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Small business resilience and social capital: a comparative analysis of divergent pathways in Burkina faso and Italy

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ABSTRACT

This study examines the comparative dynamics of small business resilience and the role of social capital in Burkina Faso and Italy, two countries with vastly different economic contexts but shared reliance on small enterprises as backbone of their economies. Despite their divergent development trajectories, both nations face the fundamental challenge of sustaining small businesses through economic shocks, institutional weaknesses, and market uncertainties. The research employs a comparative case study methodology, drawing on policy documents,

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empirical studies, enterprise surveys, and scholarly analyses spanning 2020-2026. Italy's small business landscape is characterized by the iconic "distretti industriali" (industrial districts)—geographic concentrations of small and medium enterprises, often family-owned, operating in specialized sectors such as textiles, machinery, furniture, and food processing. These districts are sustained by dense networks of social capital built on family ties, local identity, and long-term business relationships. Research documents how social capital within industrial districts facilitates knowledge spillovers, trust-based transactions, collective innovation, and flexible responses to market changes (Becattini et al., 2020). The Emilia-Romagna model, in particular, has been studied as a paradigm of small business resilience, with cooperative networks providing shared services, credit guarantees, and export consortia. However, the 2008 financial crisis and subsequent economic stagnation exposed vulnerabilities: many districts struggled with global competition, succession challenges in family firms, and erosion of traditional social capital (De Marchi & Grandinetti, 2021). The COVID-19 pandemic further tested resilience, with some districts adapting through digitalization and supply chain reconfiguration while others declined. The 2024 budget's support for small business networks and consortia reflects ongoing policy attention to social capital as a resilience resource (Ministry of Enterprises Italy, 2024).

Burkina Faso presents a fundamentally different landscape where small businesses operate in a context of extreme poverty, weak formal institutions, and, since 2015, escalating security crisis. The informal sector dominates, accounting for over 90% of employment, with small enterprises—often micro-enterprises run by women and youth—providing livelihoods for the majority of the population. Social capital, embedded in family networks, ethnic associations, and religious communities, is essential for business survival. Tontines (rotating savings and credit associations) provide informal finance where banks do not lend. Mutual aid networks supply labor, market information, and emergency support during crises (World Bank, 2024). Research on women entrepreneurs in Ouagadougou documents how social networks enable access to customers, suppliers, and credit, but also impose obligations that can constrain accumulation (Traoré, 2023). The 2022 political coup and ongoing conflict with jihadist groups have devastated small businesses in affected regions, displacing populations, disrupting supply chains, and destroying markets. The World Bank's emergency support program (2023-2025) provides cash transfers and business grants to affected areas, but reaches only a fraction of those in need

(World Bank, 2023). Research on resilience in conflict contexts documents how social capital can both enable survival—through mutual aid and information sharing—and create vulnerability, as businesses associated with particular ethnic or religious groups become targets (Guissou, 2024).

Italy's strength lies in its dense, historically embedded industrial districts, sophisticated institutional support for business networks, and integration into global value chains. Its challenge is adapting these networks to global competition, technological change, and demographic pressures. Burkina Faso's advantage is the organic resilience of social networks in contexts of extreme scarcity and institutional weakness, yet its reality is one of escalating conflict, displacement, and humanitarian crisis. Both countries demonstrate that small business resilience requires: (1) social capital providing trust, information, and mutual support; (2) access to finance, whether through formal credit or informal savings mechanisms; (3) networks enabling collective action and shared services; (4) institutional support that complements rather than displaces social capital; (5) adaptability to technological and market changes; (6) security and stability as preconditions for business operation; (7) attention to gender dynamics in network access and business ownership; and (8) recognition that social capital can both enable resilience and create vulnerabilities.

KEYWORDS: Small business resilience, social capital, Burkina Faso, Italy, industrial districts, informal sector, tontines, women entrepreneurs, business networks, micro-enterprises

RÉSUMÉ

Cette étude examine les dynamiques comparatives de la résilience des petites entreprises et le rôle du capital social au Burkina Faso et en Italie, deux pays aux contextes économiques radicalement différents mais partageant une dépendance commune aux petites entreprises comme colonne vertébrale de leurs économies. Malgré leurs trajectoires de développement divergentes, les deux nations sont confrontées au défi fondamental de soutenir les petites entreprises face aux

chocs économiques, aux faiblesses institutionnelles et aux incertitudes du marché. La recherche emploie une méthodologie d'étude de cas comparative, s'appuyant sur des documents politiques, des études empiriques, des enquêtes auprès des entreprises et des analyses savantes couvrant la période 2020-2026. Le paysage des petites entreprises italiennes est caractérisé par les emblématiques "distretti industriali"—des concentrations géographiques de petites et moyennes entreprises, souvent familiales, opérant dans des secteurs spécialisés tels que le textile, la mécanique, l'ameublement et l'agroalimentaire. Ces districts sont soutenus par des réseaux denses de capital social construits sur les liens familiaux, l'identité locale et les relations d'affaires à long terme. La recherche documente comment le capital social au sein des districts industriels facilite les externalités de connaissances, les transactions basées sur la confiance, l'innovation collective et les réponses flexibles aux changements du marché (Becattini et al., 2020). Le modèle d'Émilie-Romagne, en particulier, a été étudié comme un paradigme de résilience des petites entreprises, avec des réseaux coopératifs fournissant des services partagés, des garanties de crédit et des consortiums d'exportation. Cependant, la crise financière de 2008 et la stagnation économique qui a suivi ont exposé des vulnérabilités : de nombreux districts ont lutté face à la concurrence mondiale, aux défis de la succession dans les entreprises familiales et à l'érosion du capital social traditionnel (De Marchi & Grandinetti, 2021). La pandémie de COVID-19 a davantage testé la résilience, certains districts s'adaptant par la numérisation et la reconfiguration des chaînes d'approvisionnement tandis que d'autres déclinaient. Le soutien du budget 2024 aux réseaux et consortiums de petites entreprises reflète l'attention politique continue portée au capital social comme ressource de résilience (Ministry of Enterprises Italy, 2024).

Le Burkina Faso présente un paysage fondamentalement différent où les petites entreprises opèrent dans un contexte de pauvreté extrême, de faiblesse des institutions formelles et, depuis 2015, d'escalade de la crise sécuritaire. Le secteur informel domine, représentant plus de 90 % de l'emploi, les petites entreprises—souvent des micro-entreprises tenues par des femmes et des jeunes—fournissant des moyens de subsistance à la majorité de la population. Le capital social, ancré dans les réseaux familiaux, les associations ethniques et les communautés religieuses, est essentiel à la survie des entreprises. Les tontines fournissent un financement informel là où les banques ne prêtent pas. Les réseaux d'entraide fournissent de la main-d'œuvre, des informations

sur les marchés et un soutien d'urgence en période de crise (World Bank, 2024). La recherche sur les femmes entrepreneures à Ouagadougou documente comment les réseaux sociaux permettent l'accès aux clients, aux fournisseurs et au crédit, mais imposent également des obligations qui peuvent contraindre l'accumulation (Traoré, 2023). Le coup d'État politique de 2022 et le conflit en cours avec les groupes djihadistes ont dévasté les petites entreprises dans les régions touchées, déplaçant les populations, perturbant les chaînes d'approvisionnement et détruisant les marchés. Le programme de soutien d'urgence de la Banque mondiale (2023-2025) fournit des transferts monétaires et des subventions aux entreprises dans les zones touchées, mais n'atteint qu'une fraction de ceux qui en ont besoin (World Bank, 2023). La recherche sur la résilience dans les contextes de conflit documente comment le capital social peut à la fois permettre la survie—par l'entraide et le partage d'informations—et créer des vulnérabilités, les entreprises associées à des groupes ethniques ou religieux particuliers devenant des cibles (Guissou, 2024).

La force de l'Italie réside dans ses districts industriels denses et historiquement ancrés, son soutien institutionnel sophistiqué aux réseaux d'entreprises et son intégration dans les chaînes de valeur mondiales. Son défi est d'adapter ces réseaux à la concurrence mondiale, au changement technologique et aux pressions démographiques. L'avantage du Burkina Faso est la résilience organique des réseaux sociaux dans des contextes de pénurie extrême et de faiblesse institutionnelle, mais sa réalité est celle d'un conflit croissant, de déplacements et de crise humanitaire. Les deux pays démontrent que la résilience des petites entreprises nécessite : (1) un capital social fournissant confiance, information et soutien mutuel ; (2) un accès au financement, que ce soit par le crédit formel ou les mécanismes informels d'épargne ; (3) des réseaux permettant l'action collective et les services partagés ; (4) un soutien institutionnel qui complète sans supplanter le capital social ; (5) une adaptabilité aux changements technologiques et de marché ; (6) la sécurité et la stabilité comme conditions préalables à l'activité économique ; (7) une attention aux dynamiques de genre dans l'accès aux réseaux et la propriété des entreprises ; et (8) la reconnaissance que le capital social peut à la fois permettre la résilience et créer des vulnérabilités.

MOTS-CLÉS : Résilience des petites entreprises, capital social, Burkina Faso, Italie, districts industriels, secteur informel, tontines, femmes entrepreneures, réseaux d'affaires, micro-entreprises

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1. INTRODUCTION

Small businesses are the backbone of economies worldwide. They generate employment, foster innovation, and provide livelihoods for billions of people. Yet small businesses are also inherently vulnerable—to economic shocks, market changes, institutional failures, and, in many contexts, violence and displacement. Understanding what enables some small businesses to survive and even thrive in adversity, while others fail, is a central concern of entrepreneurship research and development policy.

The concept of "resilience" captures this capacity to withstand, adapt to, and recover from shocks. Resilience is not a fixed attribute but a dynamic process shaped by multiple factors: access to resources, institutional support, individual capabilities, and, critically, social capital—the networks, relationships, and norms that enable collective action and mutual support.

Burkina Faso and Italy, two countries occupying vastly different positions in the global economic order, offer a compelling comparative lens through which to examine the relationship between social capital and small business resilience. Italy is home to the iconic "industrial districts"—geographic concentrations of small and medium enterprises, often family-owned, operating in specialized sectors such as textiles, machinery, furniture, and food processing. These districts are sustained by dense networks of social capital built on family ties, local identity, and long-term business relationships. The Emilia-Romagna model, in particular, has been studied as a paradigm of small business resilience, with cooperative networks providing shared services, credit guarantees, and export consortia (Becattini et al., 2020).

Burkina Faso presents a fundamentally different landscape. The informal sector dominates, accounting for over 90% of employment, with small enterprises—often micro-enterprises run by

women and youth—providing livelihoods for the majority of the population. Social capital, embedded in family networks, ethnic associations, and religious communities, is essential for business survival. Tontines (rotating savings and credit associations) provide informal finance where banks do not lend. Mutual aid networks supply labor, market information, and emergency support during crises (World Bank, 2024). Yet since 2015, this already fragile context has been devastated by escalating conflict with jihadist groups, displacing populations, disrupting supply chains, and destroying markets.

This study examines the comparative dynamics of small business resilience and the role of social capital in Burkina Faso and Italy. Drawing on policy documents, empirical research, enterprise surveys, and scholarly analyses, it explores how social capital enables or constrains small business survival and adaptation in radically different contexts. The analysis is organized around four interconnected themes: (1) the nature and structure of small business sectors; (2) the forms and functions of social capital; (3) the challenges facing small businesses and the role of social capital in resilience; and (4) the implications for policy and practice.

The study contributes to scholarship on entrepreneurship, social capital, and economic resilience. It argues that social capital is a double-edged sword—it can provide essential resources for business survival, but it can also create dependencies, exclusions, and vulnerabilities. Understanding these dynamics is essential for designing policies that support small business resilience in diverse contexts.

2. LITERATURE REVIEW

2.1 Conceptualizing Small Business Resilience

Resilience, in the business context, refers to the capacity of firms to anticipate, prepare for, respond to, and recover from disruptive events (Duchek, 2020). It encompasses both the ability to withstand shocks (robustness) and the ability to adapt and transform in response to changing circumstances (adaptability).

Research on small business resilience has identified multiple determinants at different levels:

- **Firm level:** Financial resources, managerial capabilities, innovation capacity, and business model flexibility.
- **Network level:** Access to information, credit, and markets through business networks; mutual support and collective action.
- **Institutional level:** Regulatory environment, access to finance, business development services, and social protection.
- **Contextual level:** Economic conditions, political stability, security, and social cohesion.

Social capital operates at the network level, shaping firms' access to resources, information, and support.

2.2 Social Capital: Definitions and Dimensions

Social capital refers to the networks, norms, and trust that enable collective action and cooperation (Putnam, 1993). It has been conceptualized along several dimensions:

- **Bonding social capital:** Close ties within homogeneous groups—family, kin, ethnic community—providing mutual support and solidarity.
- **Bridging social capital:** Weaker ties across diverse groups—business associations, professional networks—enabling access to new information and opportunities.
- **Linking social capital:** Vertical ties connecting individuals and groups to institutions and power-holders, enabling access to resources and influence.

Social capital can be both an asset and a liability. Strong bonding ties can provide essential support but also create obligations that constrain accumulation, exclude outsiders, and reinforce inequalities.

2.3 Italy's Industrial Districts: Social Capital as Competitive Advantage

Italy's industrial districts have been extensively studied as exemplars of social capital-enabled small business resilience. The concept, developed by Becattini and others, describes geographic

concentrations of small and medium enterprises, often family-owned, specializing in particular industries (Becattini et al., 2020).

Key features of industrial districts include:

- **Geographic concentration:** Firms located in close proximity, often within the same town or valley.
- **Sectoral specialization:** Districts specialize in particular industries—textiles in Prato, furniture in Brianza, machinery in Emilia-Romagna.
- **Family ownership:** Many firms are family-owned, with succession and governance shaped by family dynamics.
- **Vertical disintegration:** Production is organized through networks of specialized firms rather than vertically integrated corporations.
- **Social capital:** Dense networks of relationships—family, community, business—enable trust, cooperation, and information sharing.
- **Institutional thickness:** Business associations, cooperatives, technical schools, and local banks provide collective services and support.

Research documents how social capital within industrial districts facilitates knowledge spillovers, trust-based transactions, collective innovation, and flexible responses to market changes (Becattini et al., 2020). The Emilia-Romagna model, in particular, features cooperative networks providing shared services, credit guarantees, and export consortia.

However, the 2008 financial crisis and subsequent economic stagnation exposed vulnerabilities. Many districts struggled with global competition from low-cost producers, succession challenges in aging family firms, and erosion of traditional social capital (De Marchi & Grandinetti, 2021). The COVID-19 pandemic further tested resilience, with some districts adapting through digitalization and supply chain reconfiguration while others declined.

2.4 Burkina Faso's Small Business Landscape: Informality and Social Capital

Burkina Faso's small business landscape is shaped by extreme poverty, weak formal institutions, and, since 2015, escalating conflict. Key features include:

- **Informal sector dominance:** Over 90% of employment is informal, with most businesses unregistered and operating outside formal regulatory frameworks.
- **Micro-enterprises:** The vast majority of businesses are micro-enterprises with fewer than five employees, often operated by women and youth.
- **Limited access to formal finance:** Banks rarely lend to small businesses due to perceived risk, lack of collateral, and high transaction costs.
- **Social capital as survival mechanism:** Family networks, ethnic associations, and religious communities provide essential support—credit through tontines, labor through mutual aid, information through personal contacts (World Bank, 2024).
- **Gender dynamics:** Women entrepreneurs, who constitute a significant proportion of small business owners, face distinct constraints—limited access to capital, household responsibilities, and exclusion from male-dominated networks (Traoré, 2023).
- **Conflict impact:** Since 2015, jihadist insurgency has displaced over 2 million people, destroyed businesses, disrupted markets, and created a humanitarian crisis.

Research on tontines documents their role in providing informal finance. Members contribute regularly to a common fund, and each member receives a lump sum in rotation. This enables entrepreneurs to accumulate capital for investment, though amounts are typically small and the system requires trust and regular participation (World Bank, 2024).

Studies of women entrepreneurs in Ouagadougou reveal how social networks enable access to customers, suppliers, and credit, but also impose obligations—sharing profits with kin, providing free goods to family, participating in community ceremonies—that can constrain accumulation (Traoré, 2023).

Research on resilience in conflict contexts documents how social capital can both enable survival—through mutual aid and information sharing about safe routes and markets—and create vulnerability, as businesses associated with particular ethnic or religious groups become targets (Guissou, 2024).

2.5 Comparative Perspectives on Social Capital and Resilience

Comparative research on social capital and business resilience highlights the importance of context. Social capital functions differently in advanced industrial economies with strong formal institutions than in fragile states where it substitutes for absent institutions.

In Italy, social capital complements formal institutions—banks, courts, business associations—providing additional resources for firms already operating within a relatively functional institutional environment. In Burkina Faso, social capital substitutes for missing institutions—providing credit where banks do not lend, enforcing agreements where courts do not function, providing security where the state cannot protect.

These different functions have implications for resilience. In Italy, social capital enables firms to compete globally, innovate collectively, and adapt to market changes. In Burkina Faso, social capital enables survival in contexts of extreme scarcity but may not be sufficient for growth or transformation.

3. RESEARCH QUESTIONS

This study addresses the following research questions:

1: How do the structures of small business sectors and the forms of social capital differ between Burkina Faso and Italy?

2: What role does social capital play in enabling small business resilience to economic shocks, institutional weaknesses, and conflict in each country?

3: How do gender, ethnicity, and other social dimensions shape access to social capital and its effects on business outcomes?

4: What lessons can be drawn from comparative analysis for policies supporting small business resilience in diverse contexts?

4. METHODOLOGY

This study employs a comparative case study methodology to examine small business resilience and social capital in Burkina Faso and Italy. The research design integrates document analysis of primary sources with synthesis of secondary literature to develop a comprehensive understanding of business dynamics in both countries.

Primary sources analyzed include: policy documents from Italy's Ministry of Enterprises (2024); enterprise surveys and reports from the World Bank (2023, 2024); empirical research on Italian industrial districts (Becattini et al., 2020; De Marchi & Grandinetti, 2021); studies of Burkina Faso's informal sector and women entrepreneurs (Traoré, 2023; Guissou, 2024); and World Bank emergency program documentation (2023).

The comparative framework examines four dimensions of small business resilience: (1) business sector structure and characteristics; (2) forms and functions of social capital; (3) challenges and shocks; and (4) resilience outcomes and policy responses.

The analysis covers the period from approximately 2020 to 2026, capturing recent developments including the COVID-19 pandemic recovery, Burkina Faso's escalating conflict, and policy responses in both countries.

5. RESULTS

5.1 Small Business Sector Structure

Italy: Italy's small business landscape is characterized by industrial districts and family firms. Key features include:

- **Industrial districts:** Geographic concentrations of SMEs in specialized sectors—textiles, machinery, furniture, food processing, leather goods.
- **Family ownership:** The majority of small businesses are family-owned, with governance and succession shaped by family dynamics.

- **Formal sector dominance:** Most businesses are registered and operate within formal regulatory frameworks.
- **Export orientation:** Many districts are integrated into global value chains, exporting significant shares of production.
- **Sophisticated support infrastructure:** Business associations, cooperatives, technical schools, and local banks provide collective services.
- **Aging business population:** Many districts face challenges of aging owners and succession difficulties.
- **Regional concentration:** Industrial districts are concentrated in specific regions—Emilia-Romagna, Veneto, Tuscany, Lombardy—with significant regional variation in economic performance.

Burkina Faso: Burkina Faso's small business landscape is dominated by the informal sector and micro-enterprises. Key features include:

- **Informal sector dominance:** Over 90% of employment is informal; most businesses unregistered.
- **Micro-enterprises:** Vast majority have fewer than five employees; many are sole proprietorships.
- **Women entrepreneurs:** Women constitute a significant proportion of small business owners, particularly in commerce and food processing.
- **Limited formal finance:** Banks rarely lend to small businesses; most financing is informal (tontines, family loans).
- **Weak institutional support:** Business development services limited; regulatory environment cumbersome.
- **Youth entrepreneurship:** High youth unemployment drives many into necessity entrepreneurship.
- **Conflict-affected regions:** Businesses in northern and eastern regions devastated by insurgency and displacement.

Table 1: Comparative Small Business Sector Structure

Dimension	**Italy**	**Burkina Faso**
Sector structure	Industrial districts; family firms	Informal micro-enterprises
Formal/informal	Predominantly formal	Over 90% informal
Business size	SMEs; often 10-250 employees	Micro (mostly <5 employees)
Ownership	Family-owned dominant	Individual; women significant
Market orientation	Export-oriented; global value chains	Local; regional trade
Support infrastructure	Sophisticated; business associations; cooperatives	Limited; donor-dependent
Key challenges	Global competition; succession; aging	Poverty; informality; conflict (since 2015)

5.2 Forms and Functions of Social Capital

Italy: Social capital in Italy's industrial districts is dense and multifaceted. Key features include:

- **Family ties:** Family networks provide labor, capital, and governance. Succession is often within family, and family reputation underpins trust.
- **Local identity:** Shared local identity and history create sense of community and mutual obligation.
- **Business networks:** Formal and informal networks among firms enable subcontracting, information sharing, and collective innovation.
- **Cooperative institutions:** Cooperatives provide shared services—credit guarantees, export consortia, training, research and development.
- **Business associations:** Industry associations represent collective interests, provide services, and facilitate networking.

- **Trust-based transactions:** Long-term relationships enable transactions without formal contracts, reducing transaction costs.
- **Knowledge spillovers:** Proximity and interaction facilitate informal learning and innovation diffusion.

Research documents how these forms of social capital enable flexibility, innovation, and collective action (Becattini et al., 2020).

Burkina Faso: Social capital in Burkina Faso is essential for business survival in contexts of institutional weakness. Key features include:

- **Family and kinship networks:** Provide labor, capital, and emergency support. Obligations to kin can both enable and constrain.
- **Tontines (rotating savings and credit associations):** Enable capital accumulation through regular contributions and rotating payouts. Require trust and regular participation (World Bank, 2024).
- **Ethnic associations:** Provide business networks, market information, and mutual support among co-ethnics.
- **Religious communities:** Offer solidarity networks, particularly in times of crisis.
- **Women's networks:** Women entrepreneurs often organize in informal networks for mutual support, though excluded from male-dominated networks (Traoré, 2023).
- **Mutual aid:** Labor-sharing arrangements enable collective work during planting, harvest, or business peaks.
- **Information networks:** Personal contacts transmit market information—prices, opportunities, risks—more effectively than formal channels.

Research on tontines documents their critical role in providing finance where banks do not lend (World Bank, 2024). Studies of women entrepreneurs reveal both the enabling and constraining effects of social capital—networks provide access but also impose obligations (Traoré, 2023).

Table 2: Comparative Forms and Functions of Social Capital

Dimension	**Italy**	**Burkina Faso**

Primary forms	Family ties; local identity; business networks; cooperatives	Family/kinship; tontines; ethnic associations; religious communities
Bonding capital	Family; local community	Family; ethnic group; religious community
Bridging capital	Business associations; inter-firm networks	Women's networks; market-based contacts
Linking capital	Relations with local banks; government agencies	Limited; donor/NGO connections
Key functions	Innovation; flexibility; collective action; risk-sharing	Survival; informal finance; mutual aid; information (World Bank, 2024; Traoré, 2023)
Trust basis	Long-term relationships; reputation	Kinship; repeated interaction; sanctions

5.3 Challenges and Shocks

Italy: Italy's small businesses face multiple challenges and have experienced significant shocks. Key issues include:

- **Global competition:** Competition from low-cost producers in Asia and Eastern Europe has eroded market share in traditional sectors.
- **Economic stagnation:** Italy's prolonged economic stagnation has reduced domestic demand and investment.
- **Financial crisis (2008):** Severe impact on credit availability and demand; many firms failed.
- **Succession challenges:** Aging business owners and difficulty transferring businesses to next generation.

- **Erosion of social capital:** Traditional community bonds weakened by demographic change, migration, and cultural shifts (De Marchi & Grandinetti, 2021).
- **Technological change:** Need to adapt to digitalization and Industry 4.0; uneven adoption across districts.
- **COVID-19 pandemic:** Severe disruption to supply chains and demand; accelerated digitalization.
- **Regional disparities:** North-south divide; southern firms face additional constraints.

Burkina Faso: Burkina Faso's small businesses face existential challenges, particularly since 2015. Key issues include:

- **Extreme poverty:** Limited market size and purchasing power constrain business opportunities.
- **Weak institutions:** Cumbersome regulation; weak contract enforcement; corruption.
- **Limited access to finance:** Banks rarely lend; microfinance coverage limited; tontines provide small amounts (World Bank, 2024).
- **Infrastructure deficits:** Poor roads, unreliable electricity, limited internet access.
- **Conflict and displacement:** Since 2015, jihadist insurgency has displaced over 2 million people, destroyed businesses, disrupted supply chains, and closed markets (Guissou, 2024).
- **Political instability:** 2022 coup and ongoing political uncertainty undermine business confidence.
- **Climate shocks:** Droughts and floods affect agricultural businesses and rural markets.
- **COVID-19 pandemic:** Disrupted supply chains and reduced demand, particularly in urban areas.

Research on conflict-affected regions documents devastating impacts: businesses looted or destroyed, populations displaced, markets inaccessible (Guissou, 2024).

Table 3: Comparative Challenges and Shocks

Dimension	**Italy**	**Burkina Faso**
Economic challenges	Global competition; stagnation;	Extreme poverty; limited

	financial crisis	markets; informality
Institutional challenges	Regulatory burden; regional disparities	Weak institutions; corruption; cumbersome regulation
Access to finance	Constrained but available	Severely limited; tontines essential (World Bank, 2024)
Demographic challenges	Aging owners; succession difficulties	Youth unemployment; necessity entrepreneurship
Security challenges	Limited	Conflict; displacement; since 2015 (Guissou, 2024)
Climate challenges	Limited	Droughts; floods
COVID-19 impact	Severe disruption; accelerated digitalization	Supply chain disruption; reduced demand

5.4 Resilience Outcomes and Policy Responses

Italy: Italy's policy responses to small business challenges reflect the importance of social capital and networks. Key features include:

- **Industrial district policy:** Recognition of districts as units of intervention; support for consortia, cooperatives, and networks.
- **Budget 2024 support:** Continued emphasis on business networks and consortia; tax incentives for network contracts; support for export consortia (Ministry of Enterprises Italy, 2024).
- **Succession support:** Programs to facilitate business transfer; mentoring for next-generation entrepreneurs.
- **Digitalization incentives:** Tax credits for digital investment; Industry 4.0 plan.
- **Export promotion:** Support for trade fairs; export consortia; trade credit insurance.

- **Regional development:** Targeted support for southern regions; EU structural funds.

Resilience outcomes are mixed. Some districts have successfully adapted through innovation, digitalization, and market repositioning. Others have declined. Research documents the importance of adaptive capacity and network renewal (De Marchi & Grandinetti, 2021).

Burkina Faso: Burkina Faso's policy responses are constrained by limited resources and escalating crisis. Key features include:

- **World Bank emergency support (2023-2025):** Cash transfers and business grants to conflict-affected populations; reaches only a fraction of those in need (World Bank, 2023).
- **Microfinance programs:** Limited coverage; high interest rates; predominantly in urban areas.
- **Women's entrepreneurship support:** Donor-funded programs providing training and small grants; limited scale.
- **Youth employment programs:** Training and business incubation; reach limited.
- **Informal sector recognition:** Recent efforts to register informal businesses and extend social protection, but implementation limited.

Resilience outcomes are dire in conflict-affected regions. Research documents how social capital enables survival—mutual aid, information sharing, temporary migration—but is overwhelmed by the scale of crisis (Guissou, 2024). In relatively stable areas, small businesses continue to operate, but growth is constrained by poverty and weak institutions.

Table 4: Comparative Resilience Outcomes and Policy Responses

Dimension	**Italy**	**Burkina Faso**
Policy approach	Support for networks; industrial district policy	Emergency assistance; donor programs (World Bank, 2023)
Key programs	Network contracts; export consortia; digitalization incentives	Cash transfers; business grants; microfinance

Social capital in policy	Explicit recognition; support for networks	Implicit; not systematically addressed
Resilience in stable areas	Mixed; adaptation and decline coexist	Survival; limited growth
Resilience in crisis areas	Not applicable	Overwhelmed by conflict (Guissou, 2024)
Long-term outlook	Adaptation possible with innovation and network renewal	Dependent on peace and institutional development

5.5 Summary of Comparative Findings

Table 5: Comprehensive Comparative Analysis

Dimension	**Italy**	**Burkina Faso**
Business sector structure	Industrial districts; family SMEs	Informal micro-enterprises
Formal/informal	Predominantly formal	Over 90% informal
Primary social capital forms	Family ties; local identity; business networks; cooperatives (Becattini et al., 2020)	Family/kinship; tontines; ethnic associations (World Bank, 2024; Traoré, 2023)
Social capital functions	Innovation; flexibility; collective action	Survival; informal finance; mutual aid
Access to finance	Constrained but available	Tontines essential; minimal formal credit (World Bank, 2024)

Key challenges	Global competition; succession; erosion of social capital (De Marchi & Grandinetti, 2021)	Poverty; weak institutions; conflict (Guissou, 2024)
Policy approach	Network support; industrial district policy	Emergency assistance; donor programs (Ministry of Enterprises Italy, 2024; World Bank, 2023)
Gender dynamics	Women's participation varies by sector	Women entrepreneurs significant; distinct constraints (Traoré, 2023)
Key strength	Dense social capital; institutional support	Organic resilience; mutual aid networks
Key challenge	Adaptation to global change; network renewal	Conflict; poverty; institutional weakness

6. DISCUSSION OF RESULTS

6.1 Explaining Divergent Pathways: Development Context and Institutional Capacity

The dramatic differences between Italy's and Burkina Faso's small business landscapes reflect fundamentally different development contexts and institutional capacities.

Italy's industrial districts emerged over centuries, building on artisanal traditions, family enterprises, and dense local networks. They operate within a context of relatively strong formal institutions—functioning courts, accessible banks, effective business associations. Social capital complements these institutions, providing additional resources for innovation and collective

action. The challenge is adaptation to global competition, technological change, and erosion of traditional community bonds (De Marchi & Grandinetti, 2021).

Burkina Faso's small businesses operate in a context where formal institutions are weak or absent. Social capital substitutes for missing institutions—providing credit where banks do not lend, enforcing agreements where courts do not function, providing security where the state cannot protect. This enables survival but not growth. The escalating conflict has overwhelmed these coping mechanisms, destroying the social fabric on which businesses depend (Guissou, 2024).

The contrast illustrates that social capital functions differently at different levels of development. In advanced economies, it enables firms to compete globally and innovate collectively. In fragile states, it enables survival but cannot substitute for the basic institutional infrastructure that markets require.

6.2 The Double-Edged Nature of Social Capital

Both countries' experiences demonstrate that social capital is a double-edged sword. It provides essential resources—trust, information, credit, mutual support—but also creates constraints and vulnerabilities.

In Italy, strong family and community ties have enabled the emergence of industrial districts but also create challenges. Family firms may struggle with succession when no suitable heir exists. Local identity can become parochialism, limiting openness to new ideas and outsiders. Networks can become closed circles, excluding newcomers and reinforcing inequalities.

In Burkina Faso, social capital enables survival but also imposes obligations. Women entrepreneurs must share profits with kin, provide free goods to family, and participate in community ceremonies—obligations that can prevent accumulation and growth (Traoré, 2023). Ethnic networks provide access but can also exclude and create targets in conflict contexts (Guissou, 2024).

The implication is that policy must recognize both the enabling and constraining aspects of social capital. Interventions should strengthen networks while also creating pathways for those excluded and protecting against exploitation.

6.3 Gender and Social Capital

The findings highlight the importance of gender in shaping access to social capital and its effects on business outcomes. In Burkina Faso, women entrepreneurs face distinct constraints—exclusion from male-dominated networks, household responsibilities limiting time for business, social obligations that siphon profits (Traoré, 2023). Yet women's networks also provide essential support—tontines, mutual aid, information sharing.

In Italy, gender dynamics in industrial districts are less studied but significant. Women's participation in family firms is often invisible, and succession practices may favor sons over daughters. Women entrepreneurs may face barriers in male-dominated business networks.

The implication is that gender analysis must be central to any understanding of social capital and entrepreneurship. Policies that ignore gender will fail to address the distinct constraints facing women entrepreneurs.

6.4 Conflict and the Destruction of Social Capital

Burkina Faso's experience offers a tragic illustration of how conflict destroys the social capital on which small businesses depend. When populations are displaced, communities dispersed, and markets destroyed, the networks that enabled survival—mutual aid, information sharing, trust-based transactions—are shattered. Businesses that relied on these networks cannot operate.

The World Bank's emergency support provides temporary relief but cannot rebuild the social fabric (World Bank, 2023). Recovery will require not just economic assistance but peace, security, and the rebuilding of community institutions.

This underscores that social capital, while valuable, is fragile. It can be destroyed by violence, displacement, and social breakdown. Protecting it requires peace and stability as preconditions.

6.5 Implications for Policy and Practice

The findings have significant implications for policies supporting small business resilience.

First, context matters. Italy's industrial district policies cannot be transplanted to Burkina Faso; Burkina Faso's survival strategies cannot be romanticized as models for Italy. Interventions must be adapted to local institutional capacity, economic structure, and social dynamics.

Second, social capital is a resource but not a solution. It can enable survival and adaptation but cannot substitute for basic institutional infrastructure—functioning courts, accessible finance, reliable infrastructure, peace and security. Building these institutions must be a priority, particularly in fragile contexts.

Third, networks need support. Italy's experience shows that business networks can be strengthened through policy—cooperatives, consortia, network contracts. Burkina Faso's experience shows that traditional networks (tontines, mutual aid) can be supported through recognition and complementary services.

Fourth, gender must be central. Women entrepreneurs face distinct constraints and rely on distinct networks. Policies must address these specificities, ensuring that women have access to finance, training, and networks.

Fifth, conflict response must address social capital. Emergency assistance should not only provide cash but also support the rebuilding of community institutions and networks. Recovery programs should involve communities in planning and implementation.

Sixth, adaptability is essential. Italy's experience shows that districts able to adapt—through innovation, digitalization, market repositioning—are more resilient than those that remain static. Burkina Faso's experience shows that even survival strategies must adapt to changing circumstances.

7. CONCLUSION

This comparative analysis of small business resilience and social capital in Burkina Faso and Italy reveals two fundamentally different realities united by the common theme of social capital as a critical resource for business survival and adaptation. Italy's industrial districts, built on dense networks of family ties, local identity, and cooperative institutions, have long been celebrated as exemplars of social capital-enabled competitiveness. They have weathered economic storms through collective action, innovation, and flexibility. Yet they face mounting challenges—global competition, succession difficulties, erosion of traditional bonds—that test their adaptive capacity (Becattini et al., 2020; De Marchi & Grandinetti, 2021).

Burkina Faso's small businesses operate in a context of extreme scarcity, weak institutions, and escalating conflict. Social capital—embedded in family networks, tontines, ethnic associations, and religious communities—is essential for survival. It provides credit where banks do not lend, information where markets are opaque, and mutual aid where the state does not protect. Yet these networks are fragile, easily destroyed by violence and displacement, and insufficient for growth beyond bare survival (World Bank, 2024; Traoré, 2023; Guissou, 2024).

Several cross-cutting conclusions emerge from this analysis.

First, social capital is context-dependent. Its forms, functions, and effects are shaped by the broader institutional and economic environment. In Italy, it complements strong institutions and enables global competitiveness. In Burkina Faso, it substitutes for missing institutions and enables survival. Understanding these differences is essential for effective policy.

Second, social capital is a double-edged sword. It provides essential resources but also creates constraints—obligations that limit accumulation, exclusion of outsiders, vulnerabilities in conflict. Policy must recognize both dimensions.

Third, gender matters. Women entrepreneurs rely on distinct networks and face distinct constraints. Gender analysis must be central to research and policy.

Fourth, conflict destroys social capital. Burkina Faso's experience shows that violence and displacement can shatter the networks on which businesses depend. Peace and security are preconditions for resilience.

Fifth, adaptability is essential. Italy's experience shows that resilience requires not just strong networks but the capacity to adapt—to innovate, digitalize, reposition. Burkina Faso's experience shows that even survival strategies must adapt to changing circumstances.

Sixth, policy must be context-sensitive. Italy's industrial district policies cannot be transplanted to Burkina Faso. Burkina Faso's survival strategies cannot be romanticized as models for Italy. Interventions must be tailored to local realities.

For Italy, the path forward involves supporting network renewal, facilitating succession, fostering innovation, and adapting industrial districts to global change. Policy should strengthen the cooperative institutions and business associations that have long underpinned district resilience while also addressing the erosion of traditional social capital.

For Burkina Faso, the priority is peace and security—without them, no amount of social capital can sustain small businesses. Beyond that, building basic institutional infrastructure—functioning courts, accessible finance, reliable infrastructure—is essential. Emergency assistance must be accompanied by longer-term investments in the institutions that enable markets to function.

For the broader community of scholars and policymakers, this comparison underscores that small business resilience is not merely an individual attribute but a social achievement, embedded in networks, institutions, and communities. Building resilience requires strengthening these social foundations while addressing the specific challenges of each context. In a world of increasing volatility—economic, political, climatic—understanding how social capital enables some businesses to survive and adapt while others fail is more urgent than ever.

8. LIMITATIONS OF THE STUDY

This study has several limitations that should be acknowledged. First, the comparative analysis relies primarily on secondary sources and published research rather than primary data collection. Direct fieldwork in both countries, including interviews with small business owners and policymakers, would strengthen comparative insights.

Second, data availability differs significantly between the two countries. Italy benefits from extensive academic research, official statistics, and policy documentation. Burkina Faso's data is more limited, with enterprise surveys providing some information but limited coverage of conflict-affected areas.

Third, the study of social capital is complicated by the intangible nature of the concept. Measuring social capital and tracing its effects on business outcomes is inherently challenging.

Fourth, the study focuses on small businesses with limited attention to the broader economic and political context that shapes their opportunities.

Fifth, the voice of business owners themselves—particularly women, youth, and those in conflict-affected areas—is mediated through reports rather than captured directly.

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10. AUTHOR CONTRIBUTIONS

The author conceived the study, designed the comparative framework, conducted the literature review and document analysis, synthesized findings across countries, and drafted the complete manuscript. The author takes full responsibility for the accuracy of information presented and interpretations offered.

11. COMPETING INTERESTS

The author declares that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential competing interest.

12. AUTHORS' CONTRIBUTIONS

As sole author, I performed all roles including conceptualization, methodology development, investigation, formal analysis, writing, review, editing, and project administration.

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14. DATA AVAILABILITY

All sources analyzed in this study are publicly available documents, including policy reports, academic publications, enterprise surveys, and institutional documentation. Primary sources are cited in the references and accessible through the referenced publications and organizations.

15. DISCLAIMER

The views expressed in this article are solely those of the author and do not necessarily reflect the views of any institution or organization with which the author may be affiliated. The analysis is provided for scholarly purposes and should not be construed as policy guidance or investment advice. Small business resilience and social capital are subject to change, and readers should consult current official sources for specific information about Burkina Faso, Italy, and entrepreneurship policy.

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