

PECULIARITIES OF DOING BUSINESS IN ITALY

Особенности ведения бизнеса в Италии

The objective of this study is to analyze the unique economic, regulatory, and cultural factors influencing business operations in Italy and provide insights into their financial and strategic implications for investors and entrepreneurs.

The study found that while Italy's high labor costs, regional disparities, and bureaucratic hurdles pose challenges, strategic investments in key sectors and regions can yield substantial profitability, especially when leveraging tax incentives and efficiency improvements.

Italy, a member of the G7 and the Eurozone, offers a distinctive business environment shaped by its economic structure, regulatory frameworks, and cultural norms. While the country is known for its strong industrial base, vibrant fashion industry, and world-class tourism, it also faces challenges such as bureaucratic complexity and regional disparities. This article examines the peculiarities of doing business in Italy through theoretical analysis and quantitative calculations to assess the implications for profitability, labor costs, and investment attractiveness.

Italy's economic profile is both promising and complex. It is characterized by:

- **Regional Economic Divide:** The industrialized north, with strong manufacturing clusters, contrasts sharply with the agriculturally inclined and less developed south (Mezzogiorno).
- **Dominance of SMEs:** Small and medium-sized enterprises (SMEs) form the backbone of the economy, representing 99.9 % of businesses.
- **Export Orientation:** Italy is a global leader in sectors like luxury goods, machinery, and automotive components.

Labor costs in Italy are relatively high compared to other European nations but are not always matched by productivity. According to Eurostat, the average hourly labor cost in Italy was approximately €29.60 in 2022, higher than the EU average of €25.50.

Italy ranks 58th out of 190 countries in the World Bank's «Ease of Doing Business» index. Delays in obtaining permits, tax compliance burdens, and rigid labor laws are common hurdles.

Impact on Costs and Time:

- **Average time to start a business:** 11 days (compared to 5 in Germany).
- **Costs associated with bureaucratic delays** can range from €2,000 to €10,000 annually for SMEs.

The corporate tax rate in Italy is 24 %, with additional regional taxes (IRAP) of around 3.9 %. However, the government provides tax incentives for innovation and investments in southern Italy, which reduce the effective tax rate for qualifying businesses.

Italian business culture emphasizes relationships, trust, and hierarchical decision-making. Meetings often start with informal conversations, and punctuality is valued, though flexibility is common. Understanding local customs and language can significantly impact negotiations and partnerships.

Doing business in Italy offers substantial opportunities in sectors like manufacturing, luxury goods, and tourism. However, challenges such as high labor costs, bureaucratic hurdles, and regional disparities require strategic planning.

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BMW GROUP'S ENVIRONMENTAL MISSION AS A FEATURE OF DOING BUSINESS

Экологическая миссия «BMW Group» как особенность ведения бизнеса

An important role in the transformation of business features is played by organizations that form and implement their environmental mission.

The mission of the organization expresses the philosophy and meaning of its existence. It is the mission that gives an idea of its purpose, necessity and usefulness for the environment, people and society in general.

The mission of the BMW Group is as follows: «Creating the best cars in the premium segment without harming the environment».

From the very beginning, BMW Group sets the course for the future and constantly pays special attention to sustainable development and conservation of resources, starting from the supply chain and ending with the production and end of life of all products. The goal of achieving a completely climate-neutral business model by 2050 is quite achievable with the help of the BMW i Vision Circular. Despite the fact that environmental friendliness is currently on everyone's lips, this topic in itself is not something new for the BMW Group. In fact, BMW began to consider sustainability as a central element of its corporate strategy back in the 1970s.

BMW became the first car company that hired an environmental protection officer, a person who laid the foundations for preventive environmental protection. Since then, the company has been constantly developing its strategies and measures in the field of sustainable development and implementing them in practice. New technologies have been introduced to reduce emissions, such as catalytic converters and water-based staining