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The Impact of ESG Investment, How Company and University can Collaborate to Realize It with Local Innovation

ABSTRACT

Objective: The World Commission on the Environment and Development defines as sustainable development that which can satisfy “the needs of the present without compromising the possibility of future generations to satisfy their own”. The attention to the issues of the environment, of the circular economy, of the ageing of the population is becoming a way to attract the curiosity and then the interest of the consumers with more and more awareness. Socially responsible finance is no longer a niche issue, so investing an ethical model must become a standard for both international and territorial realities.

Methodology: The “myth” of low yields would seem debunked, because the companies that introduce Social, Environmental and Governance criteria have an excellent reputation and do not aim to opportunistic gains in the short, but sustainable results in the long run. An undeniable advantage for all the stakeholders and for the planet itself needs to be added; human resources valorization, equal opportunities, efficient exploitation of natural resources and reduction of pollution produced are just some of the positive results deriving from this new business philosophy. For this reason a new obligation on the commitment of the companies regarding the environment is needed, while for all the corporate summits bonuses and compensations must be rethought according to the objectives of environmental and social sustainability. In the past such commitments were considered by large companies as a further cost, and nowadays they are increasingly becoming an opportunity that even the small economic realities on a territorial level cannot afford to lose. Starting a dialogue, not only with the traditional stakeholders (such as customers and suppliers) direct users of the product value, but especially with the territory given the social impacts deriving from the economic activity on people is necessary. In this respect, it would be particularly fruitful, from the point of view of innovation and growth, to create relations with the institution traditionally identified as the depository of research itself, that is the University.

Findings: ESG (Environmental, Social and Governance) is an acronym that indicates the commitment of companies to the environment, sociability and respect for diversity. These criteria are destined to become, in the near future, one of the most important factors of business success, of investments discrimination, of orientation for big funds policies and of reputation for entrepreneurs and managers. Environmental and Social criteria relate to the real consumption of limited natural resources by an economic activity, and to what it then returns in terms of goods and services to the reference communities. The term Governance means the way in which an enterprise is managed, the relationships that are set up with the employees and the methods of remuneration for the top management. Thus, the ESG index is potentially able to reveal whether an economic activity is sustainable in the medium or long term beyond the financial variables. But how is possible to transpose these values on a territory level?

Value Added: We have to look to those who are responsible for the innovation and development of that local reality. Unfortunately, the panorama of business, university and public collaboration is still jagged for a deep lack of relations between these different actors. At the same time, technological evolution imposes increasingly tighter rhythms to innovation, forcing companies to find out the R&D function by drawing on university research or acquiring from innovative start-ups. These new companies, often born as university spin-offs, however, encounter many difficulties of development related to the scarcity of capital and therefore to the impossibility of embedding the value created within a patent. It is therefore appropriate that the two main operators of this market, universities and companies, find a way to communicate and collaborate on a common project, creating value and bringing

welfare not only to their respective realities, but also to the whole community of the territory interested in the sign of ESG ethic.

Recommendations: For this reason it is important to take part in the projects in ethical ESG companies that, relating to the university and the territory, can guide innovation towards a horizon of welfare distributable among all stakeholders. A meeting point between all interests in the game could be a shared Hub where, through a contract, the modalities of collaboration will be established and the common objectives pursued; in this way the university will have the funds for the research, the enterprise – a targeted innovation for its purposes and the territory for new employment possibilities for the workers of the sector.

Key words: University, Ethic, Companies, Social Territory, Shared Hub, Business Relations, Startup, Innovation, ESG, Environmental, Governance, Investment

JEL codes: Q5, M140

The impact trend, the ESG investment and the real sustainability

The ESG logics burst into the entrepreneurial world like a river that overflows and drags away the debris of old finance, by now incapable of adhering to the demands that shake and permeate the human soul. If the application of ethical principles is in many cases appropriate to the logic of finance in general and profit in particular, what is lacking is only the transposition in place of an awareness that potentially already exists in the minds of new generations. A dormant that waits only to be aroused by a new conception of wellbeing, will be able to permeate and shake the minds of managers and traditional investors.

ESG: The approach of legislation and European Union

At the legislative level there are important innovations all over the world, since Cop23, the annual meeting of the Conference of the Parties on the

application of the UN Convention on Climate Change (UNFCCC), held in Bonn in November 2017. A new path for sustainable finance has been highlighted, with the drafting of a letter of intent in which there is the hope for the creation of sustainability rating agencies to be assigned to companies.

Even at the European Union level, finance has been considered one of the key hubs through which support for socially responsible behavior must be passed. In fact, the European Commission has delegated the identification of certain guidelines to a technical committee, which can be applied in the individual countries by the banking supervisory authorities. Furthermore, on March 8th of this year the Commission itself published the action plan for a clean economy, with 10 particular actions for: the communication and standardization of good practices with relevant regulatory requirements, the introduction of ESG criteria for the management of investments in reporting to sustainability risks, the increase of transparency for businesses on social responsibility activities. All this should create the basis for a clear and unequivocal classification of what can be termed or not sustainable finance.

In this regard, among the elements highlighted by the Action Plan UE, carried out on the basis of the indications provided by the group of experts in sustainable finance, the possibility of creating a brand that distinguishes the sustainable financial products has been advanced. The Ecolabel, as it has been defined, will be useful for investors to immediately identify products that meet their green preferences, even if still lacking shared criteria for identifying sustainable financial products.

The European Union has then imposed the obligation of the non-financial declaration from the approval of the 2017 budgets on all listed companies with more than 500 employees. The importance of this change lies in the fact that many companies are obliged to face the problem of environmental and social sustainability for the first time. The obligation to report its activities outside the income statement and the balance sheet, imposes in fact a quantification of the results obtained in key of sustainability and, consequently, planning for the future.

This imposition could be seized by companies as an incentive to orient the strategic choices of medium to long term towards sustainability horizons. This decision, if accomplished in the broader perspective of the world that is moving towards a new environmental, social and governance dimension, can take the form of an investment for the future, so much so that the ESG parameters are also among the first to be assessed in the choices of B2B-type partners. This rule therefore goes beyond the correct and widespread habit of publishing a social report, because the aim is also to highlight the risks that a company will have to face in the future; a risk management upgrade to which even less green investors cannot remain indifferent. The importance of ESG factors seems to be clear not only in terms of the protection of the environment and the social territory, but also for the reputation of business.

Perhaps the law is not enough, also because one of the pillars of sustainability is the voluntary adhesion of the company; it then serves the demonstration given by the positive economic impacts on the budgets, the result of a change in the mentality of the people who perhaps are already realizing this fact.

The convenience of ESG investments, the studies conducted and the risk-return ratio

The 2017 was an excellent year for ESG indices, in particular the MSCI World Sri Index in Euro recorded a performance of 9.1% higher than the traditional MSCI World index. The MSCI ACWI low Carbon Leaders (9.27%), which encompasses large and medium-scale companies with low gas climate altering of 23 developed markets and as many emerging countries, has sharply beaten the MSCI World index (+5.38%) representing the Global market, with over 1600 world titles in large and medium-capitalization. While the result of the MSCI World ESG Leaders (+4.10%), consisting of companies operating in compliance with environmental, social and governance criteria, is substantially in line.

According to the latest research conducted by leading institutions such as the MIT of Boston or Harvard University, the “myth” of less-performing ethical funds seems to have been debunked. It is true that companies that have incorporated ESG factors into their strategy are more efficient, more innovative and create more value for shareholders. In fact, according to the study “The Impact of Corporate Sustainability on Organizational Processes and Performance” of the Business School of Harvard, a dollar invested in 1993 in highly sustainable companies was worth 22.6\$ in 2010, against the 15.4\$ of competitors less attentive to sustainable criteria.

If we were then to make a comparison of the sustainable funds with the traditional offer of the same category, it would seem that the former tend to have a better risk-efficiency profile. According to an analysis carried out by Pictet Asset Management, companies operating globally and complying with ESG principles have better and more stable trends over time, benefit from lower capital costs and higher credit ratings; this translates into an average borrowing cost 20% less than others.

The same results are valid for Europe, as evidenced by the conclusions reached with the first study carried out on the Stoxx Europe 600 Index by Banorsim and the Polytechnic University of Milan. The research has shown that in the course of the five-year period between 2012–2017, companies with higher ESG ratings obtain higher differential yields at almost the same standard deviation. The best result (+86,1%) was reached by high ESG securities, those with higher ethical performance, which have also presented the lowest standard deviation (11,19%). Moreover, it seems that companies pursuing all three purposes of sustainability (Environment, Social and governance) achieve better results than others that pursue them individually.

Furthermore, investing according to socially responsible criteria allows to avoid those risks that are beyond traditional analysis based on the company fundamentals and which can significantly affect the trend of stock quotes in portfolio.

The choice of ESG selection criteria is in fact sheltered from reputational risk, which in the recent past has brought down the price of giants such as

Volkswagen or British Petroleum; all companies that have neglected the problems arising from a failure to manage the risks of an extra-financial nature. While, generally, the fact of adhering to ESG criteria in the construction of portfolios tends to cut the so-called risk of the queue, as the presence of shares that show sudden collapses in market quotations. This makes it possible to have more robust risk measures than the traditional benchmark, without necessarily sacrificing performances.

To confirm this, the results of a recent survey, presented in Davos during the last World Economic Forum, showed that for 80% of the managers surveyed, the most important perceived risks are environmental and social; a double percentage compared to the same poll of 2014.

Management responsibilities and the letter from Larry Fink

The Luiss University of Rome and EY have recently conducted a study on the compensation of managers, from which it emerged that the indicators traditionally used as a parameter to calibrate the salaries of managers are increasingly joining sustainability criteria. An entry actually means affecting the decisions of management and seems to confirm the permanence of ESG issues in the reality of business. Sustainability thus becomes an essential business component, which should therefore no longer be understood as a "fad", but as a business awareness of the importance of the wellbeing of all stakeholders for success of the enterprise.

The obligation imposed by the EU to managers, also to report non-financial information, translates into facts in two types of consequences: the possibility of verifying that the results have also been achieved from the ESG point of view and the dissemination between the management of a greater awareness of these issues. There will also be the question of how to remunerate the attainment of the strategic objectives of sustainability because, even if there are already remuneration parameters linked to intangible elements,

such as customer satisfaction or the use of renewable energies, the ESG impact on the overall salary of managers is almost irrelevant. The executive compensation should at least be assessed on broader time horizons, and many companies already apply correction mechanisms such as claw back clauses for periods that typically range from 3 to 10 years. These allow to recover a part of the compensation paid to the managers or not to give them at all in case of failure to achieve predetermined targets.

But for the definitive affirmation of a sustainable business model, it needs to be accompanied by the managers' rewards and a training that considers a person over the profit. Thinking about how to create profit for the company no longer means just creating jobs and economic development, but creating a positive impact on people and value for society. The new generations of young managers will be more and more interested not only in an economically satisfactory career, but also in the positive effects of their actions on the social environment in which they operate.

And it was nothing less than the head of the largest managed savings group in the world to break the delay and put in writing the company's commitment to achieving sustainability results, as well as purely financial ones. Larry Fink, CEO of BlackRock, with about 6 trillion dollars of managed masses, sent, in mid-January, his letter "A Sense of Purpose" to the CEOs of the largest listed companies around the world. In this letter he states the necessity to pursue financial results, assessing the impact on all the stakeholders. An impact that will have to be positive for customers, suppliers, employees and territory where you work, and no longer oriented to the short term, but looking at growth in the long run. This document seems to be the result of a multi-annual redeployment of BlackRock as a leader in the field of sustainability.

The head of BlackRock encourages the drafting of strategic sustainability plans, which go beyond short-term earnings and purchases or repurchases of shares, made to the detriment of real investors. There is also a clear reference to the arms industry, historically clinging to an overly extensive

interpretation of the Second Amendment, and thus having to do with more stringent rules on possession and trade.

Despite this letter of intent, however, it remains to be verified which the real BlackRock behavior will be in result of the repeated privacy violation of Facebook customers. The behavior of the world's largest fund against the title, which has blatantly violated the interest and rights of its users, will certainly be a lesson for the entire sector.

The new audience of Millennials

The way in which we are exploiting the world beyond its possibilities is making the natural resources scarce and at the same time makes people more aware; for this reason, sustainable investment will become more and more important in the future. Today, investors are more responsible, so they are interested, besides the yield, to know if their choices have a preferably positive social and environmental impact. Thus, unlike in the past, the new generations increasingly feel the need to align the choice of investments to their values. This is the reason why more and more consultants and companies are dealing with the ESG issues and, if it is true that to be successful you have to meet the needs of consumers, today and more in future, the topic of sustainability will be central in the business.

In these years the audience of Millennials approaching the world of investment is increasing; even if they have lower incomes than their parents, these young savers choose to allocate their money more ethically than previous generations. The Millennials, who represent the new investors and consumers, are more aware of the impact of companies on the environment and society; therefore, at the enterprise level, the value of intangible assets such as reputation will be increasingly affected by ESG factors. If we consider how much of a company's market price depends on intangible values, neglecting the aspect of sustainability could lead to serious negative consequences on the reputational, and therefore financial, front. This is what is called "voting

with the portfolio”, a power attributed to new savers who seem to orient their choices, and therefore also reflect those of economic operators, towards a new model of more sustainable investment.

But it is still not enough. It by now seems proven that the ethical and responsible approach of companies creates a long-term competitive advantage, from which derives an increase in turnover volumes and operational marginality, the generation of best profits and the increase in the dividend yield; there is still the need to go beyond the official company data, deepening the industrial plans and increasing the direct knowledge of the management. Now sustainability is necessary because, while before we looked only at the yield and then moved on to the risk weighting, in the coming years the focus will still be the same, but corrected according to ESG factors.

There is however a mismatch between the great international realities and the local dimension of enterprises, which necessitates the implementation of a new model of territorial communication between culture and entrepreneurship. If it is true that the ESG values represent the novelty for world finance, at local level there are already companies that are moving in the sign of ethics and sustainability, but are struggling to emerge because of an innovative context highly competitive.

Company and University, a relation to innovate locally in the sign of ESG

The development of an entrepreneurship oriented towards the principles of Environmental, Social and Governance can certainly not be separated from a dimension of territoriality. Too often, in fact, the ESG logics consider themselves the exclusive prerogative of international finance or large companies, thus neglecting the fact that at local level there already exists a substrate of ethical values diffused among small entrepreneurial realities, which however encounter difficulties in the growth of size because of the access to innovation is certainly not easy. In order not to leave the values of which they are bearers, it would be desirable for companies to stretch out

an arm towards what is traditionally identified as the institute depository of research and innovation: the University.

The idea of an HUB to create local and ethic innovation

In an increasingly frantic and fast in change world, innovation is the driving thrust. To carry on this "creative destruction", companies and universities are essential, but at the same time they risk remaining behind the others. What kind of strategy these two entities can put in place to keep up with the times?

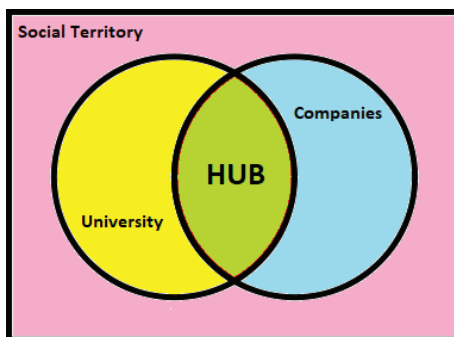
On the one hand, the university must continuously change and adapt itself, this implies a change in communication, methods, research and relation with companies that can help to direct their activities. On the other hand, for companies it is very difficult and expensive to create continuous innovation from the internal R&D department; for this reason, the new frontier is the external acquisition of independent research facilities. The solution is innovation and synergies between university and companies which can create welfare and value using different kind of resources, respectively skills (in particular of students or professors) and capital invested in technical supports. But finding the right synergy between these two operators for the creation of value is not enough to obtain welfare, because the development of innovative benefits must not forget the relation with territory as agreed upon environmental and social responsibility that is a feature of ESG ethical bodies.

With these relations the university can become more attractive for students, professors and researchers because they will obtain career opportunities, enhancement and application of the developed research. At the same time, the link with the business world through companies can bring visibility and then funding, but also positive reputation arising from their goodwill. This in turn would bring new attraction for the best minds, after getting a job, can bring more corporate realities closer to this crossroad of relationships. From the point of view of the territory, a greater dialogue between compa-

nies and institutions could lead to new guidelines of specialized training and, through ESG compliant enterprises, this human capital produced can be employed in the creation and return of value to the community. Finally, the companies will have the chance not only to exploit university researches of high quality but also to direct them according to its own purposes; for this reason, the ethical behavior is essential because doing so the companies take a responsibility on the future of the stakeholders in general and of the university's people in particular.

From this reciprocal exchange of value and influence between the parties involved (company, university and social territory), a virtuous circle can be created that: brings innovation and funds, reconciles teaching with research and business, creates new professionals closer to the working world and business demands, makes available structures able to create new skills and innovation. For these reasons there is necessity of more dialogue and collaboration that could be catalyzed by a meeting point, a Hub of intersection between university, for which it will represent research laboratories, and companies, for which it will be the function research and development. A further result of this interaction can be the sharing of value and welfare created, but only if the first step will be done by ESG ethical companies that should be the promoters of all this mechanism.

Figure 1. The intersection concept explained



Source: own elaboration.

Current situation between University and Company reality with focus on startups

In the case of some nations, entrepreneurial vocation is purely industrial, the problem is that, for the startups, there are no capital and they end up orienting themselves towards the software or services. A source of the problem is that traditionally venture capitals do not invest in hardware-based projects, which are too complex from a commercial standpoint, because they must provide their investors a 20% average yield per year over a ten-year period. So, they end up orienting their activity towards the software component or services and, given the consequent lack of capital, the investment in the hardware is left to marginal initiatives, like the crowdfunding, where the investors reason in different way.

This talk is not only about single national reality, but it can be carried on a global scale; from Uber to Airbnb, many traditional economic sectors are now re-invented online because the immaterial has enormous advantages: it is accessible in real time from every part of the globe at minimal cost and the machining carried out on the computer allows marginal costs. Thus, the general costs are reduced by hundreds of times compared to the traditional modalities and the investments, necessary for the company to operate, are reduced by various orders of magnitude; by cancelling the usual barriers to access that are characteristic for the physical markets, competition is no longer in the market but for the market.

So, in most cases, the startups ecosystem (despite the many incentives) is formed by a large group of small entities with an average turnover of 100 000 € and two or three employees, where 5–10% survives and only 1–2% becomes investor's target. Facing such high risk, the investors must finance a large number of initiatives because those that will become profitable will repay all the money lost in the others. A different investment strategy that points on quality and not on the quantity is desirable; rather than having a huge capital to invest on a portfolio of one hundred different companies,

it will allow the individual business to grow in close contact with the investor in a relationship exclusively dualistic and not 1-to-many.

Another problem with the current situation is where to find innovators because universities are often “factories” of publications rather than patents, while ideology and market pragmatism should be combined in favor of an innovation that must be useful. It is true that for startups there is a problem of capitalization, in fact the product or patent is often worth more than the entire share capital, but the biggest difficulty, in addition to the scarcity of funding, remains the realization of a specific structuring project of the company, able to relate the idea to the market context to transform the intuition into concreteness. In this situation, it must also be considered a chronic incapacity of the university to attract young talents able to contribute for the renewal of the entrepreneurial reality; so, in many cases, the best “brains” are placed in companies too large and rigid to allow the complete expression of their innovative capabilities.

Finally, the difficulties of capitalization are now further aggravated by the possibility of having fixed assets, with particular reference to real estate, which are no more incentive assets to banks for the granting of loans, but a disvalue that pushes young companies to maintain a “light” structure. This streamlined configuration, which can be a good compromise for the first few years of development of a startup, risks to be a holdup at the time of the dimensional growth, especially for capital intensive activities, such as industrial ones, which have need to use massive amounts of money already in the very first years of life.

Then, the companies must focus on the needs of the startups and how best to satisfy them in this context in favor of their competitiveness and success, performing the function of a venture capital able to recognize the value of innovative ideas. Otherwise, there is a risk that all these market failures push the startups to focus mainly on solutions that require less investment, more than on the realization of physical products and the solution of major problems. A close collaboration company-startup would be

profitable for both subjects: the first one could derive new ideas and new stimuli to reinvent the business, the second one would get in exchange actual skills, access to credit and ability to planning. And here emerges the problem of poor communication between two worlds developed in parallel and not one within the other, a gap that, united to a serious scarcity of capital in new businesses, makes them particularly difficult to overcome the initial phase of seed. This distrust of companies towards innovation that comes from outside and encourages them to prefer in-house solutions represents, perhaps, the most difficult limit to overcome, despite the economic crisis has partly contributed to a change of this status quo.

There is therefore a need to maximize the connection between companies and startup because it offers advantages to both sides, the first one can benefit from the discoveries of talented innovators, the second one earns an easy access to the market. However, there are some examples of success: Ricard Branson's Virgin offers startup loans and programs of support and training; in 2017, Barilla launched a corporate venture fund to provide capital to innovative companies in the food sector, with particular reference to the company's core business, such as pasta and Italian condiments.

There are also several public programs to support the interaction between large companies and startups, but, despite examples such as the European one where 2.7 billion euros have been earmarked for financial support and mentoring to innovative small businesses, last data collected say that less than half of the companies work with the startups or have undertaken paths of open innovation. A clear signal of how startup-business relations are indispensable, but it is not sufficient to create an innovative and balanced ecosystem; in fact the contribution of the university is necessary as a research center and as a territory without which it is impossible for a company to rely on.

In fact, it is necessary to take more account of the national context where each company was born; there are, in fact, many gaps to be filled between high-innovative countries (such as the United Kingdom, Germany, the United States and France), where there is already a structured innovation market,

and countries that are taking the first steps to encourage the emergence and development of new businesses, where private investors still predominate in the form of business angel or crowdfunding. Considering that the general survival rate of the startups is between 70 and 90%, what is needed to give a real boost to the sector is the action of medium-sized local businesses that, by investing directly in micro companies, can incorporate them also constituting club deal, a team of investors aimed at increasing the financial contribution and reducing the risk. In fact, in the face of enough investments between the 3 and the 5 million, a sector with high growth potential, like that of the startups, presents also an elevated risk and then required preparation and expertise. The public intervention should also be calibrated on the characteristics of the individual country and territory, not only by exploiting the card of the "light taxation", but also with the construction of theme parks where there is, in addition to the startup component, also the university research and where a "contamination Hub" between these different worlds can be created, with a structural policy that also involves the world of work. Within this large multidisciplinary Hub, the companies, the university, the State and therefore the social territory could really create the conditions for the birth and growth of the innovative startups, providing a whole range of services and supports that help them to overcome all the difficulties encountered in the very first years of life.

Suggestions about University-Company relationship development also considering social territory and patents

Institutions of higher education tend to attract smart people with a multidisciplinary background that are looking for achieving high levels of future success, also launching an early stage startup. In fact, successful early stage companies are founded by a well-rounded, highly-motivated and hard-working team of individuals from diverse backgrounds, skills, knowledge

and experience. University is the ideal platform to put together these talents and facilitate people interaction also thanks to faculties proximity; there are, in fact, not many other platforms that provide a vehicle for individuals from different disciplines to interact with each other on regular basis. It is true that radical innovation happens when connecting previously unconnected bodies of knowledge and that students have more room to experiment and navigate both the successes and failures of starting an early stage company, but often this is the maximum that the university can do, failing to put them in contact with the entrepreneurial reality.

The creation of this link and the success of innovations are responsibilities of the companies. In fact, the failure of the traditional model of startups incubation lies in the lack of a relational logic with universities, which are almost segregated at the stage of the idea, while a more structured and integrated approach, reiterating regularly the moment of Schumpeter creative destruction, renewed the competitive advantage within the enterprise for the benefit of all stakeholders. Even the companies have, however, their faults: by offering at the most just incubators or tending only to extract value from the university (for example buying spin-offs) or, again, suffocating the startups having too many to follow with limited resources; so, it would serve to abandon the "takeaway" logic to embrace one of confrontation and reciprocity.

From one hand, the university will then be able to provide the structures (such as tools for research or premises that today are a disvalue for the company) and skills (such as research and consultancy) for the development of a tailor-made innovation for the company that, for its increased complexity, it needs more and more to integrate transversal disciplines obtainable only from the collaboration of different faculties (a typical example could be economics, jurisprudence and engineering). From the other hand, the company will be able to confer money (funding) and ensure post-graduate work (employment); in particular it would be necessary for universities to have the money to patent their research so that they can be developed and

attractive to businesses, which in turn could provide the funds to achieve and guide new innovations.

Fortunately, many companies are beginning to be permeable to the innovations that come from the universities and which are integrating with the internal innovation process. But it is not enough to be open to innovation, because a system such as university, that is traditionally characterized by open disclosure and rapid dissemination of research results, when it meets the business world risks to have dispersed its value if it has not been able to embed it in a patent exploitable and identifiable by the enterprises. In fact, the companies, if they are ethical, already have a physiological predisposition to valorize the positive innovations of the research institutions on the territory are therefore attracted by the controlled technological transfer of the ideas that have a real application in business, but at the same time they are frightened by the lack of protection of the know-how created. In this sense, there could be a state-level intervention to encourage universities to use the patent instrument more, but above all to employ it only for those which are developments of entrepreneurial interest. In this way, the university would avoid incurring unnecessary costs and companies would have legally protected innovations more in line with their own business. A formal protection at the level of patent and led by business would also avoid those that are the classic risks of this tool: the potential downside of fencing off upstream university research, slowing down technology transfer and creating incentives for secrecy among university researchers. This collaborative model would also reduce the competition for the "patent race" between universities and companies, which, in addition to creating redundancies and waste of resources, threatens to create fractures in relations between two worlds that only working together can achieve the best results, both from the point of view of innovation and of the population welfare.

Therefore, local, national and international authorities must be prepared to form an integral part of this triangular relationship: by encouraging, on the one hand collaboration between enterprise, university and territory;

by promoting, on the other hand, the use of the patent tool and, at the same time, the sharing of research extraneous to the mere economic interest. This further interaction with the sphere of the public will be able to generate some important and positive additional consequences, including: the possibility of pursuing long-term projects not necessarily profitable in the short run; an indirect addressing of the business reality and simultaneously of the research, towards the joint pursuit of interests shared by the community.

Proposal of a reconciliation HUB focused on a collaboration contract

At this point, it is now clear that there are criticalities that have until now prevented the creation of a network between university, enterprise and public for the joint development of new innovative startups. One of the main complications is the lack of communication, few universities communicate concretely with the outside, even with other faculties, and often entrepreneurs have preconceptions towards students, professors and researchers who, not having had real contacts with entrepreneurial reality, often do not know what it means to do business and produce profitable results. In fact, if an enterprise has a specialized task to operate, it hardly entrusts it to a startup, unless it is really a recognized excellence in that field or have already had positive experiences in the past with it; this because University's spin-offs know more theoretical notions than practices or have been created within the faculties to perform mostly consultancy activities. So, the limits of this relational model are the lack of mutual knowledge: the university often ignores the corporate reality and sometimes companies do not understand where the university can make the difference and contributes to an industrial development; there is a scarce number of opportunities for confrontation, companies seem to have no time to deepen the relations and the universities do not seem to understand the need to establish a dialogue.

A possible solution could be to increase the occasions of relation between the university and the corporate world, deepening the knowledge on the reciprocity specializations to find possible points of contact; a useful tool could be the mixed public calls between entrepreneurs and faculties that would be working together to achieve the economic result. Unfortunately, the adaptation timing of the public initiative is often not synchronized with the frantic rhythm of competition between private individuals, and also small businesses, forced to fight for survival, do not really have either time or the resources to schedule meetings with universities at regular intervals; therefore, the only entity that currently seems to have the strength to carry on this project in first person are medium-to-large companies, because they have the ability to implant startups built on the university substrate, but only those ethical have the right philosophy to understand the need, while faculties must be ready to get involved according to enterprises demands.

One of the objectives is to develop an entity that goes to unify all the elements thus approaching people and work with an outsourcing that should be participated by all the agents, in the sense of creating a third entity that as a Hub of R&D unites the two worlds of university and company, becoming the custodian of the value created in terms of patents and know-how; it is from this Hub that the innovations created will be selected and extrapolated to sell them or to embed them in a startup. Getting started, it would be sufficient that the large companies begin to create new subsidiaries or a branch of society within the university, or the newly born companies orient themselves in full on a collaboration with the faculties, or even the smaller in size companies join a network of small similar businesses to begin a dialogue with an intra-university institution. Alternatively, in the case of small independent companies, it is the university that should instead strive to interact with these entrepreneurial realities that often do not have the resources to collaborate, especially if the premises are distant and therefore the entrepreneurs could benefit from collaborations with universities of the surrounding territory. In this perspective, it is clear that the personal relations between the company

and the university still play a fundamental role in the technology transfer processes, especially at the local level, because they seem to facilitate the absorption of knowledge acquired from the outside and the integration of know-how developed in collaboration with other partners.

The substantial and formal creation of the Hub, which, as said, starts from the company, could also have legal participations, as well as technical, by the other actors including the university at first and the public sector at the second, the latter, above all, in the activities of common interest. For this reason, it is legitimate to think that the relational architecture envisaged will be concretely achievable, especially in the early stages of development, only taking into account the needs and resources made available by the public sector in general and by the territory in particular.

The legal tool of connection, between all the different interests of the participants in the project, could then be the contract, because only with a contractual means especially built, and realized on the concrete needs of the individual contractors, it will be possible to overcome the first step consisting of direct relations entrepreneurs-researchers which, although it had the merit of overcoming the distrust between the parties, must go beyond a link based only on consulting service. While the primary purpose of the Hub will be not only to lower the mortality of the startups, but also to catalyze the triangulation between university-company-territory and, in this way, to contribute concretely to the application of the university research that otherwise would never turn into development and work.

Conclusions

It is a fact that there are already face-to-face relationships, more or less formal, between company and staff of the university, and that these play still a fundamental role, especially at the local level, in the processes of technology transfer. Despite this attitude mainly concerns small businesses, it still represents a significant starting point, to be able to think of creating impor-

tant institutional collaborations between the large entrepreneurial realities of a sector and the academic communities. There is another interesting element: the fact that universities are more brought to develop relationships with local businesses. This is probably also due to a geographical proximity that would seem to favor not only the rapid dissemination of knowledge and information among operators, but also the development of a district logic, in order to be able to collaborate in a constant and participatory way to the realization of specific projects, even of long breath and of articulated realization, for which the professionalism and the joint competence of a greater number of specialized operators is necessary. Not only that but, often, even for the simplest innovations, the goodness of an idea is not enough to become reality, but it is even more necessary to be able to be inserted inside a circuit that makes it a standard. Speech in which the concept of local assumes a crucial importance, both for the relationships that bind us to the place of origin, and because often only those who live in a certain territory can concretely understand their needs. A sensitivity that can have a great strategic value for the present and the future of the development of a community, also entrepreneurial, is essential. In addition, the lowering of the risk and its better management deriving from this mechanism offer then a significant competitive advantage today, because it would go directly to affect the value of the assets and the creditworthiness of the company participant.

There is also the need to train companies and entrepreneurs, because, only thanks to a concrete relationship with university research, the company can be at the forefront of the sector and understand in advance the declinations and future developments to draw a competitive advantage. For this reason, the Hub would be a central point in the R&D of several companies on the same subject, and the State, through the university, could also support the entrepreneurial development of ideas, also not profitable in the short term, but of structural importance and strategic for the nation, as a custodian who supervises the key innovative resources for the well-being of the population.

All this in a logic of type technology push, alternative to the competitive one that has spread in recent years, which is driven by demand and which neglects the fact that, often the user or the consumer is not really aware of what is best for him, especially in the long term. This causes the loss of excellent initiatives that, due to the little initial appeal, will never see the light and cause death of many start-ups with potentially revolutionary ideas. So, one could finally deviate from a mere logic of type demand pull to return to a real entrepreneurial proposal guided by ESG ethics, which carries out research for the common good and not for the market; to find an innovation that must be useful, but not necessarily linked to short-term opportunistic logics. In fact, the company takes an important responsibility on training, employment and future of young people, in particular for the Millennials that want more and more that their professional activity has also ESG positive implications for humanity.

The concept behind all this reasoning is the optimization of value preservation, not a purely monetary value, but referred to the protection of “entrepreneurial biodiversity”; that means protecting the genesis and variety of businesses that inhabit a territory. “Entrepreneurial biodiversity” ensures that different paths of innovation and research of human well-being are developed, even the most tortuous and apparently less profitable, because the logic is to move the focal point from profit to a person; ensuring the survival of those fragile collective welfare projects that, otherwise, should be lost forever in time as extinct species.

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