing not on the risk-return relationship, but essentially both on intangible assets and sociological fundamentals inherent in the beneficiary as reputation, courage, hope and faith in the future, as well as the quality of the project. The importance of the role of intangibles is underlined by Varaldo (2015) which argues that the value added within any industry (manufacturing ones and not) lays in the intangible resources. Through micro-credit, therefore, it is also possible to support all those patrimonially weak people who intend to start their autonomous business capable of creating shared value with all stakeholders (Porter, Kramer, 2011). In this context, it is crucial the role played by new forms of banking business in creating value generating positive effects for the development of entire regions, combining economic and social value creation (Porter, Kramer, 2007). Also in Caritas in Veritate (§45), these new forms are recognized, encouraged and made explicit when referring to "... banks offering accounts and investment funds so-called "ethical" ", or to development of business ethics generated by the microcredit.

By banks point of view, using this instrument of cohesion and social inclusion, based on trust, its expectations of broad market segments can be met, through the development of relations of personal nature. Microcredit strengthens, especially in local financial institutions highly integrated in the territorial reference system and with mutual vocation, the ability to promote the responsible and sustainable development of the environment of operation (Tardivo et al., 2012), also through the involvement in the economic life of the most vulnerable social groups.

4. Case Study

4.1 Banca Popolare Del Cassinate, the Bank of the Territory

BPC is a medium-size bank whose corporate philosophy is based on the "common good" and a presence throughout the territory, in order to support its economy and the potential for development through the provision of effective and efficient banking services. After being main actor in the reconstruction of Cassino following the tragic events of World War II, at the time of its foundation, today, is the oldest bank in the province of Frosinone. BPC, operating with foresight, a weighted mix of courage and prudence, focusing its mission on the closeness and personal relationship with the customer, trust and efficiency, as well as on the territorial proximity reached in time exhilarating performance. This is reflected in the words of the President who, in the course of the interview, said: "We are a bank with a good story behind, and never losing sight on the tradition and its historical roots, pursues innovation and looks with confidence to the future ... The prestigious awards at the national level, represent the success of the whole territory, because a company that works is a value for all. In our way of banking we put the person first, not the customer. We believe that the crisis will exceed the commitment, with confidence, optimism and solidarity." All this is contained in the claim "We care a precious capital: our territory." Support for the territory and its community is manifested in the attention placed on the projects, expectations, dreams but also difficulties and fears of the people rather than the clients who come to this institution. This philosophy has allowed the BPC to establish itself more and more over time as regional leader and as national excellence in terms of value creation among small banks in 2013. Also in 2014, thanks to the progression of assets administered, it was ranked on the podium of the national creators of value, among the medium-sized banks in the assessment carried out periodically by a prestigious and authoritative publication specialized in the

sector in which it operates (“Atlas of the leading banks in 2013” and “The atlas of the leading banks in 2014”-Milano Finanza and Italia Oggi).

The bank, managed to create value by believing in its own territory and in knowledge, enhancing the excellence and supporting businesses in qualified ways, through the provision of concrete tools for economic recovery of the territory itself. This commitment has been implemented beyond ordinary operations through innovative services such as the project "Prima Idea", which aims to support particularly innovative start-ups.

A compendium of the indications show that the purpose of the bank is not only aimed at achieving mere economic objectives, which are still fundamental, but to reinvest wealth in the same territory in which it was generated.

4.2 “Prima Idea” Project

Consistent with its nature of local bank, the implements corporate strategy pursuing the aims of mutuality, typical of popular local banks, as provided in the article 2545 of the Italian Civil Code. Indeed, it arises constantly as a driver of development for the territory by its proximity to businesses and communities in which it operates, encouraging the growth of economic and social activities to create areas of "business" on which to gather interest and attention from the different categories of stakeholders. The Bank, despite the general economic and financial crisis and indiscriminate, continues to innovate its services supporting customers with new ideas designed to meet their needs and finance their potentialities. However, in an era of "virtual" relations, enabled through online connections, the Banca Popolare del Cassinate, while recognizing its validity, puts at the center of its mission the centrality of the human dimension rather than the customer, through its commitment in continuing to enhance the relationship capital. Increasing a deep mutual knowledge, this reduces information asymmetries in the bank-enterprise relation, to appropriately allocate credit and to ensure continue support to the local economy. In this context, in collaboration with the University of Cassino, it was founded the project "Prima Idea", with the objective to financially support the creation and growth of new businesses that present innovative projects and are supposed to generate worth. It is a form of financing that aims to reward the value of business project aimed at enhancing original and highly innovative initiatives, especially with regard to the protection and enhancement of the territory, the development of the knowledge economy and of innovation, social inclusion and active citizenship (as shown in the graph below).



Figure 1. Areas of intervention required by the call

Source: Our elaboration on BPC data.

Therefore, the project “Prima Idea” is derived from the will of the BPC to contribute to the development of the local economy through concrete activities aimed at enhancing the skills possessed by young talents. The aim is, in fact, to support the advancement of science and technology, entrepreneurship, innovation, employment, through microloans that, although not an alternative to ordinary credit, has the ability to generate benefits also at social level. Just about the support to employment, despite the call provides for payment of unsecured loans of 50,000 euro each, this limit may be doubled if the new initiative will used at least 5 working units taken with permanent contracts or not less of 18 months. Therefore, it promotes employment and through the creation of new autonomous activities or in the form of cooperatives, both in the form of employment, because every new business needs or will need new employees.

The link with the territory is also shown for exclusive access to the call only to those people between 18 and 40

years, who want to start a business in one of the municipalities of the Frosinone province or in the territory of competence of the Bank.

The terms offered by the bank are particularly advantageous for beneficiaries because the unsecured loan is interest-free, no cost appraisal, is repayable in 10 years and includes a system of mentoring for starting the enterprise. It has also cycle nature in the sense that as rates are reimbursed by beneficiaries, reconstitutes the ceiling of € 1,000,000 available to start-up.

Table 1. Traditional and review conception of the microcredit theory

Principles	Traditional conception	Conception reviewed (Prima Idea)
1. Loan of a reduced amount	X	X
2. Identification of the beneficiary individuals of loans according to the economic/group loan criteria	X	X
3. Loans according to state of progress of the initiative/repayment in small instalments	X	X
4. Reimbursement rate of the loan	X	
5. Moral guarantees	X	X
6. Financial guarantees	X	
7. Principle of guarantee (gatekeepers)		X
8. Tutorial and support (gatekeepers)		X

Source: Formisano et al., 2014

However, the projects have been evaluated with respect to the following aspects:

- The business idea;
- The curriculum of the proponent;
- The economic/financial analysis and forecasting of the project;
- The consistency of the project with respect to the local context and sector of reference;
- The quality of the project (clarity of the project, indication of its objectives to be consistent with the actual likelihood of achieving them; realistic indication of the allocation of economic resources and financial analysis of business activities and planned work, with relative verification the economic coherence of the relationship between the stated objectives, the resources used and the proposed organization;
- The feasibility, waited effectiveness - FOLLOW-UP;
- Innovation and contribution to the development of the territory.

It is subject to approval by a committee made up of university-gatekeepers, banking and the business community, which considers the economic and technical feasibility, and therefore the validity of the initiative with innovative design (Formisano et al., 2014). Thus the viability of the projects is ensured through the independent evaluation and highly professional expertise of the Commission, in order to reduce information asymmetries in the relationship between banks and businesses. Expertise and professionalism of academic matrix of the University of Cassino and Southern Lazio, economic and financial one, linked to the knowledge of the characteristics of the territory by BPC, as well as those of representatives of employers' associations about the needs and the protection of the spirit of initiative of young entrepreneurs are put at the service of local businesses growth. The presence of the academic world has helped to qualify the assessment of the business idea, in addition to the typical analysis of the banking sector, because the considerations and observations made it possible to reward creativity, innovation and the ability of young people. The partnership with the University may evolve in the structuring of training and mentoring for young entrepreneurs who have had access to funding and academic institution that can find those intellectual resources, programming, experience, information and training that can give impetus and substance to best ideas of young entrepreneurs of the territory. In this context, it must be highlighted the support of research and academic institutions for innovation and competitiveness as well as a great stimulus for young people, in order to avoid the phenomenon of "brain drain" from our country, in a time

like the present one in which globalization offers them different and catchy paradigms (Galateri, 2015).

In 2015, 35 projects were presented and evaluated, of which only 16 were identified as deserving of approval, although one of these was not actually funded. As shown in Table 2, among the 19 excluded projects, only in one case the applicant withdrew the plan, while causes of rejection are due to the presentation of an inappropriate business plan, non fulfillment of minimum criteria required by the call and of requirements of innovation rather than of originality and feasibility; other reasons for refusal were the lack of business plans, the incompleteness of the marketing plan and the excessive confusion of the idea presented and entrepreneurial activity already in place for some time.

Table 2. Causes for refusing projects

Project withdrawn by the proposer	1
The project does not meet the requirements of the call	2
The project does not have the requirement of innovation	2
The project does not meet the requirements of innovation and originality	3
The project does not have the requirement of innovation and feasibility	1
The project does not have the requirement of innovation	2
The project does not have the requirement of innovation and does not include the Business Plan	1
Business Plan inadequate	5
Marketing Plan incomplete and Business Plan unclear	1
Excessive confusion of the idea presented and entrepreneurial activity already in place for some time	1
Total	19

Source: Our elaboration on BPC data.

The table below shows the areas belonging to each business idea, respectively, for the projects approved for funding and not.

Table 3. Sectors of business ideas admitted and not to funds

Sectors of eligible business ideas	Number	Sectors of non eligible business ideas	Number
Clothing	2		
Farming	1		
Energy efficiency and environmental protection	3		5
Sports activities	1		2
Communication	1		
Furnishing	1		1
Artistic and musical	2		1
Manufacturing	1		2
Commercial	2		1
Rental services	1		
Welfare and health services	1		1
Food			2
Car parking services			1
Innovation			1
Tourism			1
Personal well-being			1
Total	16		19

Source: Our elaboration on BPC data.

As shown in the above table, the largest number of projects eligible for funding belongs to the field of energy efficiency and environmental protection, followed by clothing, from the arts and music industry and the commercial sector. Similarly, among the projects not admitted to funds, stands again the number of business ideas in the field of energy efficiency and environmental protection, followed by the food industry, sports and recreation, and finally commercial.

4.3 Findings and Discussion

For the purposes of ongoing research, which intends to analyze the bank role in the start and the development as well as competitiveness of companies, the working group considered appropriate, for each project selected for funding, to collect data related primarily to the entrepreneurial idea presented, the year in which the application has been submitted, personal data as the age of the applicant, legal status and the territorial area of the future company, its sector, the type of innovation, aim which the project meets, and finally the amounts founded and paid. The following table summarizes what said above. Evidence suggests a strong variety of business ideas proposed. The new entrepreneurs have an average age just over 34 years. Special attention is on the data relating to the geographical area of the start-ups, concentrated mainly in the territory of Cassinate and Frusinate while the territory of Formia seems to be absent. It seems appropriate in such a place to report the data concerning the proposals to make innovation, mostly aimed at the improvement of product, process and communication. With reference to the fields of intervention indicated in the application forms received and resulted worthy of funding, the one that is indicated more often is "Knowledge economy and innovation development", followed in order by "Territory protection and enhancement" and finally by "Social inclusion and active citizenship". Almost all the projects resulted worthy of a fund of 50,000 euro, while for only three cases it was approved the amount of 40,000. The last column of Table 4 shows the amounts paid at the moment. Another point which seems to worth attention is the following: business ideas that are eligible for funding are all start-ups, except for two cases which have been admitted for a reputational importance matter and the positive effects on the territory development. In fact, the farming project proposes to make improvements to an existing structure, as well as the company already existing producing plastic materials, for which it was proposed structural and communication reinforcement for high quality products, with a view of just-in-time.

Table 4. Features of projects eligible for funding

Business idea	Age	Giuridic form	Territory	Type of innovation	Field	Approved financing	Sum provided
Social tailoring, to promote the integration in the workplace of people in difficult situations	39	Cooperative	Cassinate	Architectural	2, 3	40.000	40.000
3D printers production	30	Lrs	Cassinate	Incremental	2	50.000	20.400
Farming structure improvement	39	Individual business	Frusinate	Incremental	1	50.000	50.000
Large scale artistic creation	40	Individual business	Frusinate	Modular	2	50.000	50.000
Production of new generation modular warming systems	33	Lrs	Cassinate	Incremental	1	50.000	50.000
Sports facility of car modeling with production of pieces for models and complementary products	38	Individual business	Cassinate	Architectural	1	40.000	34.500
Forme di comunicazione diverse di prodotto	32	Cooperative	Cassinate	Incremental	2	50.000	50.000
Creating a new brand for the production of design objects for furnishings	40	Lrs	Sorano	Incremental	1 e 2	50.000	50.000
Creating innovative cloths, a network of communication with customers that have a relationship that survives the time of purchase	29	Individual business	Frusinate	Incremental	2	50.000	6.000

Creating independent record label	31	Partnership society	Cassinate	Incremental	2	40.000	40.000
Structural reinforcement and communication of customized high quality products,, with a view of the just-in-time	35	Lrs	Cassinate	Architectural	1 e 2	50.000	50.000
Mode of food production and direct sale on the road	22	Individual business	Sorano	Architectural	2	50.000	50.000
Communicational innovation by setting up exhibition stands at the forefront of innovative technologies and the use of automation	33	Individual business	Cassinate	Architectural	1 e 2	50.000	50.000
Design/production of electrical and electronic and automation for efficiency and energy savings	34	Individual business	Cassinate	Incremental	1 e 2	50.000	50.000
Local quality food export innovating sales modalities	38	Individual business	Frusinate	Architectural	2	50.000	50.000
Welfare and health services	36	Cooperative	Frusinate	Incremental	3	50.000	50.000

Source: Our elaboration on BPC data.

Finally, the analysis conducted on the performance of the start-ups that benefited from 2014 funds shows that they have an average number of employees of 2.42, with intervals ranging from a minimum of 2 to a maximum of 6. In this regard, it is appropriate to highlight in such a place, confirming the hypothesis of research, the project realized in the manufacturing sector has been considered by BPC worthy of a further loan of 50,000 euro, by virtue of employment reflections, strongly positive. To add that the same project presented, from 2011 to 2014, an increase in turnover of 227.000 euro, compared with an average of 97.000 euro and a profit of 18.000 euro. However, the average reported by the totality of the projects is just over 9.000 euros. It is also clear that among the projects under analysis, are especially profitable ones in manufacturing, including the above project, and health care, followed by business ideas belonging to the energy sector.

5. Conclusions, Managerial Implications and Future Research

The BPC inspired by the motto “not a lot for a few, but a few for many”, is every day committed to use the funds resulting from the collection of savings, in a sort of “short chain” of credit, for the support of local businesses as well as families. Emblematic is the support offered to the start-ups of the area, implemented through the innovative project called “Prima Idea”. This project plays a key role both economically and socially. It contributes to the development of businesses and the community reference generating capital. This virtuous circle has been called the “local network of mutuality,” model in which the BPC is a case of integration between social and economic efficiency of start-ups.

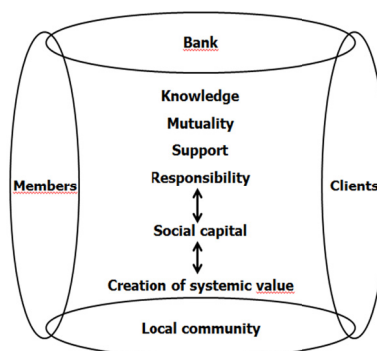


Figure 2. Business-capital social-contest relationship

Source: Formisano et al., 2011.

“Without innovation there is no economic growth, there is no enhancement of our talent, there is no material and immaterial development” (Galateri, 2015). It is thanks to this philosophy, associated with the values that have always distinguished in a deep knowledge of the territory, solidarity, support the economic growth of the community of reference, quality in customer relations and management of excellence of human resources, which the bank became a leader both on a local and national side continues to grow, despite the crisis that hits professionalism, enthusiasm and confidence to the future. Thus, the BPC, which bases its activities on the values related to localism, solidarity and confidence in the person, focuses its core business in responsibly assisting the local economy towards recovery. In particular, through the project Prima Idea, begun in 2011 and still in force, the bank has provided a revolving credit limit of one million euro to finance innovative start-ups promoted by young people of the territory. Central idea of the project is that the bank gives confidence to the value of the idea and bet on the validity of the business project, providing an interest-free loan repayable over ten years. The results of the analysis confirm the actual benefits generated by the project, above all in certain sectors, in terms of income and employment. As shown in the same findings, many projects presented have given rise to new entrepreneurial activities in Cassinate and Frusinate, while the territory of Formia appears not to have responded promptly to the initiative. Therefore, in future research will be analyzed the reasons for which the origin of the project is confined to designated areas and are excluded some areas that could benefit from the initiative because of their high industrial vocation (Anagni, Ferentino, & Sora). Finally, the management implications that emerged in this study highlight the importance for companies to possess a balanced financial structure that allows them to limit exposure to risks especially in cyclical phases negative as the current one.

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