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How Do SMEs Respond to Deglobalization? Insights from Italian SMEs in the Interwar Period (1936–1943)

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ABSTRACT This study investigates how small and medium-sized enterprises (SMEs) respond to deglobalization and economic nationalism, using historical evidence from fascist Italy, a period of autarky and restricted international trade. While prior research has focused primarily on larger firms, especially multinational enterprises (MNEs), the strategic behaviour of the resource-constrained category of SMEs remains underexplored in both management and business history literatures. Drawing on archival material from the Istituto Mobiliare Italiano and historical sources, we identify four adaptive strategies: (i) market repositioning, (ii) national re-branding, (iii) disguising core business, and (iv) mobilizing formal ties. Our findings reveal that, while SMEs draw from the strategic playbook of MNEs, they implement these strategies in distinct ways due to internal and external constraints. In doing so, they exhibit both strategic and political ambi-dexterity to adapt. They leverage their distinctive flexibility and agility by mobilizing internal capabilities (e.g., brand identity), and resources (e.g., formal international ties). This enables SMEs' market repositioning and allows them to achieve symbolic alignment with government agendas through reshaping narratives to secure critical resources. Ultimately, this leads to bolder strategies like pivoting from global niche to broader domestic markets. This framework offers insights into SMEs' resilience under deglobalization and economic nationalism.

Keywords: Adaptive Strategies, Deglobalization, Economic Nationalism, Italian Autarky, SMEs

INTRODUCTION

The era of hyper-globalization that characterized the late 20th and early 21st centuries has given way to a period of deglobalization, marked by increasing protectionism, economic nationalism, and geopolitical realignments (Colantone, 2025; Jones and

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Giacomin, 2022; Witt, 2019). This evolving landscape presents significant challenges for firms as they navigate shifting trade rules, supply chain volatility, and growing regulatory uncertainty. Small and medium-sized enterprises (SMEs) are particularly vulnerable to such shifts due to their limited size, resources, and bargaining power (Kumar and Rao, 2015). Moreover, they constitute a significant share of most economies, contributing to about half the GDP of OECD countries (ILO, 2019). Understanding SMEs' strategic responses is therefore crucial.

Despite the significance of SMEs, the emerging literature on deglobalization and economic nationalism has focused on large businesses, primarily multinational enterprises (MNEs) and, to a lesser extent, on smaller companies, early exporters, and 'born-global' firms (Kantaruk Pierre et al., 2025; Knight and Cavusgil, 2004). The adaptive strategies of more resource-constrained SMEs are thus largely underexplored (Witt et al., 2023). To address this gap, this study investigates how SMEs historically adapted to systemic shifts such as deglobalization and economic nationalism. We use evidence from fascist Italy, which experienced a pronounced state-led move toward autarky and restricted international trade in the 1930s.

Despite some unique features of the interwar period (Beamish and Hasse, 2022), many aspects parallel contemporary deglobalization, particularly the geopolitics of the 1930s. Following the 1929 Great Depression, international economic relations deteriorated, leading many governments to adopt economic nationalist policies and capital controls. In the 1930s, fascist Italy pursued autarky in areas ranging from industry and labour to the military and monetary policy (Farese, 2009; Federico, 2019; Toniolo, 1980). This pursuit created tension between Italy's liberal, internationally oriented sectors and its protectionist, state-backed industries (Colli, 2002). Fascist Italy's drive for autarky was not merely an economic response to protectionism, but an ideologically driven reaction to the 1935 sanctions imposed after the Ethiopian War began (1935–1937). Autarky exacerbated the disruptive effects of deglobalization, disproportionately harming SMEs, while benefiting large firms aligned with the regime.

Current theories on firm responses to external shocks are primarily informed by the experiences of MNEs. These theories emphasize strategies such as diversification, leveraging multinational subsidiary networks, and engaging in non-market activities, including direct political lobbying (Bucheli and DeBerge, 2024; DeBerge, 2024). These tools were often out of reach for most SMEs due to their limitations in scale, resources (Kumar and Rao, 2015), bargaining power, and political influence (Lu and Beamish, 2001). We adopt a historical perspective to show that while SMEs share a broad strategic repertoire with larger firms, they deploy it differently as they are constrained by resources and community pressures and reliant on distinct mixes of formal and informal cross-border ties. Lacking the formal institutional access, direct lobbying, and globally integrated structures of MNEs, SMEs favour adaptive, resource-stretching strategies, such as repurposing assets, recombining capabilities, and leveraging commercial networks, while making selective use of formal channels and signalling alignment with state agendas rather than exercising direct political leverage or offshore scale (Gereffi et al., 2005; Kostova and Zaheer, 1999).

Drawing on archival material from the *Istituto Mobiliare Italiano* (IMI) and complementary historical sources on Italian SMEs during the autarkic period, we developed an empirically grounded typology of four adaptive strategies used by SMEs under such

pressures: (i) market repositioning, (ii) national re-branding, (iii) disguising core business activities, and (iv) mobilizing formal ties.

By analysing different historical cases, this article contributes to research on firm adaptation and strategic management, particularly regarding SMEs' responses in hostile (Fath et al., 2021) and resource-scarce environments (Añón Higón and Bonvin, 2024; D'Ambrosio and Lavoratori, 2025). First, we contribute to dynamic capability theory by showing how SMEs can mobilize and reconfigure limited, often intangible, resources, such as brand recognition and established networks, to reposition during turbulent times (Helfat and Peteraf, 2003; Hitt et al., 1998; Teece, 2007). Second, we extend strategic flexibility theory (Lubinski and Wadhwani, 2020; Petricevic and Teece, 2019; Wu and Fan, 2023) by showing that SMEs cultivate anticipatory adaptability not only through reactive moves but by pre-structuring options to redeploy resources and to lean more heavily on long-standing formal networks. Third, we contribute to non-market strategies (NMS) research (Bucheli and Decker, 2021; Fjellström et al., 2023; Yue and Takeda, 2025) by showing how SMEs compensate for their limited political influence through symbolic alignment and identity reframing, which enable access to critical resources under political constraints. Overall, these insights provide a novel, nuanced understanding of SMEs' resilience and their strategic trajectories in the face of external shocks.

'Literature Review: Firm Responses to Deglobalization and Economic Nationalism' section reviews the literature on firm responses to deglobalization and economic nationalism. 'Methods' section outlines the empirical context, data, and methods. 'Strategies of Italian SMEs (1932–1945)' section presents the results through four strategic responses, and 'Discussion' section discusses these findings in relation to the literature, notes limitations and future research directions, and offers managerial implications. 'Conclusion' section concludes.

LITERATURE REVIEW: FIRM RESPONSES TO DEGLOBALIZATION AND ECONOMIC NATIONALISM

The contemporary business landscape is increasingly shaped by deglobalization, a process marked by weakening interdependence among nations and the rise of fragmented, regionalized economic systems (Colantone, 2025; Witt, 2019). This shift from the previous era of hyper-globalization (Chase-Dunn et al., 2000; Meyer, 2017) creates a volatile and uncertain institutional environment, compelling firms to develop subtle, adaptive strategies (Aiyar et al., 2023; Jones, 2006; Meyer and Li, 2022). While international businesses are both vectors and subjects of these global shifts (Smith et al., 2016), much of the existing research on firm adaptation, from both management studies and business history, has centred on the experiences of MNEs, generally coinciding with large businesses.

When faced with rising transaction costs, protectionist policies, and geopolitical tensions, MNEs have traditionally employed a range of operational, market-based, and political strategies. Operational and market adaptations often include restructuring to maintain integration within geopolitically stable sectors (Yucesan and Witt, 2024) or pursuing various forms of 'decoupling', balancing global efficiency with local adaptability (Cui et al., 2023; Witt et al., 2023). This frequently involves strategies such as localization,

including tailoring products to national identity narratives, forming local partnerships (Lubinski and Wadhwani, 2020), and even divesting from or reducing reliance on certain international suppliers (Ersahin et al., 2024; Kazancoglu et al., 2024).

Historically, during periods of intense nationalism, such as the interwar years, MNEs adjusted by enhancing their alignment with host-country agendas (Forbes et al., 2019) or, when convenient, emphasizing a non-aligned or distinct national identity if strategically advantageous, for example, German MNEs in decolonizing India (Lubinski, 2014, 2015, 2022). Evidence from Australia shows that during prolonged deglobalization (1914–1979), MNEs deepened local engagement, drew on domestic knowledge and entrepreneurship, and shifted strategic decisions to subsidiaries, reinforcing embeddedness while retaining cross-border capabilities (Van der Eng et al., 2025).

Beyond market-facing adjustments, MNEs relied heavily on NMS to navigate economic nationalism and political instability. These strategies often centred on direct political engagement such as lobbying, coalition-building, and diplomacy, to turn nationalist pressures into strategic advantages (Bucheli and DeBerge, 2024; DeBerge, 2024). To mitigate expropriation risks and gain legitimacy, they also aligned with local elites and national agendas (Bucheli and Decker, 2021; Bucheli and Salvaj, 2018). A common tactic has been negotiating directly with host governments for favourable conditions, often at the cost of major concessions, as seen with Unilever in 1930s Norway (Sandvik and Storli, 2013), and British firms in post-war Latin America (Miller, 2020). More recent research shows how Finnish MNEs used corporate diplomacy to shape national alignment during two waves of deglobalization, alternating between defensive and explorative strategies to sustain cross-border operations (Matala and Stutz, 2025). Additional NMS tactics have included securing tax breaks, providing social services, and partnering with labour groups (Bucheli, 2009).

In situations of extreme regulatory change or hostility, MNEs have also resorted to identity management strategies like 'cloaking', concealing true ownership or nationality to navigate restrictions, a practice well-documented in business history, particularly in the first half of the twentieth century (Aalders and Wiebes, 1996; Jones and Lubinski, 2012; Kobrak and Wüstenhagen, 2006; König, 2001). Furthermore, MNEs draw on historical learning, using lessons from past crises (financial, political, or other conflicts) to inform diversification, regionalization, and resilience-building strategies (Ciravegna et al., 2023; Gaur et al., 2023). Such crises often necessitate incremental adjustments rather than grand strategic designs due to rapidly changing circumstances (Smith et al., 2016).

Overall, the literature has shown that MNEs and large corporations can leverage a broad strategic playbook, thanks to their vast resources, global networks, and political leverage. In contrast, SMEs' limited resources and organizational complexity generate unique configurations of similar strategies. From a resource-based view (RBV) perspective, SMEs' adaptive approaches reflect their constrained resource profiles (Barney, 1991; Wernerfelt, 1984). Lacking the tangible assets and political capital of MNEs, they instead depend on intangible resources such as entrepreneurial alertness, operational flexibility, local market knowledge, community ties, and niche specialization (Teece, 2007).

While direct, comprehensive research on SMEs' strategies under deglobalization is sparse, some inferences and fragmented insights exist. For instance, where larger companies engage in high-level NMS, SMEs might be pushed to mobilize more standardized

formal channels or leverage nationalist policies more indirectly, that is, by focusing on domestic demand and building localized resilience (Witt et al., 2023). Literature suggests that SMEs can embed themselves in regional networks and respond adeptly to local demand (Charpin, 2022). Also, SMEs can leverage targeted public resilience-building support to strengthen their value chain (OECD, 2023), and sometimes benefit from protectionist measures like subsidies or shielded domestic markets (Meyer, 2017; Petricevic and Teece, 2019; Suesse, 2023). In short, even if SMEs cannot lobby at the scale of large businesses, they can manoeuvre institutional terrain to cope with deglobalization.

Historically, even SMEs with an international profile pursued more localized, resource-sensitive strategies compared to larger MNEs' use of transnational subsidiary networks (Boon, 2017). For instance, the MNE strategy of 'cloaking' ownership might translate for SMEs into operational discretion (e.g., white-labelling, distributor-of-record arrangements, and brand de-emphasis) through lawful channels that reduce visibility without complex ownership structures. Similarly, while large firms might 'nationally rebrand' through significant marketing campaigns or identity shifts (Lubinski, 2014; Witt, 2019), SMEs might undertake similar efforts on a smaller, perhaps more symbolic or community-focused scale.

A slightly different case concerns born-global firms, which are small-medium and globally oriented from inception, pursuing innovation-driven and network-based strategies that enable agility despite scarce resources (Gabrielsson et al., 2008; Knight and Cavusgil, 2004). Unlike MNEs with scale, structure, and abundant resources, they rely on flexibility and niche specialization (Ghoshal and Bartlett, 1990; Peng, 2001). In contrast to domestic SMEs that internationalize gradually (Lu and Beamish, 2001), born-globals are proactive and risk-taking, targeting narrow global segments (Cavusgil and Knight, 2015) in ways that are enabled in integrated markets (Gabrielsson and Manek Kirpalani, 2004). However, just like for other SMEs, during deglobalization their competitiveness hinges on exceptional adaptability and strategic reconfiguration.

Finally, recent research shows that SMEs can counter deglobalization both through access to digital technologies and continuity with trusted partners. Digitization increases the likelihood of SMEs engaging in international trade by boosting productivity (Añón Higón and Bonvin, 2024). Even amid rising trade barriers, digital tools such as e-commerce and ICT platforms enable both export- and domestic-oriented SMEs to access foreign markets. Furthermore, research on firm responses during crises stresses the importance of 'relationally embedded' networks: strong pre-existing ties built on trust enhanced SMEs' resilience during COVID-19 (Fath et al., 2021), while relational capital, commitment, and cooperation helped Ukrainian exporters withstand wartime disruptions after the Russian invasion in 2022 (Kantaruk Pierre et al., 2025).

Despite SMEs' critical role in most economies, the scattered current literature has yet to produce a thorough understanding of SMEs' specific adaptive strategies to deglobalization and economic nationalism. Both contemporary management literature and business history have predominantly examined the responses of MNEs. While some literature acknowledges that SMEs face distinct challenges due to their size and resource constraints (Johanson and Vahlne, 2009; Lu and Beamish, 2001; Witt, 2019) and often rely on localized adaptations, the precise mechanisms and configurations of these adaptive responses are still under-researched.

Specifically, there is no empirically grounded typology that details how SMEs draw on their particular set of resources to navigate the overlapping pressures of contracting international markets and heightened economic nationalism. How do they reposition themselves in reshaped markets? How do they manage their identity and stakeholder relations when nationalist sentiments are high? What forms of disguise or discretion do they employ? And how do they engage with international networks despite lacking the leverage of large MNEs? These questions highlight a significant gap in our understanding of firm strategy in an era of increasing geopolitical friction and state influence.

This study aims to address this gap by developing such a typology, focusing on SMEs' unique use of established strategies to survive and adapt in times of crisis.

METHODS

Research Context

We use autarky in 1930s Italy as the empirical context to discuss SMEs' heterogeneous strategies to counter deglobalization and economic nationalism. Autarky is a high degree of national self-sufficiency that builds on insulation from foreign economic, political, and cultural influence (Helleiner, 2021). Autarkic thought reached the highest political influence worldwide in the interwar period following the 1929 Great Depression, the 1931 dismantling of the gold standard by the UK, and the 1932 Ottawa Conference, which exacerbated the ongoing collapse of cross-border trade and investment flows[1] (Toniolo, 2022). In this period, both Nazi Germany and Fascist Italy pursued policies of autarky, aiming for economic self-sufficiency to reinforce their political sovereignty. In Mussolini's Italy, this began in the late 1920s in multiple spheres (Federico, 2019). The regime also introduced dedicated financial institutions in the form of the *Istituto Mobiliare Italiano* (IMI), founded in 1931, and *Istituto per la Ricostruzione Industriale* (IRI), founded in 1933 (Ciocca and Toniolo, 1976). IMI was created as the state entity granting corporate loans with up to 10-year maturity. In 1936, when the government allowed 20-year loans,[2] IMI became the central player in Italian medium-to-long-term industrial financing. It thus was a crucial channel for pursuing the policy of autarky.

Historians and economists have long debated the impact and long-term legacy of autarky in Italy (Giugliano, 2011; Grifone, 1980; Petri, 2002; Zamagni, 1997), yet SMEs have received little attention. Since the late nineteenth century, Italian capitalism has exhibited a persistent dualism between a few large firms and a multitude of small and micro enterprises. However, the literature's emphasis on large enterprises (Segreto, 2002) has often obscured the experience of smaller businesses (Astore, 2022). Moreover, many studies remain anchored in local or national macro narratives and rarely situate Italian autarky within the broader dynamics of deglobalization (Gabbuti, 2020).

Scholars have debated firm-size classification criteria for Italy (Colli and Vasta, 2010). The 1927 industrial census classified businesses by employee numbers: large (above 1000), medium (11–1000), and small (below 11). However, this framework does not

reflect the effects of 1930s industrial concentration, which led to larger businesses (Checco and D'Andrea, 1976). Lavista (2010) analysed firm distribution and financial data, indicating 'medium' businesses typically had 50–500 employees. To account for industrial shifts during the 1930s, we define 'small' enterprises as those with fewer than 500 employees and 'medium' enterprises as those with 500–1000 employees at the onset of Italian autarky in the mid-1930s. This aligns with IMI's classification criteria[3] for industrial categories, reflecting its credit allocation process at the time (IMI, 1958).

Overall, the autarkic framework significantly impacted Italian SMEs (Checco and D'Andrea, 1976), particularly in traditional light manufacturing sectors like felt production, straw hats, gloves, and leather goods, leading to a net loss of enterprises between 1927 and 1937 (Perugini and Romei, 2010, p. 178). By the early 1940s and in the context of the Second World War (WWII), SMEs developed new survival strategies (Checco and D'Andrea, 1976; Lavista, 2010).

Here, we focus on SMEs in the agribusiness and textile sectors because SMEs were heavily concentrated in these sectors and most IMI funding went to these firms. Despite political emphasis on big businesses, Colli (2002) mentions a few cases of SMEs that thrived by piggybacking on the growth of larger firms, such as subsidiary producers in mechanical tooling. While insightful this historical scholarship however does not systematically engage with SMEs' strategies in relation to MNEs. Additionally, small and micro food producers benefited domestically from reduced foreign competition and rising prices, while the end of sanctions in July 1936 provided opportunities for SMEs in traditional export markets. With Italy's entry into WWII, however, many SMEs lost export outlets or were forced to convert to war production (Ciocca and Toniolo, 1976; Toniolo, 2022). The immediate post-war years saw weak demand and acute shortages (Zamagni, 1997) before the new reconstruction impulses to the economy, culminating in 1947 with the European Recovery Program, gradually restored domestic markets (Amatori, 2020; Amatori and Colli, 2014).

Data and Analysis

To capture how autarky affected Italian businesses, we investigated credit financing issued by IMI during the 1930s, when it became the leading provider of medium- and long-term industrial credit. IMI financing aimed to mitigate credit scarcity for SMEs and functioned for many as a lender of last resort (Cesarini, 1982). Although the smallest firms often struggled to meet collateral requirements, their loan applications offer rich evidence on how SMEs articulated their investment needs, justified production choices, and adapted to the constraints of protectionism. By focusing on IMI's lending activity, we uncovered how SMEs deployed strategic narratives and organizational adjustments to align themselves with national industrial priorities and survive within an increasingly closed economic system. In particular, we treated access to IMI's state-backed credit as an enabling factor for firms' successful navigation of the 1930s turbulent environment, not as a guarantee of success. Loans eased liquidity constraints and conferred legitimacy, but their effect depended on their strategic deployment. Loan misallocation, mistiming, or poor implementation could erase any advantage.

Archival data from Intesa Sanpaolo Archives (which merged with IMI in 1998)[4] contain the whole set of 270 loans issued by IMI from 1936 to 1943. The data contain information about firm-level financial and non-financial performance and include business intelligence reports by the technical committee[5] in charge of loan approval. Such reports detail the rigorous selection process and IMI officials' methodology for evaluating applicant SMEs.[6] Loan applications were even rejected or abandoned from entrepreneurs who forwarded loan applications leveraging personal connections with fascist elites, including in person with Mussolini.[7]

During the period under study, IMI issued three types of loans.[8] First, standard loans financed initiatives not directly linked to autarky between 1936 and 1943. Second, IMI granted loans to finance new autarky-related initiatives starting in 1938, referred to as *Autarky A*. These loans bore higher financial risks and came with a full state guarantee. Third, IMI established *Autarky B* loans to finance pre-existing initiatives related to autarky that would not fall into the ordinary loan category (see Table I for details).

We began by reviewing all Autarky A and B loans, focusing on those directed to SMEs across sectors such as agribusiness, chemical, engineering, iron and steel, manufacturing, mechanical, mining, and textile. Most funding went to agribusiness and textiles, where SMEs were heavily concentrated (Demaria, 1941). We then included recipients of ordinary loans in these two sectors to better capture the experience of small, dynamic firms, some potentially born-global (Farese, 2009). This yielded a subset of 77 Italian SMEs financed between 1936 and 1943. Loan files from the IMI Archive provided rich financial data and unique insights into organizational and managerial structures, drawn from technical reports by IMI officials who visited the firms. These are often the only available sources, as many firms lacked their own archives (Table AI in appendix).[9]

We also accessed unpublished archival data on agribusiness SMEs that applied for IMI loans but did not receive funding for reasons such as lack of collateral, voluntary withdrawal, or rejection. Of 204 such cases, we reviewed 21, bringing our total sample to 98 SMEs. IMI officials conducted evaluations and compiled intelligence reports even for unsuccessful applicants. We first captured the shared characteristics of the surviving firms and then identified counterfactuals. Among the roughly 80 IMI-funded SMEs that survived the war, 22 failed before 1960 due to their heavy reliance on government subsidies during the crisis and war, leaving them uncompetitive in the post-war market. Only 25 out of the 98 small firms that applied for an IMI loan in our sample survived well past WWII (see Tables AII and AIII in the appendix for an overview of loan recipients and applicants). This approach allowed us to capture a broader universe of SMEs, reducing selection bias beyond firms that received funding.

We analysed our material by following the established norms of historical research in management, organization, and entrepreneurship (Argyres et al., 2020). History can be used in management and organization studies following different 'modes of inquiry' and 'purposes' (Maclean et al., 2016). We draw from this classic categorization of historical approaches and use history to 'evaluate' (i.e., testing and refining theoretical arguments) SMEs' responses to the context of the 1930s and 'explicate' (i.e., applying and developing theory to reveal the operation of transformative social processes) how autarky and deglobalization affected Italian SMEs' strategies.

Table I. Description of IMI loans (1926–1943)

Loan[a]	*Description*	*Years*	*Issued loans*[b]	*SMEs (%)*	*Example*
Ordinary	Initiatives not directly linked to autarky	1936–43	236	82	Arrigoni Food Products (Lira 6.4 M) to invest in a new plant and seven fishing steamboats
Autarky A[c]	New autarky-related initiatives, higher financial risks with full State guarantee (5.5% interest rate)	1938–43	12	42	Romagnola per la Ginestra S.A. (Lira 400 K) to build new broom fibre plants within a broader import-substitution policy in the textile industry
Autarky B	Pre-existing autarky-related initiatives, no State-guarantee (7% interest rate)	1938–43	19	79	Radiobrevetti Ducati (Lira 1,06 M) for the production of specialized materials like tungsten and molybdenum alongside its core production of capacitors

[a]From 1942, IMI issued three loans of 'exceptional public interest' under Law 100-1942 with the same conditions of Autarky A loans but without approval by the committee.
[b]Note that companies, especially big businesses, often received multiple loans.
[c]Both A and B loans were subjected to approval by the Technical Committee, while Ordinary loans were not. For a detailed coverage of the credit legislation concerning IMI's activity, see Mazio (1976), *Legislazione sul credito industriale con riferimento all'attività dell'IMI. Volume I*. IMI, Roma.

To explore the historical factors that enabled organizations to overcome adverse conditions, we employed a case study approach (Eisenhardt, 1989). Our findings aim to contribute to management theory by offering insights relevant to firms facing similar challenges today (Yin, 2018). Over the past decade, historical cases have been widely employed in management research (Bucheli and Wadhwani, 2014; Kipping and Üsdiken, 2014). More recently, this work has evolved into a more structured theorization of its iterative foundations. This has occurred particularly through the concept of abduction, or inference to the best explanation, which entails reasoning toward the most plausible account of observed phenomena while balancing explanatory elegance ('loveliness') with truthfulness ('likeliness') (Lipton, 2004; Pillai et al., 2024b). We analysed our sources using this abductive approach (Pillai et al., 2024a; Sætre and Van De Ven, 2021).

Drawing on abduction, in this study we iterate between evidence and theory, weigh alternative interpretations, and advance mechanism-oriented explanations over description. We employ three established historical tools to weave past events into a cohesive analysis: hermeneutic interpretation, contextualization, and source criticism. First,

hermeneutic interpretation seeks to reconstruct how historical actors understood their context and made decisions (Gaddis, 2004). We used IMI's business intelligence reports and correspondence with applicant firms to examine IMI's preferences, perceptions, strategies, constraints, and available information (Bates, 1989).

Second, contextualization situates actors within their specific time and place (Rowlinson et al., 2014) to identify structural shifts or crises while reducing the risk of presentist bias (Wadhwani, 2023). Our study embedded contextualization in the design: we focused on a well-documented historical setting and organized our analysis around three distinct IMI loan types (Table I). We treated the 1930s external environment marked by protectionism and resource constraints, as a 'directed juncture', meaning a brief but formative period when external forces strongly shape organizational behaviour (Marquis and Qiao, 2025, p. 3). We argue that this juncture exerted selective pressure that favoured SMEs with adaptive capabilities and alignment with national industrial goals.

Finally, source criticism involves systematically assessing the reliability of evidence by considering the author's motivations and potential biases, as well as why a source has survived (Kipping et al., 2013; Schrag, 2021). Archival materials are not neutral; they often reflect retrospective interpretations or emphasize selected outcomes while omitting alternatives (Kirsch et al., 2013; Lipartito, 2013). A key method for addressing this is triangulation, which involves comparing multiple independent sources to uncover diverse perspectives. In our study, we cross-checked IMI loan files and firm motivations with company archives (when available) and secondary literature.[10] This enabled us to reconstruct SMEs' strategies to navigate deglobalization and the restrictive policy environment of 1930s Italy.

Despite challenging conditions, many SMEs not only survived the 1930s and WWII, but also grew during the post-war economic boom. Some like Ambrosoli, Arrigoni, Auricchio, Motta, SAIWA (food), and Ducati (engineering/automotive), remain active almost a century later. These enduring firms often provided richer archival material, allowing for deeper triangulation and more detailed case reconstructions. While IMI data reflects a state-controlled perspective and may be subject to political filtering, it remains one of the few comprehensive credit sources on 1930s Italian SMEs. Despite its limitations, the dataset offers valuable insights into the strategic responses of these firms under extreme constraints.

STRATEGIES OF ITALIAN SMES (1932–1945)

Italian SMEs that successfully navigated the particular Italian business environment of the 1930s displayed advantages such as clear product identity, strong value proposition, and brand recognition. This contrasted with comparable firms that did not embrace such strategies. Informed by theory on triangulation to explain phenomena in management research (Cornelissen, 2017, 2023; Cornelissen and Kaandorp, 2023), we formulate a set of four propositions to theorize and explain these SMEs' managerial strategies and practices, which we defined as: (i) market repositioning, (ii) national re-branding, (iii) disguising core business, and (iv) mobilizing formal ties (Table II).

Table II. Summary of local SMEs strategies

Strategy	*Company*	*Type*	*Year*	*Counter example*
Market Repositioning	SAIWA	Small	1938	Mario Garofalo
National Re-branding	Arrigoni Ducati	Medium Medium	1937 1938	Pecori Conserve
Disguising Core Business	Ambrosoli Ducati	Smal Medium	1938 1938	Cognac Tenerelli
Mobilizing Formal Ties	Arrigoni Motta	Medium Medium	1937	Alemagna Auricchio Garofalo

Market Repositioning

As a first response, some SMEs leveraged the changing context of the 1930s to identify new market opportunities and reposition themselves in different, more affordable product segments in the Italian domestic market. SMEs leveraged their opportunity to swiftly repurpose existing embedded capabilities, such as brand legitimacy and their domestic reputation, rather than mobilizing large capital investments to build new ones.

One example was the Genovese food manufacturer SAIWA (*Società Anonima Industria Wafers Affini*). By the end of the 1930s, SAIWA had shifted its international specialization from niche treats and luxury biscuits to commercial biscuits and snacks. Founded in 1920, the firm specialized in fine biscuits (ASI-IMI, 1937a), gaining an international reputation by the 1930s for its product quality and elegant packaging. The Italian intellectual Gabriele D'Annunzio loved them so much that he even coined the acronym SAIWA for the brand (ASI-IMI, 1937a). In its first decade from inception, SAIWA adopted a strategy resembling a global niche orientation by extending its customer base outside Italy and reaching high-end consumers all over Europe (Cavusgil and Knight, 2015).

In the early 1930s, SAIWA faced financial losses following a general contraction in demand for luxury goods. Unlike competitors who quickly adapted by shifting to affordable biscuit lines, SAIWA struggled as its existing metal ovens could not accommodate large-scale production. SAIWA's outlook worsened in 1933 when a tax on animal and vegetable fats raised production costs, providing a competitive advantage to smaller, more flexible producers. The resulting precarious financial and competitive position prompted the company to wholly revitalize its product offering by modernizing its equipment. The company's goal was to acquire state-of-the-art machinery, such as continuous steel belt ovens, to boost its production capacity for commercial and more affordable biscuits while repurposing the existing ovens for smaller-scale niche productions such as the 'Topolino' variety to accommodate peaks of demand. By using internal resources to install a first oven, SAIWA could qualify for an ordinary loan from IMI of approximately Lira 1.4 million (circa USD 91,000 in 1933)[11] to acquire and install a second oven. The firm followed a similar pattern for wafers production, previously marketed as a premium product.

Once global luxury demand contraction and deglobalization hit, SAIWA managed to swiftly pivot to a different strategy, producing goods for a domestic mass. This strategy immediately paid off: SAIWA's financial performance rebounded, returning to profitability in 1935 and doubling sales figures in 1936.[12] By the end of the 1930s, SAIWA had shifted its specialization from niche treats and luxury biscuits to commercial biscuits and snacks, while maintaining its well-regarded reputation through distinctive features such as elegant packaging and biscuit taste. The average prices ranged from Lira 5 to 10 per kilogram in 1938 (circa USD 0.26 to 0.52 in 1937), almost halving those of the early 1930s. SAIWA generated a new competitive advantage by drawing on its unique internal resources and capabilities, such as brand reputation and distinctive taste, while repositioning toward more affordable goods. By 1937, it produced 10–12 tons daily and employed 500 workers, achieving the status of a medium-sized firm.

Although the 1936 sanctions on Italy affected the firm's export volumes, SAIWA maintained exports at 10 per cent of total sales by 1942. After the war, SAIWA continued to expand and was acquired by the US multinational group Nabisco in 1965, before transitioning to Danone in 1989, and finally to Kraft in 2007.

SAIWA's successful shift from serving a niche to producing for a mass market prompted us to formulate a first proposition on SMEs' unique strategies to navigate deglobalization and economic nationalism:

> *Proposition 1:* SMEs whose previous business models involved serving a niche market of affluent consumers abroad will likely respond to deglobalization by adopting new business models that focus on offering affordable products to consumers in their home country.

As a counterexample, the pasta maker Garofalo exemplifies the risks of failing to embrace a market repositioning strategy. Founded in Naples in 1860 by Alfonso Garofalo and later managed by his sons Mario and Lucio (ASI-IMI, 1938a, 1942a), the brothers split the family business in the 1930s due to differing strategic visions. Mario maintained the focus on high-quality niche pasta for the local Italian market, while Lucio concentrated on exports. Lucio's strategy of prioritizing foreign markets allowed his factory to survive intense post-war competition and ultimately secure a significant share of the Italian market in the 1990s. Mario, on the other hand, refused to reposition toward more affordable and commercial pasta. Although Mario secured an IMI loan in 1939, his resistance to repositioning left his business unable to adapt to shifting consumer demands. New Northern Italian producers, who relied on modern machinery to offer lower-cost alternatives (Teece, 2007, 2018), quickly outcompeted the company, ultimately leading to its closure. Unlike SAIWA, which thrived by leveraging internal resources (Barney, 1991), Mario Garofalo's reliance on niche offerings demonstrates the long-term risks of failing to respond to evolving market dynamics.

National Re-Branding

Some medium-sized local firms in our sample portrayed themselves as champions of autarky, boasting about practices that aligned more closely with fascist policy and concealing others

that might have worked against them. By enhancing their national branding during autarky, firms improved their access to funding and strengthened ties with the regime, increasing their chances of survival. In our sample, the food manufacturer Arrigoni and the engineering firm Ducati used rhetorical strategies and adjusted public communications to legitimize their actions and positions (Italy-based production), persuade resource providers (the IMI), manage stakeholder perceptions (the regime), and influence the external environment (Italian public opinion). SMEs compensated for their limited political influence compared to MNEs by enhancing their symbolic alignment with the state, reframing their products and identity around dominant nationalist narratives to gain legitimacy and visibility.

Ducati secured IMI funding in 1938 by capitalizing on national branding and aligning with autarchic objectives. Founded in Bologna in 1926 by Adriano Ducati, the company initially produced fixed and movable capacitors, gaining a competitive edge by using minimal raw materials and abundant, low-cost local labour. By 1928, Ducati diversified into radio accessories (ASI-IMI, 1937c), employing 35 workers and exporting 70 per cent of its capacitors to 45 countries (Angelini and D'Amato, 2017). Despite export slowdowns in the 1930s due to regime policies and tariffs (ASI-IMI, 1940), Ducati expanded into electromechanics manufacturing, adding electric razors and calculators. By 1938, the company had three main product lines (radio technology, electrical engineering, and mechanical engineering) with ambitions to enter the high-precision tools segment (ASI-IMI, 1954).

The regime saw businesses aligned with autarchic principles as 'truly Italian'. Such businesses' manufacturing processes required few imports or directly substituted imported goods, thus supporting the country's self-sufficiency. Ducati's industrial processes relied on minimally imported raw materials and employed local specialized labour, resulting in high export potential with low import dependency. Ducati aligned with the regime's priorities by emphasizing its possible role in supporting autarky's objectives, a stance acknowledged by IMI officials, although the company's core business was quite distant from the national autarky agenda.

The company submitted two loan requests, which it obtained for autarky-related productions. First, it secured a Lira 8 million loan from IMI in 1938 (circa USD 420,000 in 1937) to increase its production of autarky-aligned goods like radios, calculators, and measuring instruments. Ducati's funding request highlighted its substitution of imports and export success, presenting itself as essential to national self-sufficiency and capable of supporting military needs in wartime: 'For the past ten years, Ducati has produced only previously imported materials. It has no competitors in Italy but surpasses foreign competition in the global market and exports to 18 nations. (…) Patents, capital, technicians, and skilled workers are all Italian. Ducati doesn't need means, but new resources can further contribute to self-sufficiency (especially for special raw materials) and exports. In the event of a war, in addition to the materials already prepared for the armed forces, Ducati could become one of the most important factories for precision devices for artillery, cannon calibers, projectiles, and special equipment for the Air Force, Navy, and Motorized Army' (ASI-IMI, 1937c).

Ducati obtained a second IMI loan of Lira 1.06 million (circa USD 55,000 in 1937) (ASI-IMI, 1939) to enhance its capabilities by producing specialized materials like tungsten and molybdenum. Since these materials were largely under Allied control (Denton, 2013) and held significant strategic importance for the regime, Ducati gained media attention, which greatly enhanced its national prominence. When WWII broke out, Ducati

thus redirected production toward military equipment until German forces seized its facilities in 1943 (ASI-IMI, 1942b, p. 14).

As a second case, the food preserves manufacturer Arrigoni Prodotti Alimentari (hereafter Arrigoni) pursued a similar strategy, aligning itself with autarchic policies and leveraging its national identity to secure funding and expand operations. Founded in 1878 and acquired by the famous entrepreneur Comendador Giorgio Sanguinetti in 1921 (ASI-IMI, 1935), the company grew rapidly from 50 employees in 1918 to around 1000 by 1933. By the late 1930s, Arrigoni had gained significant recognition domestically and abroad, particularly in Spain and the United States (ASI-IMI, 1937b), for its canned seafood, fruits, and vegetables, which were perceived as unique due to their distinct flavours and Italian ingredients. Among the firms in our sample, Arrigoni stands out for its strong international exposure despite its small size.

In response to the economic challenges of autarky, sanctions imposed on Italy, and the growing demand from the Italian army and international consumers, Arrigoni applied for an IMI loan in 1936 to build new facilities and acquire fishing fleets to stabilize its supply chain. In 1937, it secured a Lira 6.4 million (circa USD 548,000 in 1937) loan, emphasizing its primary reliance on Italian raw materials for its products (ASI-IMI, 1947a) to be exported worldwide and its role in supporting national autarky. The company's loan request submissions display a clear shift in tone and narrative between 1933 and 1937, becoming political and openly supportive of the government's nationalist plans: 'The Italian soil is perfect for producing Arrigoni food preserves (…) Arrigoni has been supplying the Military Ministries with products destined for East Africa since 1935. (…) we aim to contribute to the development of the Italian industry, as outlined in the program of the Fascist government'.

By 1939, the company's slogan reflected its alignment with regime rhetoric: 'Arrigoni produces in Italy and sells to the world'. This strategic national re-branding helped secure substantial military contracts while boosting domestic sales, though exports remained its primary revenue driver. As WWII approached, Arrigoni exploited its preserved food products to support the country in addressing growing food shortages. Like Ducati, Arrigoni was compelled to redirect a significant portion of its production to military supply contracts, leading to a marked increase in domestic production and closer relationships with the regime. Informed by the evidence from these two cases, we put forward the following proposition:

> *Proposition 2:* When faced with rising nationalist sentiment associated with deglobalization, SMEs will likely adapt by aligning their messaging to consumers and adopting brand positioning with that local national identity.

The same cannot be said for Conserve Francesco Pecori (hereafter Pecori), based in Bologna since 1932 and active in tomato preserves and fruit jams. By 1938, Pecori had expanded to employ approximately 400–500 workers across its two facilities in Ravenna and Bologna, ranking as the fourth-largest Italian company in sugar consumption. Pecori retained an exclusive focus on the domestic market encompassing Northern Italy, particularly Emilia-Romagna and Central Italy down to Rome.

In 1938, Pecori applied for a Lira 1.5 million (circa 78,000 in 1938) IMI loan to increase working capital and support production after significant expenditures on a new Bologna facility. Although the Bank of Italy praised Pecori's foresight in rationalizing production for mass jam consumption, IMI denied the loan, citing insufficient guarantees, even despite the recommendation of Mussolini's personal secretary.

IMI analysts noted Pecori's strong position, supported by state sugar rebates and rising sales in 1938 (ASI-IMI, 1938c), explicitly recognizing the firm as Arrigoni's direct competitor. However, Pecori's refusal to adopt a national re-branding strategy similar to Arrigoni limited its access to credit, state support, and growth opportunities. As IMI remarked, 'Pecori products are favored by the public (…). The results are even more appreciable given that the company does not use advertising or promote its production as autarkic' (ASI-IMI, 1938c).

The founder Francesco Pecori's refusal to align with autarchic principles, which significantly penalized the firm. Emphasizing its Italianness might have helped the company secure IMI financing, expanding the firm's clientele beyond medium-small buyers. Instead, sales declined sharply due to the absence of state and military contracts, unlike competitors like Arrigoni. While Pecori survived the war, it remained a struggling niche producer until its acquisition by Bologna's PANIGAL group in 1967.

Disguising Core Business

As a third observed strategy, some SMEs underplayed their core business in their application to IMI loans while enhancing main production lines (Ambrosoli) or minor ones (Ducati). In so doing, they attempted to pursue similar strategies to larger businesses but often clashed with the limits of their resources, which forced them to leverage ambidexterity more than a large business with direct access to such resources likely would.

The case of Ambrosoli showcases a successful 'disguise' strategy. Ambrosoli was founded in 1923 near Lake Como as a family business specializing in honey production and beekeeping (ASI-IMI, 1938d). By the 1930s, the company had built a well-known brand that marketed two products: honey candies and the cleaning beeswax 'Cera Ambra'. Ambrosoli had grown through radio advertising, but its distribution remained limited to Northern Italy.

Ambrosoli secured a Lira 900,000 (circa 47,000 in 1937) IMI loan in 1938 to acquire machinery to process steel wool, a production following autarky priorities but far from its core business. Part of the funds went toward settling liabilities linked to honey production. While steel wool manufacturing worked as a 'cover-up', the wool production started and remained on a small scale, ceasing soon after the war. By 1945, Ambrosoli maintained its core business producing with imported honey, while television advertising enabled the brand to grow nationally in the 1960s.

By contrast, Ducati simultaneously took advantage of existing competencies (organizational ambidexterity) while developing new opportunities (the 'disguised' core business). Ducati de facto *exploited* its competitiveness in mature and stable technologies such as capacitors and radio equipment to simultaneously *explore* novel productions,

including the experimental manufacturing of special materials and precision mechanical components.

Ducati's disguise strategy was more sophisticated as it developed in connection with the company's first strategy of enhancing its national identity. As detailed above, the company obtained a second IMI loan in 1938 to produce the strategic materials tungsten and molybdenum. This move was instrumental in reinforcing Ducati's visibility and proximity to the regime's goals. However, IMI reports reveal that despite the ongoing narrative, this remained a side business. Its primary business of capacitors, a mature technology, still represented 42 per cent of Ducati's sales in 1940 (ASI-IMI, 1940, 1942b).

During the war in 1942, thanks to its acquired reputation as an autarkic champion, Ducati obtained an additional IMI loan of Lira 12.8 million (circa 672,000 in1937) to expand into precision tools engineering. Despite being the company's undisclosed industrial objective, this was again a relatively niche segment (ASI-IMI, 1942b), due to the significant investment in infrastructure and experimentation needed to develop it. Alongside increased radio equipment production, this shift to precision tools engineering attracted further regime attention. This resulted in a reorientation of Ducati's mechanical and engineering production capabilities toward the war economy (ASI-IMI, 1954), which continued until 1943 when the Germans seized the plants.

In the final phase of WWII, Ducati's facilities were heavily damaged, halting core production. However, the expertise developed during the fascist era laid the groundwork for its post-war transformation into a leading motorcycle manufacturer (ASI-IMI, 1947b, 1947c). Ducati downplayed its primary business (capacitors and radio equipment), while leveraging experimental products aligned with autarchic goals (special materials). The combination of disguising and national (re-)branding proved an effective ambidextrous solution to secure funding and media attention as well as position the company for survival and post-war success. Based on this evidence, we formulate the following proposition:

> *Proposition 3:* SMEs in more protectionist and economic nationalist environments will likely attempt to access state resources by reorienting their business strategies to align with the government's priorities.

Although counterfactuals are difficult to detect from IMI sources for this strategy, some evidence suggests that other small firms were less successful in their attempts to disguise their core activities. For example, Cognac Tenerelli, a small Catania winery specializing in high-quality cognac and dessert wines (ASI-IMI, 1938b), failed at a similar strategy. The company's strengths laid in its founder and his passion, the access to high-quality, low-cost raw materials, and the brand recognition of its final products. Struggling after the Great Depression due to poor resource management and organizational inefficiencies, Tenerelli applied for a Lira 500,000 (circa USD 26,000 in 1937) IMI loan in 1938, citing plans to expand ethanol production, a minor but desirable autarky output. Tenerelli used this to disguise its core business and capabilities, while planning to use the loan to stabilize the company's financial situation

and continue wine and cognac production. IMI analysts, however, saw through this disguising attempt and denied the loan. Unable to secure additional funding, Tenerelli ceased operations shortly after the war.

Mobilizing Formal Ties

While many SMEs saw a sharp decline in growth, established firms with an international outlook, such as Arrigoni and Motta, maintained export volumes and market positions by leveraging their formalized networks.

We distinguish between informal networks and formal networks. Formal networks are institutionalized, contract-based arrangements coordinated centrally (Dyer and Singh, 1998; Gulati, 1998; Powell, 1990). They signal long-term international commitment (Jones, 2006; Wilkins, 1970), typically including overseas branches and subsidiaries, registered agents, storage depots, and sales representatives under the coordination of a central commercial office. In contrast, informal networks rely on personal, familial, or ethnic ties, such as the diaspora links used by Italian SMEs (Colli et al., 2016; Granovetter, 1985; Peng and Luo, 2000; Uzzi, 1997). This dichotomy aligns with Selznick's (1948) foundational theory that informal structures naturally emerge alongside formal organizational systems to serve adaptive functions.

By leveraging these formal networks and aligning with a political climate that favoured exporters over importers, firms such as Arrigoni and Motta remained resilient during protectionism, avoiding the setbacks faced by more domestically oriented firms such as Auricchio and Garofalo. Arrigoni, as a born-global firm, built an extensive and well-structured commercial network, supporting its robust export operations from the start. By 1933, the company had established three branches in Milan, Genoa, and Pola, alongside a network of agents and approximately 50 regional representatives, 20 of whom also managed storage facilities. Overseas, its network included around 200 representatives: 84 in Europe, 36 in the Americas, 25 in Asia, 40 in Africa, and one in Australia. These efforts facilitated strong ties with importing countries, particularly North America. Additionally, Arrigoni was actively expanding into commerce with Japan, the East Indies, and the Middle East, while viewing Italian colonies in East Africa as promising areas for future growth. To oversee the entire commercial network, Arrigoni relied on three travelling agents who journeyed throughout the year to keep relationships with foreign trading partners (ASI-IMI, 1937b, 1947a).

This commercial network helped to increase sales from 1930 to 1938 (Table III), with only a slight decline in exports at the height of the global trade crunch between 1931 and 1933. Conversely, despite the sanctions on Italian trade, Arrigoni experienced considerable growth in its exports between 1935 and 1937, with only a slight decline in sales in the Americas. Arrigoni's sound commercial network allowed the company a reasonable degree of flexibility in operating despite the sanctions, likely due to local contacts and direct relationships in various countries. This formal network enabled Arrigoni to maintain exports by offering competitive pricing, often at reduced margins, and to rely on solid demand from countries outside the League of Nations less affected by tariffs or by war disruptions such as Latin American ones.[13] A 1946 IMI report on the company's loan requests acknowledged that the coordinated commercial export programme, overseen

Table III. Arrigoni sales, Italian vs Export, 1937–1942 (Thousand Lira), ASI-IMI (1947a)

	Arrigoni		
Year	*Italy*	*Export*	*Total*
1937	60,986	59,014	120,000
1938	76,876	76,124	153,000
1939	94,528	74,334	168,862
1940	185,766	194,165	379,931
1941	192,249	415,008	607,257
1942	282,484	407,209	689,693

by Arrigoni's dedicated trade office, had effectively sustained viable sales even in foreign markets.

Similarly, Angelo Motta capitalized on its international sales network to sustain exports during autarky until wartime redirected its production. Founded in Milan in 1919 and renowned for its artisanal Panettone, Motta had 360 permanent employees by 1932 (peaking at 860 during Christmas 1931) and a Lira 16 million (about USD 819,000 in 1937) turnover, mainly from domestic sales (ASI-IMI, 1932). A Lira 1.8 million (about USD 92,000 in 1932) IMI loan in 1932 allowed a new facility and the production of complementary products like chocolate and biscuits, reducing seasonality, supplier dependence, and costs through economies of scale. By 1943, Motta had grown substantially, reaching a workforce of nearly 750–800 on a yearly basis, and managed to expand internationally (ASI-IMI, 1943).

Similar to Arrigoni, Motta employed commercial agents who systematically travelled between countries, maintaining good relations with buyers and ensuring continued exports despite growing tensions. The regime likely valued Motta for producing distinctly Italian goods with minimal imported products, which remained competitive abroad due to the company's formal commercial network. In 1943, wartime conditions led Motta to transition from artisanal to industrial production of military supplies and civilian food production. Although Motta unsuccessfully sought a Lira 10 million (about USD 525,00 in 1937) IMI loan to financially recoup the production effort, both the company and IMI expressed optimism about its post-war export potential, based on Motta's strategic pricing, which kept its products competitive despite tariffs.

The existence of a formally established intercontinental commercial network (and thus likely a loyal pool of foreign consumers for these food products) played a pivotal role especially in enabling born-global firms such as Motta and Arrigoni to navigate the challenges posed by deglobalization. Such connections align with the best practices of formal networks, such as institutional continuity, geographic reach, and managerial oversight, reflecting the firms' intention to sustain long-term export operations across diverse markets.

We conclude that extensive and formalized foreign commercial links played a role in overcoming trade restrictions and the adversarial deglobalization dynamics of the

1930s. Firms with well-structured networks, especially those emphasizing their Italian identity, benefited from government support as they aligned with the regime's priorities by exporting distinctive Italian products while relying minimally on imports. These firms maintained their exports despite tighter margins and utilized their stability to focus on new industrial productions that furthered autarkic import-substitution goals, strengthening their standing with the government. We thus offer the last proposition:

> *Proposition 4:* In deglobalizing markets, SMEs engaged in international operations will likely increase their reliance on formal rather than informal networks so as to navigate increased regulatory scrutiny and reduce cross-border transaction risks.

By contrast, deglobalization and economic closure adversely affected companies lacking a formal and diverse professional network of subsidiaries and distributors abroad. Informal channels, while effective in niche markets, rendered them vulnerable to the regulatory fragmentation and logistical challenges of 1930s deglobalization.

While Motta continued to grow significantly, leveraging its formalized international network until 1943, its main Milanese competitor, Panettoni Alemagna, saw its expansion stall due to the closure of foreign markets. Founded in the same year as Motta (1919), Alemagna enjoyed steady sales growth in the early 1930s. However, unlike Motta, its operations remained largely local, concentrated in Milan and its vicinity, which ultimately constrained its development. According to Motta's reports to IMI, Alemagna represented a comparable firm to Motta in the mid-1920s.

In the post-war period, Alemagna shifted strategy by diversifying into new sectors, including highway service stations. In 1976, Motta acquired Alemagna, indicating Motta's more vigorous development. Both companies were transferred to the Swiss multinational Nestlé via IRI in 1993 (Colli, 2003), before being acquired by the Italian confectionery group Bauli in 2009.

Another counterexample is Auricchio, a medium-sized Cremona-based dairy producer specializing in provolone and caciocavallo cheeses, which, for its exports, relied on informal connections and its reputation among the Italian migrants primarily in France and the United States. Auricchio's less extensive foreign network, based on informal linkages, proved insufficient. The company's international sales shrank considerably during the 1930s, and the company's competitive position remained affected in the long run, with exports accounting for a mere 2.5 per cent of the total sales value in 1952. Auricchio's informal network rested on personal, family, or ethnic-based ties, often without fixed contracts or permanent representatives, and typically relied on diaspora connections or individual intermediaries to access foreign demand (Colli et al., 2016).

Similarly, the pasta maker Garofalo witnessed a significant decline in sales between 1932 and 1936 despite its esteemed reputation worldwide. Although production levels remained steady during autarky, export restrictions in key markets such as North America, England, and Switzerland significantly hindered its recovery after 1938 (Table IV). The lack of a robust international commercial network further exacerbated these challenges.

Therefore, while strong ties (Fath et al., 2021) and relational capital (Kantaruk Pierre et al., 2025) proved essential in navigating short-term, even severe, disruptions, these

Table IV. Garofalo Sales, Italian vs Export, 1932–1935 (Thousand Lira), ASI-IMI (1938a)

	Garofalo		
Year	*Italy*	*Export*	*Total*
1932	8300	1400	9700
1933	6900	1100	8000
1934	8000	1000	9000
1935	8600	0,700	9300

cases show that SMEs may rely on robust formal rather than informal networks to manage cross-border complexity and mitigate transaction risks under sustained conditions of deglobalization. Formal networks not only demonstrate a long-term commitment to international markets but also anchor SMEs within stable institutional and logistical frameworks capable of absorbing geopolitical shocks. Structured overseas representation through agents, depots, and travelling commercial staff allowed firms such as Arrigoni and Motta to maintain export activities despite the constraints of autarky and sanctions.

DISCUSSION

SMEs' Strategies to Navigate the Unravelling of Globalization

In this paper, we explore how SMEs adapt under deglobalization and economic nationalism, given their resource constraints compared to large MNEs. Our evidence shows that while SMEs draw on strategies familiar to MNEs, they apply them differently: operating with leaner resources and faster decision cycles, relying more on symbolic and community-level legitimacy than on political leverage, and formalizing cross-border channels selectively when informal ties no longer suffice. Our contribution is to clarify how these strategies take shape given the specific constraints of SMEs.

We examined SMEs' responses to the twin dynamics of deglobalization and economic nationalism, two interrelated phenomena with distinct implications. While deglobalization can restrict SMEs' international market access (Witt et al., 2023), it may concurrently lessen domestic competition from foreign firms (Petricevic and Teece, 2019). Economic nationalism, conversely, can shield domestic enterprises and offset lost foreign demand through increased state support (Rodrik, 2023). Although much literature in International Business (IB) details the risks these dynamics pose to large MNEs, including legitimacy challenges and strategic adjustments (Lubinski and Wadhwani, 2020; Wu and Fan, 2023), our study shifted the lens to both domestically and internationally oriented SMEs.

Our analysis brings strategic management and IB theories into dialogue with empirical cases, highlighting how SMEs built and reconfigured capabilities under changing institutional pressures. We contend that in resource-scarce and politically constrained environments, strategic and political ambidexterity is crucial for determining SMEs' long-term viability. In deglobalizing contexts, SMEs may find it advantageous to *exploit*

existing firm capabilities for domestic repositioning while simultaneously *exploring* new political alignments to secure legitimacy and resources. Such findings build on theories of the RBV of the firm (Barney, 1991; Wernerfelt, 1984) and dynamic capabilities (Helfat and Peteraf, 2003; Teece, 2007), while extending NMS approaches (Bucheli and Decker, 2021; Green Jr and Li, 2011; Hillman, 2024; Kobrak and Wüstenhagen, 2006; O'reilly III and Tushman, 2013) and strategic flexibility theory (Fath et al., 2021; Hitt et al., 1998; Kantaruk Pierre et al., 2025).

Our analysis provides four main contributions. First, we rely on perspectives about RBV to analyse SMEs in deglobalizing environments. As deglobalization reorients the market landscape, SMEs can strategically reposition by using assets like strong brand identity and established formal international networks. Management studies have established that competitive advantage stems from unique internal resources (Barney, 1991) that can be reconfigured to navigate turbulence (Helfat and Peteraf, 2003; Teece, 2007). However, building such advantages often requires capital investment and strategic identification of opportunities (Barr et al., 1992), including access to public support to realign production and sustain competitiveness (George et al., 2012; Matikonis and Graham, 2024). Our findings demonstrate that in times of market instability, firms with strong domestic brand recognition may instead leverage their reputation to expand from global niche exports into broader, more affordable domestic markets.

Second, previous literature has shown that global niche strategy works in highly globalized contexts when demand is sophisticated and abundant (Cavusgil and Knight, 2015). However, when deglobalization and a shift toward national economic autarky make such strategies less viable, firms may pivot to mass markets by leveraging their reputation for quality in high-end segments. Our work thus contributes to dynamic capabilities theory by showing how SMEs reposition themselves under conditions of constrained strategic choice by reconfiguring historically embedded assets, such as brand legitimacy and formal commercial ties. SMEs in an era of economic nationalism strategically adapt through creative, politically astute repurposing of existing capabilities rather than developing entirely new ones. Such strategic agility stems from the historical embeddedness of a brand or long-term investments in formal commercial ties (Marquis and Qiao, 2025). This brand-based repositioning, particularly when aligned with institutional support, functions as a dynamic capability under constraint, suggesting that deglobalization can create patterned responses rooted in prior resource endowments and enable SMEs to substitute scale with agility and brand coherence.

Third, our analysis extends strategic flexibility theory (Hitt et al., 1998) by showing that SMEs can pre-structure their adaptability into long-standing formal networks, while expanding the scope of NMS by tactically aligning with political narratives and reshaping their identity to unlock access to essential resources. We find that SMEs use their formal international networks as buffers when navigating the economic turbulence of deglobalization. These stable, long-term partnerships provide strategic flexibility, allowing firms to absorb shocks to their domestic markets or to their usual export arrangements, and reallocate resources through their existing networks. This agile approach contrasts with the capital-intensive strategies of MNEs, such as extensive lobbying or establishing local subsidiaries (Gereffi et al., 2005). By embedding in coordinated transnational networks

before a crisis hits, they build an anticipatory flexibility that reframes the traditional emphasis on improvisation.

This demonstrates that strategic flexibility can not only be reactive but also historically constructed and path-dependent. Recent research on SMEs' resilience during acute crises emphasized relationally embedded, trust-based ties as sources of adaptability (Fath et al., 2021; Kantaruk Pierre et al., 2025). By contrast, our findings suggest that under prolonged deglobalization, formal, institutionally coordinated networks may offer a more durable basis for anticipatory flexibility. Our point is reinforced by the argument that deglobalization's impact on firms may unfold as a subtle, reiterative, and prolonged process rather than a sudden, dramatic rupture (Van der Eng et al., 2025), further emphasizing the value of long-term strategic positioning.

Finally, our analysis offers a significant theoretical insight into how SMEs use NMS. Resource-dependence theory emphasizes how large firms rely on lobbying (Bucheli and Decker, 2021; Hillman, 2024) and MNEs engage in localization or 'cloaking' (Kobrak and Wüstenhagen, 2006). By contrast, our findings reveal that SMEs can practice 'political ambidexterity'. Unlike many larger counterparts, smaller firms generally lack direct political influence. To compensate, they therefore adopt a sophisticated two-step strategy. First, they achieve symbolic alignment by reframing their products and identity to match dominant nationalist narratives, which provides them with legitimacy and visibility. Second, they leverage this newly acquired standing to secure critical resources (e.g., funding and permits), which are then quietly channelled to sustain their core business activities.

This finding challenges the notion that sophisticated NMS are exclusive to large corporations. This form of ambidexterity (O'reilly III and Tushman, 2013) requires SMEs to manage a dual identity (political and commercial), a subtle strategy of 'playing the part' that goes beyond simple compliance. In authoritarian or nationalist regimes, this reframes national identity not as a fixed input, but as a negotiable asset deployed for survival. Ultimately, strategic storytelling and identity management become central tools in the SMEs' survival toolkit, allowing them to develop non-market capabilities through rhetorical and adaptive means (Bucheli and Salvaj, 2018; Green Jr and Li, 2011).

In sum, our historical analysis reveals that SMEs develop resilience not merely by reacting to external threats, but by activating deeply embedded strategic assets, brand identity, structured networks, and rhetorical alignment, to navigate profound political and economic change. The analysis of SMEs in fascist Italy offers a more textured account of SMEs' agency in volatile institutional environments, complementing and extending current IB and strategy research beyond MNE experiences.

Managerial Implications

Our analysis offers a robust framework for SME managers navigating a deglobalizing, increasingly protectionist, and uncertain world economy. We identify four core strategic postures that can enhance resilience and performance as well as how SMEs specifically can enact those postures (Table V).

First, in the face of deglobalization and shrinking niche markets, managers should view their established brand and capabilities not as constraints, but as springboards for strategic repositioning. The key is to pivot toward broader, locally oriented market segments where domestic brand loyalty can be a powerful competitive advantage.

Second, as political winds shift, SMEs should practice political ambidexterity. This means aligning branding and corporate narratives with prevailing national sentiments to build domestic legitimacy and social capital. However, this must be managed carefully; while strategic alignment can unlock resources, managers must be wary of the long-term reputational risks associated with tying their brand too closely to transient political agendas.

Third, when direct access to policymakers is limited, SMEs can gain influence by framing their contributions around national priorities through marketing and PR initiatives. By demonstrating how their business helps to achieve key policy goals (e.g., job creation, technological dominance, and regional development), they can attract state support and gain visibility in a landscape where larger firms tend to dominate.

Finally, during periods of disruption, formal international networks become a critical asset. Rather than relying on potentially fragile informal ties, managers should invest in and leverage stable, formal partnerships. These networks act as a buffer, providing the operational flexibility needed to redirect trade, manage supply chains, and sustain international operations even as trade barriers rise.

Study Limitations and Future Research

While this research expands the literature on SMEs during deglobalization and economic closure, some limitations remain. First, only a minority of SMEs navigated autarky and protectionism successfully and they tended to be larger and more established than the average SME funded by IMI. Many had already built strong brands or export capacity by the early 1930s, which supported their resilience. By contrast, smaller, less competitive

Table V. Managerial summary for SMEs in protectionist markets

Proposition	*Perceived market challenge*	*Recommended strategy*	*Key actions*	*Expected outcomes*
1	Niche positioning	Broader market focus	Emphasize affordable local products	Enhanced domestic market share
2	Changed political preferences	Network building	Change rhetoric and branding	Enhanced legitimacy
3	Unfavourable and limited allocation of resources	Strategic communication and business positioning	Strategize and emphasize national impact	Access to state resources/gain policy influence
4	Disruptive protectionist policies	Formal network development	Establish official partnerships	Stable supply chains and sales

firms, especially micro-businesses in traditional sectors, were more likely to fail, despite government assistance. To mitigate this bias, we included counterfactuals, that is, SMEs that did not adopt the identified strategies and ultimately failed (Pettigrew, 1990). Additionally, while we used source triangulation to support our analysis (Rheinhardt et al., 2018), our reliance on archival materials from an institution controlled by the fascist regime offers a valuable yet narrow lens. Future research could incorporate SMEs outside the IMI network, explore other industries, or examine meso-level dynamics such as survival and post-war trajectories.

In addition to empirical limitations, several conceptual constraints affect the generalizability of our findings and highlight promising avenues for future research. The suggestion that SMEs pivot from niche to broader markets assumes a degree of operational flexibility and financial slack, conditions that may be absent in underdeveloped or resource-constrained settings. Future research could examine what organizational, institutional, and sectoral factors enable such strategic shifts, particularly in emerging economies or under state-imposed production restrictions. Similarly, while branding aligned with nationalist narratives may bolster domestic legitimacy, it may create reputational risks in international markets, especially in politically unstable or post-authoritarian contexts. This raises important questions about how SMEs navigate the long-term trade-offs between domestic alignment and global neutrality, which is a well-suited area for comparative analysis across regime types.

Moreover, strategies of rhetorical alignment with national goals often assume some degree of access to state actors or policy channels, which many SMEs lack in fragmented or clientelist political systems. Such alignments are not normatively neutral as they happen in the context of absolutist regimes where the boarder between alignment and involvement is blurred. Future work could explore how such firms construct alternative legitimacy strategies and whether symbolic alignment without direct access still yields tangible benefits.

Finally, our emphasis on formal international networks presumes their existence prior to external shocks, which may not hold for younger or more localized firms. Further research is needed to understand how such SMEs can develop and activate cross-border partnerships over time.

CONCLUSION

This paper examines how SMEs adapted to deglobalization and economic nationalism, using the example of fascist Italy. Building on dynamic capabilities theory and extending non-market strategy (NMS) approaches, we show that SMEs in politically and economically constrained environments rely on operational flexibility *and* strategic ambidexterity. Rather than viewing exogenous shocks as purely disruptive, we conceptualize them as opportunities for adaptation. SMEs respond by exploiting existing firm-specific advantages for domestic repositioning while simultaneously exploring new forms of symbolic and political alignment to access resources and maintain legitimacy.

This study moves beyond the usual focus on MNEs to show how resource constraints push SMEs to adapt, rather than replicate, the MNE playbook, devising more flexible and

affordable configurations of established strategies to navigate nationalist agendas and deglobalizing markets. We demonstrate how firms repositioned from global niche markets to broader domestic segments, activated formal international networks to sustain exports, and adapted their narratives to align with nationalist discourse, while avoiding or carefully managing the direct or binding association with the regime. Access to international markets remained critical, but only SMEs with formalized networks and sustained foreign demand could capitalize on state support aligned with the regime's strategic goals.

Our findings illustrate how SMEs' smaller size and lower public visibility may often make them more agile and able to experiment with bolder strategic responses. Unlike MNEs, which are constrained by global commitments and bureaucratic inertia, SMEs can recalibrate quickly, take targeted risks, and adapt to shifting political and economic conditions. This strategic flexibility becomes a key advantage under protectionist and authoritarian regimes, where state industrial policy typically favours large firms.

In closing, this study contributes to emerging debates on firm resilience under global economic fracturing by revealing how SMEs combine market and NMS in constrained contexts. It opens new directions for research at the intersection of state intervention, SME internationalization, and adaptive capability during sustained deglobalization and economic nationalism.

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NOTES

[1] Autarky has been conventionally associated with Mussolini's 1936 declaration about Italy's economic autonomy as a response to the League of Nation's decision in 1935 to impose sanctions following the invasion of Ethiopia (Mulder, 2022). However, already before 1935, autarky, as a form of monetary response to the 1929 crisis, was contributing to the progressive closure of the Italian economy (Toniolo, 2022).

[2] Law n. 376, 1936 'on the exercise of securities credit by certain institutions governed by public law'.

[3] IMI, Centro Meccanografico, Rubric of General Codes.

[4] In 1988 IMI merged with *Istituto Bancario Intesa San Paolo*, giving birth to *Sanpaolo IMI*. In 2006, this merged with *Banca Intesa*, leading to *Intesa Sanpaolo* in 2007. Today, IMI's name remains as IMI Corporate & Investment Banking, a division of *Intesa Sanpaolo*.

[5] Technical Committee (*Comitato Tecnico Consultivo*).

[6] As we noted, while big businesses could benefit from 'special treatments' in credit issuing, the opposite was true for small and very small domestic firms. The rigorousness of the credit allocation process was stressed in the first IMI balance sheet by the first IMI President, Teodoro Mayer, in the foreword to the 1933 annual report. During the more intense phases of autarky, that is, after 1936, credit requirements became less strict, but the overall estimation of firms' creditworthiness remained rigorous.

[7] See, for example, the case of the winemaker Valli (pr. 264) who got his loan application rejected despite multiple recommendation letters from Mussolini's personal secretary to the IMI president.

[8] These were always mortgage loans, secured by real estate collateral such as the estates or machineries within the requesting company's assets.

[9] Intesa Sanpaolo Historical Archive, part of the heritage of the Istituto Mobiliare Italiano (ASI-IMI), Serie Mutui (*Loans Collection*).

[10] For instance, we consulted Auricchio's and Ducati's archival heritage and historical sources on other SMEs to better grasp the historical business context in which these firms emerged and developed.

[11] For conversion rates, please refer to Banca d'Italia (2025). For the missing rates between 1938 and 1943, we referred to the last available year, 1937.
[12] From approximately 4.2 million Lira in 1934 to 8.4 million in 1935 and reaching 15.7 million in 1936.
[13] Despite the general contraction in trade, sanctions failed to fully isolate Italy from international trade (Mulder, 2022). As a result, some SMEs kept economic relations with members of the League of Nations using the strategies we highlight in this section.

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APPENDIX A

Table AI. Overview of selected SMEs that received IMI loans between 1936 and 1943

Company	*Foundation*	*Location*	*Employees (1936)*	*IMI Loan obtained*	*Year*	*Strategy*
Ambrosoli	1923	Como	50	Ordinary	1938	Disguising
Arrigoni	1878	Trieste	1000	Ordinary	1937	National re-branding Evading regulation
Auricchio	1877	Naples Cremona	70	Ordinary	1937	N.A.
Ducati	1926	Bologna	1100	Ordinary Autarky B Ordinary	1938 1939 1942	National re-branding Disguising Evading regulation
Alfonso Garofalo	1860	Gragnano (Naples)	<100	Ordinary	1939	N.A.
Pisorno Studios	1934	Tirrenia (Pisa)	N.A. (<100)	Ordinary Autarky A	1937 1940	N.A.
Romagnola per la Ginestra	1939	Milano	N.A. (<100)	Autarky A	1941	N.A.
SAIWA	1920	Genoa	300	Ordinary	1938	Market re-positioning
SVELTA	1938	Milano	N.A. (<50)	Autarky A	1940	N.A.

Table AII. Sample local firms recipients of IMI loans (1936–1943) and their survival ($n_1 = 77$)[a]

Firm	*Sector*	*Loan type*	*Motivation*	*Amount (M Lira)*	*Survival 5 years*	*Survival 15 years*
ACCA Addizionatrici Calcolatrici Contabili Affini	Mechanical	Autarky B	Expansion	0.1	Yes	No
Alfonso Garofalo	Agribusiness	Ordinary	Expansion	0.8	Yes	No
Ambrosoli	Agribusiness	Ordinary	Financial	0.9	Yes	Yes
APE Anonima per l'Elettroagricoltura	Agribusiness	Ordinary	Financial	0.3	No	No
Arrigoni Prodotti Alimentari	Agribusiness	Ordinary	Expansion	6.4	Yes	Yes
Auricchio	Agribusiness	Ordinary	Financial	1.4	Yes	Yes
Bernardi Stamperie	Textile	Ordinary	Improvement	1.1	No	No
Bertoni e Frediani Pastificio	Agribusiness	Ordinary	Improvement	0.4	Yes	No
Betti	Textile	Ordinary	Expansion	0.2	No	No
Bocciardo	Textile	Ordinary	Financial	6.4	Yes	Yes
Bracco	Textile	Ordinary	Financial	0.4	No	No
C.A.L.E.F.O.	Agribusiness	Ordinary	Expansion	0.3	No	No
Carburatori Memini SAI e SAIA	Mechanical	Autarky B	Financial	2.1	Yes	No
Cecchi	Textile	Ordinary	Financial	0.1	No	No
Cerere Molino (Semoleria) e Pastificio	Agribusiness	Ordinary	Financial	0.5	Yes	No
Chiari	Agribusiness	Autarky B	Start-up/ Expansion	0.5	No	No
Cioppi Calzaturificio	Textile	Ordinary	Expansion	0.3	Yes	No
Coari Acetificio	Agribusiness	Ordinary	Expansion	1.6	No	No
Collotta-Cis & Figli	Chemical	Autarky B	Financial	0.7	Yes	Yes
Comm. Leone Bicchieri	Mining	Autarky A	Expansion	3.0	No	No
Compagnia Mineraria Veneto Sarda S.A.	Mining	Autarky B	Expansion	2.6	Yes	No
Conti	Agribusiness	Ordinary	Improvement	0.1	Yes	No
Corderia Napoletana	Textile	Ordinary	Financial	0.8	Yes	Yes
CRISLEC e Lecri	Engineering	Autarky B	Expansion	0.8	Yes	No
De Giorgi	Agribusiness	Autarky B	Expansion	0.2	No	No
De Micheli	Textile	Ordinary	Expansion	1.3	Yes	No
Doria & Ciriello	Chemical	Autarky B	Start-up/ Expansion	0.0	No	No
Ducati	Engineering	Ordinary/ Autarky B	Expansion	1.1	Yes	Yes

(Continues)

Table AII. (Continued)

Firm	*Sector*	*Loan type*	*Motivation*	*Amount (M Lira)*	*Survival 5 years*	*Survival 15 years*
Frigorifera Tendi Fascetti & C	Agribusiness	Ordinary	Improvement	0.2	No	No
Fumagalli Tessili	Textile	Ordinary	Improvement	1.3	Yes	Yes
Giorgi Conceria	Textile	Ordinary	Financial	0.3	No	No
Giovanni Baldo e Figli Industria Ricuperi Metallici	Iron & Steel	Autarky B	Expansion	0.5	Yes	No
Giovanni Bertecco e Figlio	Agribusiness	Ordinary	Financial	0.2	No	No
Grasso	Agribusiness	Ordinary	Financial	0.2	No	No
Griva	Textile	Ordinary	Financial	0.1	Yes	No
Guazzotti	Textile	Ordinary	Financial	0.3	Yes	No
La Familiare Cappellificio	Textile	Ordinary	Improvement	1.1	Yes	No
Laganà	Textile	Ordinary	Financial	1.1	Yes	No
Manifattura di Turro	Textile	Ordinary	Expansion	1.8	Yes	No
Mastini Radio Telefoni Automatici	Engineering	Autarky A	Expansion	0.2	No	No
Motta Panettoni	Agribusiness	Ordinary	Expansion	3	Yes	Yes
Nebbiai Angelo	Agribusiness	Ordinary	Expansion	0.2	No	No
Nicolis di Robilant	Textile	Ordinary	Expansion	2.5	No	No
Petrone	Agribusiness	Ordinary	Financial	0.3	No	No
Pocher	Mechanical	Autarky B	Expansion	0.1	No	No
Polito Molino Pastificio	Agribusiness	Ordinary	Improvement	0.2	Yes	No
Polli e Monsummano	Agribusiness	Ordinary	Financial	0.3	No	No
Puritas	Agribusiness	Ordinary	Financial	0.9	Yes	Yes
Puritas Pastificio Moderno	Agribusiness	Ordinary	Financial	1.6	No	No
Radi	Mechanical	Autarky B	Financial	0.6	Yes	No
Romagnola per la Ginestra	Textile	Autarky A	Start-up/ Expansion	0.4	No	No
S.A.L.C.A.	Agribusiness	Ordinary	Financial	0.3	No	No
Saini Molino	Agribusiness	Ordinary	Expansion	3.1	Yes	Yes
SAIWA	Agribusiness	Ordinary	Financial	1.4	Yes	Yes
Saline Somale	Agribusiness	Autarky A	Start-up/ Expansion	3.0	No	No
SALPA Leuciti Potassa Alluminio	Chemical	Autarky A	Expansion	0.3	No	No
SAMIP Mineraria Isole Pontine	Mining	Autarky B	Expansion	0.3	Yes	Yes
Sandomenico	Agribusiness	Ordinary	Improvement	0.1	No	No
SAOS Opifici Serici	Textile	Ordinary	Financial	0.8	No	No

(Continues)

Table AII. (Continued)

Firm	*Sector*	*Loan type*	*Motivation*	*Amount (M Lira)*	*Survival 5 years*	*Survival 15 years*
Saraceni Maglificio	Textile	Ordinary	Expansion	0.5	No	No
Sarasini – CASEA	Mechanical	Autarky B	Expansion	0.1	Yes	No
SARM Ricerche Minerarie	Mining	Autarky B	Expansion	1.0	No	No
Savastano Guantificio	Textile	Ordinary	Financial	0.4	No	No
Sindacato Agricolo Industriale Trento e Consorzio Coop. Trentine	Agribusiness	Ordinary	Financial	1.3	No	No
SLOI	Chemical	Autarky B	Expansion	3.1	Yes	Yes
SMG Studi e Costruzioni Materiali da Guerra	Mechanical	Autarky A	Expansion	4.0	Yes	No
Soc. Anonima Italiana per il Magnesio e le leghe di Magnesio	Chemical	Autarky A	Expansion	20.0	Yes	Yes
Società Cinematografica Immobiliare Pisorno	Media	Autarky A	Expansion/ Financial	4.3	Yes	No
Società Veneziana Conterie e Cristallerie	Manufacturing	Autarky A	Expansion	1.5	Yes	No
Sorini e Locatelli	Agribusiness	Ordinary	Expansion	0.5	No	No
SVELTA Sviluppo Elettrotrazione Autarkica	Mechanical	Autarky A	Start-up/ Expansion	3.0	No	No
Targetti	Textile	Ordinary	Financial	4.3	No	No
TELSA Torcitura e Lavorazione Seta e Affini	Textile	Ordinary	Financial	0.7	No	No
Torcitura Comancina	Textile	Ordinary	Expansion	0.3	No	No
Viola Cioccolato Biscotti Confetture	Agribusiness	Ordinary	Expansion/ Financial	0.6	No	No
Zanetti Monassero e Paschero	Textile	Ordinary	Expansion	0.2	No	No
Zanotti	Textile	Ordinary	Financial	0.2	No	No

[a]ASI-IMI, Serie Mutui.

Table AIII. Sample of unsuccessful SMEs applicants to IMI loans and their survival ($n_2 = 21$)[a]

Firm	*Sector*	*Loan type*	*Motivation*	*Survival 5 years*	*Survival 15 years*
Bertecco Giovanni e figlio	Agribusiness	Extinguished	Expansion/ Financial	1937	No
Bosio e Caratsch fabbrica di birra	Agribusiness	Dropped	Improvement	1936	Yes
Cesani e C.	Agribusiness	Rejected	Expansion	1939	No
Cini Michelangelo	Agribusiness	Rejected	Financial	1937	Yes
Cognac Tenerelli	Agribusiness	Dropped	Improvement/ Autarky	1938	Yes
Conserve Francesco Pecori	Agribusiness	Rejected	Expansion/ Financial	1938	Yes
Del Gaudio Domenico e figli	Agribusiness	Declined	Financial/ Autarky	1938	No
Dreher birra	Agribusiness	Rejected	Financial	1932	Yes
Florio. Tonnare di Favignana	Agribusiness	Declined	Financial	1939	Yes
Gio. & Fratelli Buitoni Sansepolcro	Agribusiness	Dropped	Expansion/ Financial	1938	Yes
Industrie alimentari	Agribusiness	Rejected	Expansion	1932	Yes
Istituto bacologico Foppa Pedretti	Agribusiness	Dropped	Expansion	1941	Yes
La torinese	Agribusiness	Rejected	Expansion	1939	Yes
Birra Pedavena	Agribusiness	Dropped	Financial	1933	Yes
Molino e pastificio Rummo	Agribusiness	Suspended	Improvement	1939	Yes
Motta	Agribusiness	Dropped	Expansion	1943	Yes
Oleificio ligure pugliese	Agribusiness	Rejected	Financial	1932	No
Panettoni Alemagna	Agribusiness	Rejected	Expansion	1938	Yes
Pastificio La Spezia	Agribusiness	n.a.	Financial	1936	No
Società anonima lavorazione conserve alimentari-SALCA	Agribusiness	Extinguished	Financial	1937	Yes
Valli Federico e figlio	Agribusiness	Rejected	Financial	1932	Yes

[a]Archivio Mutui IMI (IMI Loans Archive), database.