RADAR SPECIAL

No. 3A · 6 JULY 2026

Italian SMEs and professional value

The cultural failure of Italy's small and medium-sized businesses

Length of service, expertise, fear of change and professional value

Editorial special · 12–18 minute read



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When the limits are cultural as well as economic

Discussions about Italian small and medium-sized enterprises often return to the tax burden, labour costs, bureaucracy, access to credit and the difficulty of finding qualified staff. Digital transformation, generational succession and global competition add to these concerns. These are real, everyday problems, and denying them would be superficial.

Yet there is a deeper, less openly discussed and often more decisive issue: *the way a substantial part of Italy's business community recognizes, measures or rejects professional value*. **In many cases, the limits are cultural as well as economic.**

> 📌 **Did you know? — The words behind the problems**
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> SMEs are small and medium-sized enterprises. A supply chain is the network of businesses and activities that brings a product or service to the customer. The tax burden describes the weight of taxation; access to credit means the ability to obtain financing. Digital transformation involves adopting digital tools and processes; generational succession means transferring leadership to a new generation. These conditions matter, but they do not, on their own, explain how a business recognizes and uses expertise.

Some SMEs innovate, invest, train people, take risks and build intelligent supply chains; they know how to use their small size to be more agile. A large part of the system, however, continues to **protect the existing balance even when it no longer generates growth.** It is a defensive reflex that ultimately holds the business back.

In this model, **survival takes precedence.** New expertise, when it enters, is absorbed into old criteria. A person is assessed in relation to those already there, the balance to be protected and the need to avoid friction, more than for the contribution they can make. The company may keep working, generating revenue, paying wages and keeping its doors open without truly growing.

1. Stability or stagnation or fear

One of the great misunderstandings in Italian business culture is to confuse **stability** with stagnation.

Stability is a strength: it enables a business to endure, remain reliable, maintain a local presence and nurture relationships with customers and suppliers. It also includes the company's operational memory (the practical knowledge accumulated about procedures, customers and recurring problems).

Stagnation begins when the same pattern is repeated for years without testing its effectiveness, comparing it with better alternatives or questioning processes (sequences of connected activities that achieve a result), roles, responsibilities

and tools. In many businesses, this fear of movement continues to be called stability.

Fear gradually flattens differences in expertise, roles and value, often without operational staff or management noticing. Anyone who knows a little more becomes inconvenient; distinguishing responsibilities, abilities and results would require acknowledging differences. The assessment criterion also shifts from *"what you can do and what you can generate"* to *"how much I can recognise your worth without upsetting the internal system"*.

The organization thus avoids immediate conflict but pays a higher price in the long run: **it loses its ability to evolve and its share of the market.**

> 📌 **Did you know? — What do twenty years of experience contain?**
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> Years spent in a business tell us how long someone has worked there, rather than everything they have learnt. To distinguish experience from repetition (routine), we can look at problems solved, methods updated and the ability to pass on knowledge. An unchanged procedure may still be valid, but the question is *whether it is tested against current needs or defended simply because it is familiar*.

2. Length of service and expertise

Years in a profession can be an enormous asset. Someone who has worked in a sector for twenty years may know customers and suppliers, anticipate problems and understand informal steps that no manual describes. This is real experience, an asset that an intelligent business should protect and develop.

Years of work, however, do not automatically amount to expertise, and often do not amount to it at all. **After twenty years, a person may have accumulated a wealth of experience or may have repeated a single method for twenty years.** The difference is decisive.

In the first case experience has produced learning, adaptation, critical judgement and an evolving method.

In the second it has reinforced a habit which, once it becomes part of someone's identity, makes every different proposal look like a threat.

The phrase *"we have always done it this way"* may contain an operational truth: not everything old is wrong. But when it is mistaken for a method and placed beyond all testing, updating, comparison and measurement of results, it becomes a declaration of resistance and stagnation. Experience gives way to inertia.

A mature company should distinguish useful memory from unproductive resistance by returning to concrete questions. *Does this procedure still work? Is this role really needed? Is this way of organizing work effective, or merely*

familiar? Is the person who has held a position for years growing with the company, or defending their own territory?

Without these questions, length of service becomes an excuse even for those who come from outside and bring expertise that is missing or in short supply.

3. Expertise as a destabilizing force

The issue resurfaces when someone joins who is better prepared, can connect different areas or simply brings different experience. In a healthy organization, new expertise should be an opportunity and an asset. Someone from a more structured environment who understands processes and can connect purchasing, logistics, administration, sales, people and internal organization can help the business see what it could not see before.

The missing perspective can enter without replacing everyone or humiliating those already there. The newcomer's method is not automatically superior in every respect: *their contribution should be recognised for what it enables people to see and do*.

In many businesses, however, **new expertise is perceived as destabilizing.** The question *"What can we learn?"* is replaced by *"What do we risk losing?"*. Long-serving staff fear for their positions, business leaders fear internal tensions, and those hiring prefer to undervalue the newcomer rather than build a clear role with transparent objectives, responsibilities and criteria.

This reaction reveals the fragility of the system that should be welcoming expertise. If a capable person destabilizes the organization, what is often missing is defined roles, mature leadership (the ability to guide people and organize decisions), internal communication, assessment criteria, development paths and explicit responsibilities.

Expertise sheds light on the opaque areas: waste, duplication, unnecessary steps, confused decision-making, unspoken duties and processes that remain at a craft scale when the company needs to make a leap. A system unwilling to see these issues prefers to defend itself against those who make them visible, and underpays those who bring value it lacks.

> 🧠 **Radar Insight — Define the role before making comparisons**
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> A pay difference becomes easier to understand when the role, responsibilities and expected results are explicit. A useful comparison concerns more than who earns more: it concerns what each person is expected to do and the tools available to them. This does not make internal balance irrelevant; it allows people to discuss it using verifiable criteria, rather than asking new expertise to adapt to an undefined position.

4. Knowledge and internal power

Perhaps the deepest weakness lies in **treating knowledge as territory to defend rather than an asset to expand.** In many business cultures, those who know more are perceived as a threat to the position of those who know less, know differently or have stopped updating their methods.

This dynamic impoverishes everyone: newcomers must reduce their contribution to avoid tensions; those already there lose an opportunity to learn. Meanwhile, the company turns expertise into a political problem and loses an opportunity for growth.

In a mature system, **a more competent person should be seen as someone who can raise the group's level, rather than someone who "takes another person's place".** Seeing further does not force others to become like that person: it reveals unexplored paths, better methods, new connections, more effective criteria and a broader understanding of problems. **When knowledge circulates, it does not diminish those who receive it. It makes them grow.**

For this to happen, a mature business culture is needed, one that recognizes that learning from someone means gaining tools without losing power. When knowledge becomes a competition, the organization stops learning and stands still, even while it continues to work. Growth should be a fundamental objective of any company.

5. Professional value

Undervaluing a newcomer to avoid disturbing the internal balance is not prudence. It means giving up on growth.

One of the most serious mistakes in people management is to measure a newcomer's value solely against the existing pay balance. Relationships among colleagues matter: very different conditions, without a clear role and explicit responsibilities, can create tensions. The response should be to establish professional criteria, rather than **lower the newcomer's value** to avoid discontent among existing staff.

Why is this person being hired? What expertise does the company lack? What role must they fill? What responsibility will they take on? What autonomy will they have? What results are expected? Over what period will these be assessed? What growth can they generate for the system?

Cultural mistake	Effect on the business
Setting pay to avoid tensions	Expertise enters already constrained and loses its power to transform.
Unclear roles	Value becomes a matter of personal perception rather than measurable responsibility.
Outdated criteria	The company absorbs new people without raising its level.

Without these questions, pay becomes a defensive act: it is set out of fear of discontent, without properly understanding the expertise the business is bringing in or its potential value. **This is the opposite of entrepreneurial thinking.** Acquiring previously absent expertise requires adding another question to *"How can I fit this person in without upsetting the balance?"*: *"What could change thanks to this expertise?"*.

If the value does not materialize, if the results are absent, if the person does not fulfill their potential, the business always has ways to correct, review, end the arrangement or reorganize.

But if value is constrained from the outset, the company gives up on growth before even putting it to the test.

> 📌 **Did you know? — Margin is not cash**
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> Margin is the difference between the revenue and costs being considered. Cash flow, by contrast, describes the actual movement of money in and out over time. A job can be profitable and still leave a business in difficulty if the customer pays after wages or supplier invoices fall due. The potential value of expertise and the practical ability to pay for it must therefore be assessed together, without confusing profit with available cash.

6. The hidden cost of incompetence

Keeping labour costs down is often presented as prudence, and sometimes it really is. A small company must contend with margins, cash flow, seasonality (changes in activity at different times of year), customer risk (for example, the risk of late payments or losing a contract), tax uncertainty and costs that are difficult to predict.

Low pay, however, is not automatically a strategy. It often means giving up on attracting better expertise, expecting stronger results and building more solid roles. It also means failing to distinguish between someone who performs a task and someone who can transform a process.

Raising everyone's pay indiscriminately would be a simplistic response. The cost of expertise should instead be assessed alongside the value it can generate.

A person with vision, method, autonomy and organizational ability can reduce waste, improve workflows and internal communication, prevent errors and build

procedures. They can train colleagues, open up opportunities, improve service quality and make the business less fragile. Assessing all this solely as a *"higher salary"* means looking at the problem from the wrong end.

Skilled work has a cost. But incompetence has a cost too: wasted time, repeated errors, poorly managed customers, demotivated staff, confused processes, missed opportunities, postponed decisions and blocked growth. This cost often does not appear on the pay-slip; it remains hidden within the organization.

> ⚠️ **What to watch — Who can actually decide?**
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> A mandate is the assignment given to a person, with responsibilities and room to make decisions. Asking for a result without clarifying who can authorise a change can block even someone who knows how to achieve it. Before assessing expertise, we must therefore distinguish what depends on the person from what depends on the organisation: objectives, tools, available information and the decisions they are allowed to make.

7. The missing leadership

All this brings us to leadership. A small or medium-sized enterprise does not need to imitate a multinational by multiplying bureaucracy, layers of hierarchy, pointless procedures and empty management language. But it must move beyond *undifferentiated management, where everyone does everything, no one really decides, roles are confused and value remains an uncomfortable subject.*

Mature leadership does not avoid differences. It organizes them. It explains why someone is joining and what they contribute, protects existing staff without preventing the company from growing, and creates paths for those who want to develop. It also recognizes when internal resistance is damaging the business's future.

A business owner should look beyond the question *"How do I avoid tensions?"*. The step often missing is to ask: *"What quality does my company lack? Who can bring it? How do I prepare the organization to welcome it? How do I turn individual expertise into collective growth?"*.

Hiring a capable person also means providing room for that capability to have an effect. Without a mandate, a role, objectives and recognition, even strong expertise is neutralized.

Closing formula

The cultural failure of part of Italy's small and medium-sized business sector is not caused by its small scale. Being small could become a strength: greater

agility, more direct relationships, faster decisions, real connections with the local area and adaptability.

Failure begins when small scale becomes insularity, proximity becomes control and familiarity becomes stagnation. Length of service is then mistaken for expertise, internal quiet for balance, savings for strategy and knowledge for a threat.

Growth is not measured solely by rising revenue. A business grows when it increases its ability to see, learn, organise and integrate value; when it stops asking new expertise to lower itself to avoid disturbing the old balance.

This growth also concerns those who have been there for twenty years: supporting their development, rather than shielding them from change, allows them to keep learning. Someone who arrives with broader vision can then be welcomed as an opportunity for everyone to grow, rather than as a danger.

A true enterprise is not one that survives without friction.

It is one that can turn friction into learning, difference into growth and individual expertise into collective value.

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