

**Interview with  
Silvia Candiani,  
CEO of Microsoft  
Italia and president  
of Bocconi Alumni  
Community**

## Your career from A to Z

How important are personal  
initiatives and working  
in a company  
with human resource  
development programs?  
Bocconi researchers  
and alumni answer

Bocconi

Let's get  
social!  
@unibocconi





Elena Lavezzi, Head of Southern Europe Revolut



"Leaders need to understand the strengths of people in their teams and leverage them to help both employees and the company grow."

Alberto Calcagno, CEO Fastweb



"Digital leadership entails a cultural change, moving to a new way where all employees can contribute more and have the freedom to be entrepreneurs".

## ESG Capitalism, a Goal Within Reach

When we reach the end of the pandemic tunnel, we must be able to say to ourselves that we have done everything possible to build a new capitalism, one which leans toward growth and development while trying to ease inequalities and respect the planet. A capitalism that thrives in an aware and inclusive globalization which enhances diversity instead of marginalizing it. We might define it as ESG capitalism, and enlightened entrepreneurs and companies, the Olivettis of the 21st century, have already begun this revolution. It represents a cultural turning point by which we take a 360 °view of the impact and value that companies create with respect to all stakeholders, from shareholders to final consumers, without losing sight of workers and the territory. In this context, what is the role of a university, of Bocconi and its community? It is to cultivate the ground on which ESG capitalism must sprout. To train managers and policy makers who, with competence and a critical spirit, are able to direct the actions of companies and organizations according to shared priorities that enable them to have a positive impact on the whole of society. In order to train the new generations in a culture different from our native one, it is necessary to develop new knowledge precisely in those areas that they understand to be indispensable for our very survival as a society. For this reason, among the latest Bocconi initiatives marking the end of 2020 and the hope of rebirth in this new 2021, we have created two new research structures thanks to the shared objectives and support of our partners. They are the AXA lab in gender equality and the eSG Lab - excellence in Sustainability and Governance for SMEs,

by SDA Bocconi, promoted by the Sodalitas Foundation, with the support of the Enel Foundation and Falck Renewables. These centers are in addition to the Covid Crisis Lab born last May (whose director, Alessia Melegaro, has just won an important ERC grant on vaccines which she tells us about in this issue) and to centers with a longer tradition in Bocconi such as LEAP, Laboratory for effective anti-poverty policies, or the Dondena Center for research on social dynamics and public policy.

Another aspect of our social life is fundamental in supporting ESG capitalism: knowing how to govern the digital world, correctly interpreting the information that comes to us from data (collected with respect for privacy) and living in the social commons once again by applying critical thinking and respect for the rules. It is precisely on these aspects that Bocconi is at the forefront thanks to the commitment of scholars such as Oreste Pollicino, recently appointed Co-Chair for the Digital Transformation task force of Think20 (T20) Italy 2021, whose task is to develop policy proposals to be presented to the leaders of the G20, and Francesco Decarolis, who won his second ERC grant on the topic of Competition in Digital Markets (about which he writes in this issue).

We are only at the beginning but ESG capitalism is within our reach, and we must build it brick by brick.

**Gianmario Verona, Rector**



*B4i, Bocconi for Innovation, the Bocconi accelerator, started its activity at the same time as the first lockdown, last spring. Since then, 12 startups have entered the online acceleration program and 35 are in the pre-acceleration programs*

# Accelerating

# online





Università  
Bocconi  
MILANO

# CHALLENGE

## X Bocconi 2021

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The FTxBocconi Talent Challenge virtually united 150 talented students and early career professionals from all over the world. The second edition of the global competition focused on reshaping the business world, leveraging on human capital, sustainability, diversity and inclusion.

The FT Talent Challenge is a Financial Times global programme aimed at generating ideas to challenge the future of business. Bocconi University is a leading higher education institution of business and managerial advancements.

**For more information, visit**  
**[fttalent.ft.com/ftxbocconi2021](https://fttalent.ft.com/ftxbocconi2021)**

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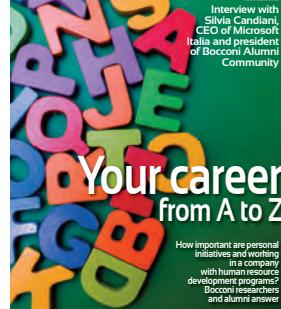
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BOCCONI UNIVERSITY. KNOWLEDGE THAT MATTERS

Interview with  
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# A Truly European Jurist

*Training professionals capable of moving across the 26 different legal cultures of EU countries: this is the goal of Pietro Sirena, Dean of the Bocconi School of Law. Always keeping in mind that "law is not just the sum of public decisions, but the set of our individual destinies"*

by Emanuele Elli @



When I look at new Bocconi law students, I see in them a passion for law that I don't remember in myself as a student". Pietro Sirena, professor of the Department of Legal Studies and Dean of the Bocconi School of Law, candidly admits it with a smile, while observing the data documenting the increase in requests for enrollment at the School (+59% of applications to the first selections for academic year 2021-2022). "When I enrolled in Law, at the Sapienza University of Rome, I was simply looking for the way to find a good job; my passion for law came later, following the lectures of Professor Cesare Massimo Bianca and developing an interest in academic life. But of course everything was different then, suffice to say that the impact of digital technology on law was not envisaged and even English was rarely used, because Anglo-Saxon law was considered less noble than Continental law, above all German".

→ **How do you explain the success of jurisprudence among younger generations of students, especially Italian ones?**

It seems to me that the general context of uncertainty for the future has pushed families to invest in the education of their children. To this we must add that law has assumed an ever greater importance in business, in society, even in our daily life, which today is more than ever marked by laws, rules, permits. On the other hand, the present success of legal studies at Bocconi is linked to their profound renewal, which has focused above all on the internationalization of law and the use of new technologies.

→ **If you could go back in time, which of these new forms of law do you think you would be attracted to?**

Law is a discipline that involves a hard initial phase of learning the fundamentals, rules and language, a

**PIETRO SIRENA**  
Born in Canelli (Asti), attorney and professor of Civil Law, Comparative Private Law and European Private Law, Pietro Sirena has been Dean of the Bocconi School of Law since 2018. He graduated from Sapienza University of Rome, did his PhD in Pisa, and completed his training in Germany ("which is considered, together with Italy and France, the motherland of law") before returning to Italy to work as a researcher. "I always tell my students that there is a perennial constant in the study of law, and it is the strong motivation required from students. Suffice it to say that you still need five years to get a degree in law, there is therefore no preliminary undergraduate step, a three-year degree after which you can leave to, say, found a startup. And then, after graduation, there is the professional internship, and the state bar examination that you need to pass. It is a long journey and you can arrive at the end of the road only if you have a real interest".

rigorous training that constitutes a constant reference to draw on even when you have to deal with something unprecedented, which might be data circulation on the internet, artificial intelligence or electronic commerce. They are new phenomena, but the basic principles that legally govern them are the same as always. Rather, the greatest novelty lies in the international dimension that the study of jurisprudence has taken on. The law by constitution is linked to a society, and therefore to a national state and its history. Today, however, even in law we are witnessing a slow process of European integration and fusion; as with the economy, laws will also take on supranational dimensions, albeit at a much slower pace because it is easier to create a single currency than a common EU law.

→ **And in fact, research on and demand for comparative law are growing a lot today.**

Yes, but it is European law that is growing most of all. One of the main objectives of our Law School is precisely to train a European jurist, who knows how to deal with 26 states, 26 cultures, 26 legal systems, 26 institutional systems. This is the true frontier of law today and it is an extremely ambitious task. Just think of the complexity that comes from linguistic pluralism, which for a jurist certainly cannot be dissolved into a hegemony of English. Language and law are expressions of differing social realities, which must be recognized as such.

→ **Do you feel you are a different kind of jurist for the fact that you are presiding over a law school in a university that has a clear economic vocation?**

No, I don't think I'm a "different" jurist, or maybe I was so before I came to Bocconi. I was a researcher at the Tor Vergata University of Rome and then I taught for seventeen years at the University of Siena and I believe that the methods of my research and



## From Coding to AI: the Bocconi School of Law Looks Out to the Future

A law school that guarantees access to traditional legal professions, strongly rooted in Italian law, but that also trains legal professionals so that they can read financial statements, use statistics, understand companies. The unique blend of the [Bocconi University School of Law](#) has determined success since its inception, guaranteeing the rapid exhaustion of admissions available. Today the School has 300 freshmen for the Integrated MA in Law, for a total of 1,500 students enrolled in Bocconi's 5-year program, admission requests have grown by 17% in the last two years. There are two directions for growth: internationalization ("we give the opportunity to do a semester of exchange abroad in one of our 59 partner schools around the world", says Sirena) and cross-disciplinarity, which is essential for staying ahead in legally addressing the impact brought by the digital revolution. "We have started research on robotics, the Internet of Things, the use of algorithms in judicial and corporate decisions," continues the Dean of the Law School. "We also included data science and coding courses in the MA in Law in the belief that today a legal professional must not only know how to use IT tools but enter their language and understand their mechanisms and structure".

teaching have always been based on the need to combine the heritage of the legal tradition with the other social disciplines, working in an international context. This is precisely why I came to Bocconi: it seems to me it is the best Italian university for developing such a program.

### → **What is the aspect that fascinates you most today in your research and in your teaching activity?**

In our School, the ideals of building a European society and a European legal culture are strongly felt. Both as a researcher and as a professor, I strive to make a contribution to this change. I also believe that the pandemic we are experiencing has made it all the more evident that the jurist takes on great responsibilities and can wield enormous power. In recent months the life of each of us was punctuated, perhaps even excessively, by government decrees that established whether we could go out, see friends, open shop, travel, and we had to face the reality of those who could no longer pay rent, creditors who demanded payment from businesses, those who wanted the reimbursement of the gym membership, and all the other needs that emerged. All this has exalted the role of those who make and administer laws, but it also reminded us that law is not only the sum of public decisions, but is the set of our individual destinies. ■

# Ten Stories o

*The alumni of the Bocconi School of Law are with competition law in Brussels, an alumnus law firm thanks to Brexit, the arbitrator work*

by Davide Ripamonti @

### ALBERTO ALEMANNO How I Seek to Democratize Lobbying



"Anyone, even a simple citizen or an organization can, indeed must, be able to influence the decision-making process, at local, national, EU levels. In sum, anyone can make democracy better". **Alberto Alemanno**, PhD in International Law and

Economics at Bocconi, is Jean Monnet Professor of EU Law at HEC Paris. He is also the founder of The Good Lobby, a non-profit organization committed to making European society more democratic, united and equitable. with headquarters in Brussels and branches in cities around the world. "Our goal is to democratize lobbying as a form of participation in public life, in particular with regard to fundamental issues such as social justice, environmental protection and the fight against corruption", explains Alemanno, who wrote a report on the subject, *Lobbying for Change*, which will also be available in Italian starting next summer. "Our business, for which we make use of the collaboration of university professors and law firms, unfolds along two lines", continues Alemanno, "on the one hand providing strategic consulting to organizations, foundations and enlightened companies, on the other providing custom training, through a sort of advocacy academy, for those who are preparing to meet the representatives of the institutions". But there is also another aspect that is very important to Alemanno: "This initiative shows that the range of action for law graduates has greatly expanded, there are no longer only the traditional professions of attorney or notary. We can make a difference in many ways, even at an international level".

### VALERIO DE STEFANO My Work is Jobs



Labor law is an area in which you can really make a difference. "For the sake of individuals, when I was a lawyer, and for society in a larger sense now that I am a university professor and research is a fundamental part of my activity". **Valerio De Stefano**, from Calabria, graduated in Law from Bocconi in 2006. "The University had attracted me for its

# of Ordinary Success

*are a talented and diverse bunch: an alumna became magistrate at the age of 25, another deals with labor law and ended up at ILO. Not to mention the alumna expanding her horizons in New York, or the professor at a Japanese university who also translates manga comics*

## GIULIA ASTUTI

### Why I Have Chosen to Communicate Competition



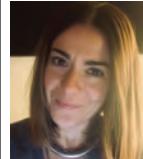
At least three reasons led Giulia to Bocconi: the desire to attend an innovative degree course in law, with an economic approach and a strong openness to the world of work; the desire to have an experience away from home; and her

Bocconian dad. **Giulia Astuti**, from Rome, Bocconi Class of 2011, is today Press Officer for Competition at the European Commission in Brussels, an environment she entered for the first time while still a student, during an internship. "I did not have, at least at the beginning, a specific competence in this area", says Giulia, "but the three-month internship, extended by another three months, and then my first job experience in an international law firm, allowed me to grow one. So I did a specific master's degree in London, then returned to Brussels to work at another law firm". After two and a half years, Giulia Astuti got a contract with the Commission's Directorate of Competition, and then a position opened at the press office: "An opportunity that I seized on the fly, for it allows me to use my specific competence in competition law in addition to my media relations skills. The dossiers which we have to study and communicate are often very technical, and they must be understood well in order to be communicated effectively". Giulia Astuti's future does not foresee abrupt changes, at least not in the short term: "I really like Brussels, I like working for the Commission and in the area of market competition. I am very satisfied with my choice of life and career, even if I don't exclude another path in the future".

innovative program in Law that included non-legal subjects", is now Professor of Labor Law at the University of Louvain, Belgium, after a career path that saw him start as a lawyer for a large international firm, and a PhD at Bocconi where he remained with various positions from 2001 to 2014, until he joined the United Nations, at the International Labor Office in its Geneva headquarters: "A truly prestigious call, always linked to my research in labor law, an issue that is changing and growing in complexity every day, under the pressure of economic changes and the development of new technologies. I

## JOLE BERTONE

### After Bahrain I Chose a Management Career



It must have been the American TV series she watched as a child, the one in which lawyers are heroic figures. The fact is that **Jole Bertone**, now Compliance Director for Financial Crimes & Data Protection at Deloitte, "in practice the one who is

entrusted with upholding the corporate image from the point of view of compliance with laws and regulations", decided to study law when she was attending fifth grade and has never changed her mind since. "I was fascinated by the ideal of justice, the one with a capital J. And I chose Bocconi because, compared to the rest of Italy's often overcrowded law faculties, it guaranteed a more tightly-knit environment, international openness and, something I only appreciated later, contiguity with economic subjects". Jole graduated in 2004 (she also earned an LLM in London) and for a while she stayed at the university as research collaborator of Federico Ghezzi, "a very important figure for my training, with his unconventional approach to law, in particular on antitrust issues". Her professional experiences have been many and varied, both in professional firms, "which taught me a lot, especially to devote myself entirely to the projects I had to follow", and in Italian and international public authorities, "I was a legal counsel for one year of the Telecoms Regulatory Authority of Bahrain", and in companies, such as Vodafone. In 2016 she joined Deloitte. "In practice, my role is to supervise and develop global compliance programs for Italy, Greece and Malta, as well as the entire EMEA area. It's a position that allows me use my academic training and manage a business reality with a strong corporate culture".

stayed there until 2017, then I felt the desire to return to academia to put my doctorate to good use". By studying an issue that of employment and technology, to which De Stefano, together with his colleague Antonio Aloisi, also a Bocconian and assistant professor at the IE Law School in Madrid, has dedicated a book, *Your Boss Is an Algorithm*. "It is the result of years of research on these topics, written for a vast audience, not necessarily employment professionals. The volume wants to stimulate a debate on a sensitive question for the future of work which the pandemic has made dramatically current".

# THE PROFESSOR

## CECILIA GOZZOLI

### What Luck to Be a Lawyer in London in the Brexit Era



We constantly talk about the difficulties that Brexit has created for Italians living in London for work and study reasons. Fortunately, this is not the case for everyone. **Cecilia Gozzoli**, from Modena, who graduated in Law in 2003, got her specialization at the School of Legal Professions in 2005 and then a Master in Law at the LSE, has been living in London since 2007. She opened a law firm there in 2012, Gozzoli Solicitors, which has also an Italian branch, and the firm has seen its range of action expand enormously after the United Kingdom's exit from the European Union: "Originally, we dealt almost exclusively with assisting Italian tech companies that wanted to set up shop in the UK", explains Cecilia Gozzoli, "now we also work with international investors, we deal with real estate transactions and carry out a whole series of obligations that in Italy would be the prerogative of notaries". As an expert in English law in a situation in which the UK legal system has become separate from the European one, there is an increasing need for her skills: "For some months I have been collaborating with the Italian Trade Agency, an entity created by the Ministry of Economic Development and the Ministry of Foreign Affairs, precisely to give support to companies that want to start a business in the UK. The rules have changed and if they have to extricate themselves on their own, it is complex".

## GIOVANNI RICCI

### Law is a Family Tradition



A grandfather who was a notary, a father who is a lawyer, so for **Giovanni Ricci** (who graduated in 2004) the legal professions were in a certain sense a foregone destiny. He wasn't pushed into it. "I have never considered studying anything else, and when the time came to apply for a university program I thought of Bocconi for its overall reputation and the quality of its faculty, Piergaetano Marchetti and Mario Notari in particular". And he also chose Bocconi, because the program in law was a novelty for the university headquartered in via Sarfatti, and the numbers were small, so that in class it felt a bit like high school. Today Giovanni Ricci is a lawyer and notary, "I took the related courses and state exams, becoming attorney in 2007 and notary in 2011". He currently practices the latter profession: "As public notaries, we have to deal with a little bit of everything", he says, "but what distinguishes my firm is a strong competence in corporate law. In particular, we work a lot with real estate investment funds, which we assist in the delicate phase of the purchase procedure. It is a choice that derives from my passion for law, developed during my university studies and supported by my grounding in economic subjects, something that only Bocconi offered law students at the time".

## FEDERICA PANTANA

### My Passions? Living in New York and Dealing with Legal Arbitration



She is involved in multi-million dollar disputes, which sometimes can last a year. With major international clients. **Federica Pantana**, who graduated from Bocconi in 2011, got her Master in Arbitration and International Law at New York University, and now lives and works in New York City. There she has been dealing with arbitration, an old passion of hers, at SAPG Legal for over two years. Like for the United States, where she spent months in Texas as a Bocconi exchange student. "Arbitration and international law, with particular reference to business law, are the specializations I have pursued since my years at Bocconi, in particular attending the lectures of Prof.

Giorgio Sacerdoti, with whom I have always remained in contact throughout the years". But not only that. Federica Pantana is also one of the founders of the Bocconi Students International Law Society, the student association that focuses on debating perspectives in international law.

Her career path also took different turns, "in other fields of law, both in New York and in London, where I was involved in capital markets". But now she has returned to what she is most passionate about. "I am currently involved in three different arbitration procedures", says Federica, "which generally take a very long time. It is all based on the concept of agreement between the parties. If there is a commercial dispute between two international companies, the parties choose an arbitration chamber, which will be responsible for resolving the issue. My role is to represent one of the parties in the dispute resolution process".

## MICHELA RIMINUCCI

### Japan, Manga and University: My Career Outside the Box



A degree in oriental languages and then, in 2013, a degree in law from Bocconi. An unconventional study curriculum, just as her career is now. **Michela Riminucci**, from Ravenna, is Associate Professor at the University of Kobe, Japan, where she went immediately after graduation. "Since October 2018 I have become the coordinator of the cross-disciplinary programs, in particular the Master program of Economic and Legal Studies. In the beginning, teaching and overseeing students took up most of my time, while in recent years I have become more involved in the administrative/management side of multidisciplinary programs and related events/courses, while remaining active in the teaching of my research

subject, which is comparative labor law". But not only that. Michela Riminucci also collaborates with the Pavia & Ansaldi international law firm, "which lets me assist transactions that require knowledge of the Japanese and Italian languages and laws", she explains, "and I work as a translator for Feltrinelli and Star Comics, for which I have translated over 300 manga comic stories". A hybrid career, as she herself explains, which she has pursued since her student years: "I went to Classical high school in Italy, but took experimental subjects. Then oriental languages and finally law, opting for Bocconi because at the time it was the only program offering good foundations in economics while preparing students for the practice of law, as well as courses in English. On balance, I work almost daily in four different fields (administrative/management, academic/teaching, legal advice, translation) and in three different languages (Japanese, English, Italian) and I don't think I would be able to do so, if I had received a conventional education".

## ANDREA TEL

### I Prevent my Company's New Products from Going Up in Smoke



The industry in which he operates is one of the most regulated in the world, always kept under watchful eyes by public opinion, media operators and consumer associations. **Andrea Tel**, who graduated in 2010, is Senior Legal Counsel, D2C, for British American Tobacco, the largest international cigarette group, a position he got in July last year. "I am in charge of following the marketing strategy of a series of new product categories that the company is about to launch especially across online channels", explains Andrea Tel, "in particular to ensure that the initiatives are in line with EU regulations and those of individual member countries. But not only that. They must also comply with the company's internal policy, which is very strict". His is a delicate position, given the attention and concern there is towards this type of products: "If we do something wrong, we are promptly caught red-handed".

During his still young career, Andrea also worked and studied in Brussels, London, Madrid, gaining a series of experiences that have a common matrix: "European law, in particular competition and international trade. Both at the Commission and in the law firms where I worked, I have always dealt with this. I believe all of this is the result of the approach you are imparted at Bocconi: thanks to its international openness and strong focus on firms and markets, it gives you the tools to succeed not only in Italy but also abroad".

## MADDALENA TORELLI

### I Became a Judge at 25, a Dream Come True



A career marked by precociousness, "which is a by-product of the Bocconi method, with which the risk of not graduating in the allotted time is minimal". **Maddalena Torelli**, from Apulia and 40 years old, is today a criminal judge at the Court of Lecce. But at 25 years old she already had the title of "magistrate" on her business card, and she was awarded as the youngest judge in Italy at the time of her appointment. After passing a public exam in which 12,000 people presented themselves at the written exam. And just over 300 passed. "I chose Bocconi because, despite the introduction of the degree in law being fairly recent, the University with its prestige and preparation guaranteed me many more opportunities, in case my first option, the judiciary, had not gone through." And she has never regretted it, right from that famous exam: "At Bocconi you had to write many term papers, and this helped me a lot. Furthermore, the limited number of students compared to other universities made it possible to follow classes very well". And even now, when her career has definitely gained momentum, the ties with the alma mater remain strong: "After an internship in Lecce, I spent three and a half years in Crotone as a labor judge and then I returned again to Apulia. In my current position, among other things, I happen to deal with economic crime, as in the case of the seizure of assets from organized criminal rings. Having also studied economic subjects, and therefore being able to read a balance sheet, is one of the greatest advantages that I can put into use when I have to make a judicial decision".



THE ALUMNA

# Let's Start Back From Purpose

*Engagement on values, continuous education, mentorships and intergenerational solidarity. Silvia Candiani, CEO of Microsoft Italy and president of the Bocconi Alumni Community, talks about her vision of how to make a strong community even stronger*

by Andrea Celauro @

**I**t's all about purpose, it's all about purpose. The primary goal for all leading communities - as well as companies - is to succeed in inspiring people, making them aware of their common goal. Silvia Candiani, CEO of Microsoft Italy, is strongly persuaded of this. Last October, she became president of the Bocconi Alumni Community. A 1993 Bocconi graduate in International Finance, she tells about her student years in Via Sarfatti.

#### → **What kind of student was Silvia Candiani?**

An enthusiast. Bocconi allows you to explore many different experiences, both in terms of classes and variety of students, but, at the same time, you get to live them in an intimate atmosphere. I spent most of my time on campus and was a curious student: I graduated in finance, but in my course of study I also studied marketing and was an exchange student at Wharton (University of Pennsylvania), where I was in class with MBA students. In fact, I graduated in three years and a half and, according to Bocconi statistics, I was in the top 1% of my class. I was a bit nerdish, let's put it this way.

#### → **What did Bocconi give you?**

An openness to the world. I came from a very traditional Milanese background, but at Bocconi I met people from all over the world. Bocconi has Italian

**SILVIA CANDIANI**  
graduated in 1993 from Bocconi with degree in International finance (and a dissertation with Paul de Sury on project financing) and obtained her MBA from INSEAD. She has been CEO of Microsoft Italy since 2017.

She was among the founders of *ValoreD*, the first association of companies that promotes gender diversity and the talent of women for the growth of companies and the country. She is member of the general council of Confindustria Digitale, president of the group on Supply Chain Platforms for Italian SMEs, and member of the Amcham Council - American Chamber of Commerce in Italy.

roots but an international soul and this was very important for me. And I appreciated its very pragmatic approach, its being very close to the business world, with real-world case studies and the presence of companies on campus. If you are curious, you can really understand how the real world works.

#### → **Is there a course that you feel was particularly useful for the development of your professional career?**

I loved the more quantitative courses and the scientific approach to economic problems. It is a method that then allowed me to tackle complex issues in my job in a structured and organized way. The scientific approach to the analysis of problems has served me a lot in my work.

#### → **McKinsey, Vodafone and then, since 2010, Microsoft. When did you choose to devote yourself to the world of innovation?**

With McKinsey I got to know different companies and issues and understood what I liked. Then it all began with what was then still called Omnitel: a cellphone startup, an exciting entrepreneurial adventure in which everything had yet to be built (and which had enormous success). There, among other things, I realized that I like stimulating environments, those where every day you have to invent what comes next, where the future has to be built daily. Moreover, this type of companies are by definition meritocratic, because there is no guarantee of success if not their own ability. These are environments in which there is the possibility of putting oneself to the test and therefore developing one's career.

#### → **What challenge is it to lead the Italian branch of such a major corporation?**

A great opportunity and a great responsibility. Today, digital is at the heart of the transformation of all sectors and all countries. Succeeding in our mission of

## THE COMMUNITY



More than 120,000 alumni scattered all over the planet, gathered in 69 chapters, from Los Angeles to Sydney, and in 12 Topic Groups based on their interests: this is the large community which Silvia Candiani, last October, was called up to head. Silvia succeeds Riccardo Monti, managing director and senior partner of Boston Consulting Group, as president of the Bocconi Alumni Community



# THE ALUMNA

giving companies the tools to fully express their business potential with digital technology is a great satisfaction. Increasing corporate resilience (as in this pandemic period) and accelerating corporate and country growth is a great business responsibility. What differentiates Microsoft from other companies is this mission to support and not compete with other companies. As a manager and leader, what I always ask myself is how to go faster: if we do 10, the society around us craves for 100 in terms of technology (and support). So, I look for mechanisms to be able to multiply our efforts, for example by forging alliances with Italian partners and creating an ecosystem for innovation through collaborations with universities, companies and startups.

→ **Digital innovation has proved a key element in countering the effects of the pandemic on society. Where are we at with the digitization of the country?**

Italy is historically behind the US and Europe; companies have always invested less in digital than the EU average. Only 20% of Italian SMEs have an e-commerce channel and this was a serious handicap during the pandemic. But there is growing awareness of the importance of digital and there is an acceleration underway. Most companies are mobilizing, and this can be an opportunity for recovery.

→ **A few months ago, you were appointed president of the Bocconi Alumni Community: what kind of commitment is required to head a community of over 120,000 alumni all over the world?**

It is my way of making a contribution to the development of the University. Alumni are a great asset for the entire Bocconi community: they can bring experience, support University projects, mentor young people, help with professional opportunities through their networks. And, conversely, the University provides alumni with the opportunity to keep up to date and develop networking. The ambition is also for the network of alumni to be a seed for change in society: working on values of excellence and being a vector of change is our aspiration somehow.

→ **What is the difference between leading the human capital of a company and leading a community of alumni?**

An aspect they have in common is that today, even business organizations must be managed by inspiring people. First of all, we need to work on purpose, that is, thinking about our purpose, why we are part of a community and why, as an alumnus, it is important that I am part of it.

→ **How do you develop a community when the sense of community is already strong?**

By working on the value proposition of being members of the alumni community, such as the possibility of



## VIDEO

September 2020: Silvia Candiani welcomes Bocconi graduate students as they start the new academic year, along with Giannario Verona, Rector of Bocconi University, and Antonella Carù, Dean of the Bocconi Graduate School.



## VIDEO

"Every industry has a tech component", says Candiani to Rector Verona in this video of the Executive Chats series. That's why her insights into management and disruption are relevant, regardless of the sector you work in



keeping up to date with economic and management trends, for example through the work of the groups of alumni organized by Topic, or by mentoring younger generations, a commitment that can satisfy both parties. And then by focusing even more on the internationalization aspect.

→ **What role does digital play in community engagement?**

In recent months, it has been essential. Without it, all of last year's activities would not have been possible. The current situation has shown how much can be done through digital and how digital is now an essential model. The future is likely to be hybrid.

→ **Give back, give forward and intergenerational solidarity. How do you see the scope of these initiatives?**

Our goal is to scale the numbers. We would like to be able to give access to many more people for things like mentorships, which was a pilot initiative that digital can help scale up. The new community site also makes it much easier to participate in give-back activities.

→ **What about the future of the community?**

My desire is to put the strength of over 120,000 alumni around the world to the service of the University in increasingly effective ways. ■

“

**T**he opportunity you have given me and your altruism are important incentives for me to do my best. I can only reciprocate your generosity with my best efforts, ensuring that your help is not only not wasted, but represents significant added value.

**Piercarlo PETROSINO**

2019-2020 ALUMNI SENIOR SCHOLARSHIP  
FUND BENEFICIARY



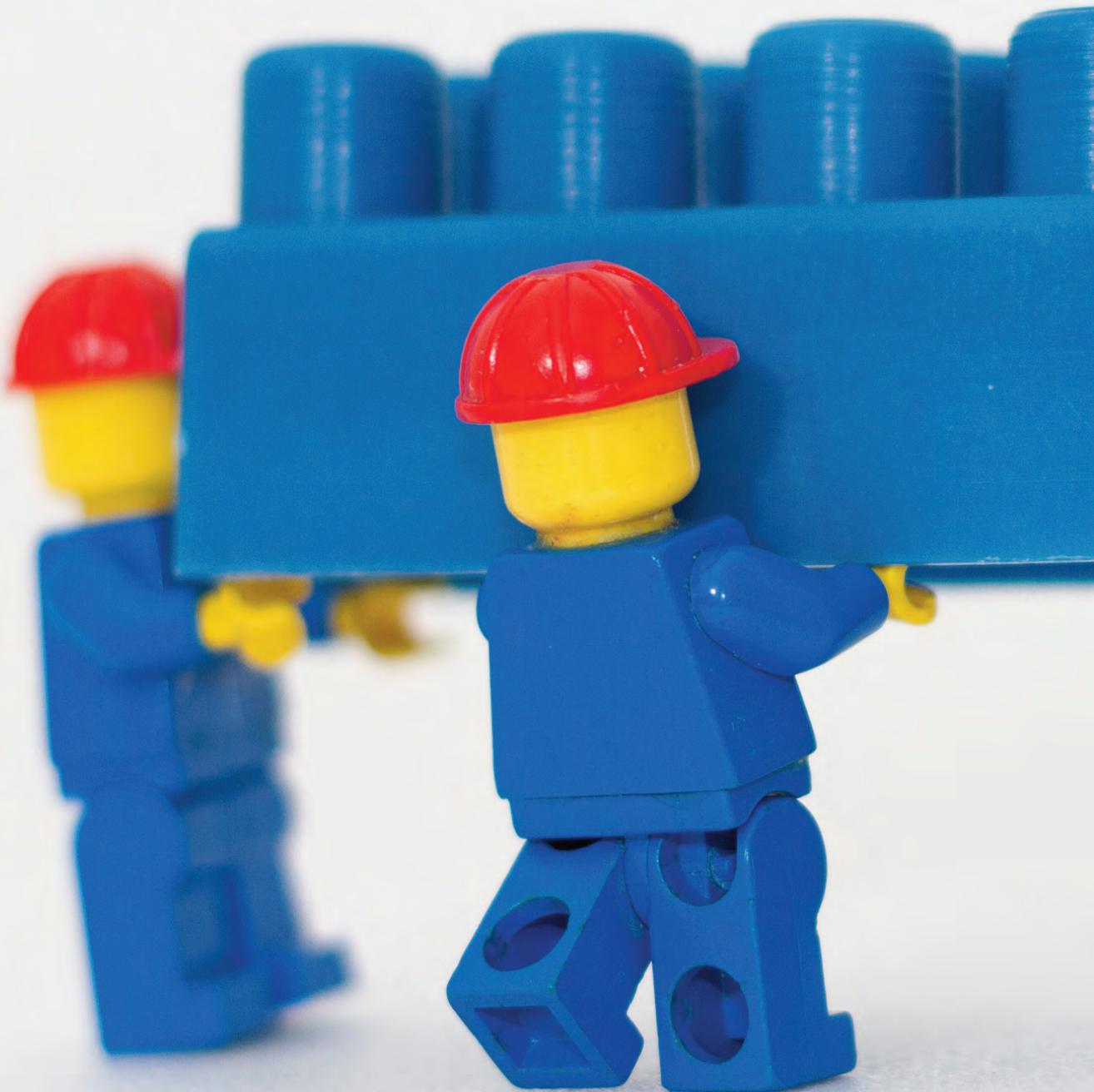
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# Career Builders



*In developing your career, both individual initiatives and those of the organization you work for count. Precisely from the intersection between the two and from the dynamism of both, work becomes an objective and subjective success. Measurable on the 5C scale*

by Silvia Bagdadli [@](#)



SILVIA BAGDADLI  
Associate Professor  
of Business Organization,  
Bocconi University

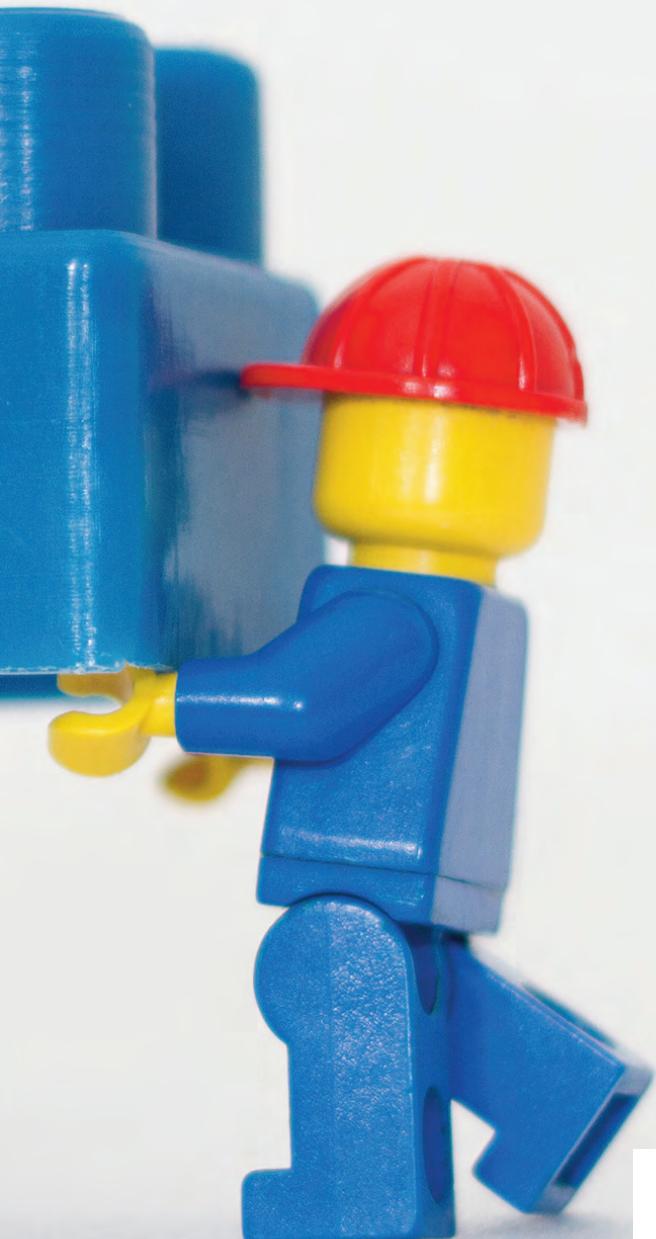
Careers and career development are fascinating topics. The magic of careers resides in several aspects. First, the difficulty of attributing a universal meaning to the word that is most often interpreted according to different institutional and cultural contexts (Kase and colleagues, 2020). The etymology itself is uncertain. Some say that “career” is running, a racecourse (usually at full speed), a course (of the sun across the sky), a carriage (road), a track for wheeled vehicles (from Vulgar Latin: (via) cararia). The meaning of career success too has an interesting duality. On the one side, it has an objective meaning, often measured by indicators such as salary, promotions and distance from the top. On the other side, career success has a subjective meaning that represents one’s individual judgments on his/her own career attainments, most often measured as career satisfaction although more recent studies recognized it as a multifaceted construct with more nuanced perceptions.

As per a recent scale validated internationally by the research group “5C” ([visit the web site 5c.careers for an overview of the project](#)) these perceptions include:

learning and development - learning to be innovative in one’s work; financial security - receiving remuneration enabling a person to satisfy their family’s basic needs; financial success - achieving economic well-being and increasing one’s income; entrepreneurship - succeeding in an autonomous professional project; work-life balance - achieving a good balance between private life and work; positive relationships - experiencing good work relationships and being appreciated by one’s colleagues; positive impact - contributing to the development of others and society (Bagdadli and Gianecchini, 2019a).

This ambiguity of career and career success meanings is relevant for career development, as individuals may have different career objectives when participating in initiatives offered by organizations and/or in proactively pursuing their careers.

In this dual role of individuals and organizations in career development, the agency and structure perspective in scholarly terms (Andersen and colleagues, 2020) relies on a second fascinating element of careers. Organizationally-sponsored career developmental activities include, amongst others, career planning, training, assessment centers, performance appraisal, mentoring and networking, job rotations and international assignments (Bagdadli and Gianecchini, 2019b). Employees can participate in different activities as they move from job to job within and across



## THE COURSE/1

**Executive Career Development** is the new package of services aimed at professionals and managers worldwide and is the result of the expertise developed by SDA Bocconi through its Masters and Executive Courses.



## THE PAPER

**Human Capital Development Practices and Career Success: The moderating role of country development and income inequality**, by Bagdadli, Gianecchini, Andresen, Cotton, and colleagues

organizations and these practices represents an opportunity to accumulate human capital. Job rotations for example offer the possibility to widen and enrich employees' skill sets, both technical and managerial, and if complemented with a career development plan can enable promotions to top-level positions. These initiatives add to individuals' investments in training and formal education and produce effects both on objective and subjective career success ([S. Bagdadli and colleagues, 2020](#)). Participating in career development activities along the life of one's career can also buffer the effects of age on employability ([Dello Russo and colleagues, 2020](#)). Organizations offer some of these practices (e.g., mentoring, lateral moves and international assignment) to a specific group of employees - the so called talents or high potentials - those potentially becoming the future organizational leaders ([Bagdadli and Gianecchini, 2020](#)). Competent individuals may want to join organizations offering these talent management programs, which give continuous support to skill development and speed up careers to the top levels.

At a junior level, some organizations offer to brilliant students "Graduates programs", a one to two-year developmental program, often across several functions and countries (in the MNEs), to socialize and prepare future managers. Career development paths can be vertical and in the same function or lateral and/or

diagonal with moves in different functions in order to develop differentiated and more generalist skills. Some organizations also offer dual career ladders for both professional and managerial careers, to give excellent professionals the possibility to make a career without necessarily becoming managers. MNEs offer international careers with frequent moves across countries and a quick road to the top to those experiencing several international assignments balanced with roles in the Headquarters ([Hamori & Koyuncu, 2011](#)).

Together with organizations, individuals can play a role in their career development through investments in training and formal educations and through proactive career behaviors, which refer to self-directed activities they engage in to manage their careers. These behaviors allow individuals to make a realistic self-assessment of their capabilities in light of organizational career opportunities and include concrete actions undertaken to realize these ambitions. These actions may include the planning of one's own path, the development of skills, and consultation with the most senior managers. Discussing future career steps with one's supervisor, asking for continuous feedback and consulting the HR function regarding the development possibilities in the near future increase promotion opportunities: the "agentic" and proactive individuals can benefit from increased career success ([Smale and colleagues, 2019](#)), having control of their professional lives. To conclude, careers and career development lie at the intersection of individual and organizational actions with effects both on subjective and objective success. ■

## TRACY ANDERSON How Much Do External Factors Count?

When people think about their careers, most of the time they do so in terms of their preferences and their sets skill. But in reality, careers are subject to an overwhelmingly wide array of external factors like institutional regulations, the economy, and social networks that people would do well not to overlook when planning for their future or changing jobs.

Tracy Anderson, Assistant Professor at the Department of Management and Technology, Matthew Bidwell (Wharton School), and Forrest Briscoe (Penn State) looked at these external factors in a review published in the Routledge Companion to Career Studies.

"Our goal is to outline and organize the many diverse external influences shaping careers, highlighting similarities and differences in these influences, and suggesting a framework for organizing and cumulating research in this broad domain," said Anderson.



Research on external factors shaping careers is multidisciplinary, spanning economics, industrial relations, management, psychology, and sociology. The review centers on articles published in the last 15 years in the major generalist journals for the disciplines listed above, as well as selected specialist journals that are especially relevant to careers. Anderson and her coauthors narrowed this swirl of forces into three distinct groups.

The first they call "institutional" forces, or the rules, regulations and social expectations that can influence career entry, training and advancement. These have been recognized by researchers as far back as the 1930s. Internal labor market (ILM) theory sought to explain the stable career trajectories inside of large companies in the 1950s before deregulation and the decline of unions led to a decline of this influence from the 1980s.

## GABRIELLA BAGNATO

### Engaging People Means Personalizing the Employee Experience

Young people entering the job market today are likely to change jobs seven or eight times during their career. Baby boomers, on the other hand, identify with the company where they have often worked for their entire adult lives. With five generations now in the workplace due to longer careers, engaging these different age groups is a challenge for companies as they seek to recruit, motivate and retain staff.

In the paper "How can we keep five generations of employees engaged through the employee lifecycle in the digital era?" a four-person team at SDA Bocconi School of Management's Knowledge Group Leadership, Organization and HR carried out qualitative research on how the concept of engagement has changed to reflect the new workplace, and how different generations frame their work experience and make sense of it.

Any discussion of engagement across generations has to start with a look at how careers have changed. Careers are no longer linear, and advancement will more likely come from judicious job-hopping rather than climbing the ladder inside a large company. That means Millennials and Generation Z are looking for training and the opportunity to extend their networks rather than job security.

"Engagement is the glue that keeps people committed to high performance within companies knowing that their working experience might end tomorrow," said Gabriella Bagnato, Lecturer of Bocconi. "Engaging people across different generations means personalizing the employee



experience."

Baby boomers are motivated by advancement opportunities within a company, while younger workers want to identify with a purpose or learn new skills. The study found that "companies are starting to use technology to cluster their employees to differentiate them in terms of

GABRIELLA BAGNATO  
Lecturer  
of Global Leadership,  
Bocconi University

their expectations," she said. Companies are also investing more in communicating their purpose in an effort to engage Millennials and Generation Z.

What did they find out? "First, that engagement matters a lot," said Bagnato. "Secondly, it depends on how effectively the organization can communicate its purpose and to translate its values into leadership style – how much it 'walks the talk.'"

The research is still in progress and the paper will be published Spring 2021. The four authors are Gabriella Bagnato, Laura Baruffaldi, Hans Brechbühl (Associate Professor), and Paola Casati (Junior Research Fellow).

These pressures remain strong in law, medicine and education. An increasing body of work looks at how institutional factors influence the careers of men and women, and of different ethnicities, and how they lead to stratification and differential mobility.

A second set of forces comes from "ecological" pressures involving competition for resources, "which is relevant to the current crop of graduates entering the job market during the Covid-19 pandemic," said Andersen. These can be economy-wide influences, within sectors, or within organizations that

TRACY ANDERSON  
Assistant Professor  
of Human Resource  
Management,  
Bocconi University

shape the availability of career opportunities.

"I think people are starting to understand the economic side a little bit more," she said. "People are now appreciating that in certain sectors careers might be impacted by economic change more than others."

Lastly are relational forces. An individual's career can be shaped by those to whom he or she is connected (including mentors or spouses). Social networks influence individuals' career choices as well as promotion. A body of work shows how interpersonal relationships shape individual career paths as a source of information or influence, but also sometimes as constraints.

Any real-world advice?

"Be conscious of social expectations - if your career path is contrary to those expectations you need to be aware of that so you can dispel any detrimental signals that this may send to employers," she said.



## THE PAPER

External factors shaping careers, By Tracy Anderson, Matthew Bidwell, Forrest Briscoe



# COVER STORY

## LAURA BARUFFALDI

### How Italian CEOs Reached the Top: a Look at Successful Career Paths

Career development in today's rapidly shifting workplace is more complicated than it used to be. A look at the career DNA of Italy's top managers can help choose the right growth path. A team of Bocconi researchers is carrying out a three-part research project mapping the careers of Italy's CEOs, top managers and female leaders in terms of education, job hopping, international experience and other factors. The first part of the study was published in "Economia & Management" under the title "How To Get To The Top. The Profile of Italian CEOs," looking at 540 CEOs at top, large, medium and small firms, using LinkedIn and company websites for career data on age, university education, post-graduate work, and career path.

It found that the typical CEO of an Italian company is a 50-year-old male with a degree in economics or engineering (73% of total degrees), from a university in northern Italy (with Bocconi leading the way at 12%) with a stable career in a single industry sector and most likely promoted internally (so not a lot of job-hopping). In terms of average age (49) and low percentage of female CEOs (6%), Italy is in line with international standards.

Only 27% of the CEOs surveyed had done an MBA, and very few had PhDs. The career path was much shorter in smaller companies, taking 14 years to reach the corner office, compared to 21 years for medium, large and top companies. International experience is a must-have rather than an accelerator (64% for top companies).

"We found that the higher the position and the bigger the organization, the less risk is taken by the organization when they bring someone in for the top position. The common trend is in fact to hire someone that was either covering a CEO position in their previous role, or operating in the same industry or also internally promoted," said Laura Baruffaldi, Lecturer in Leadership, Organization & HR at SDA Bocconi School of Management.

The second phase of the study looked at top management positions and was completed in



## THE PAPER

**How To Get To The Top. The Profile of Italian CEOs,**  
by Duccio Alberti, Laura Baruffaldi, Simone Panigati, Isabella Pinucci

2019, repeating the same kind of analysis as for CEOs. For top management, women made up 11%, "which is still very low," noted Baruffaldi. In the category of top management, experience in consulting and having an MBA accelerated a career by two years and was a key aspect, she said. The third phase looks at women in top management, and will be presented by mid-March. The other authors are Duccio Alberti, SDA Bocconi Fellow and Executive Coach; Simone Panigati, former Community Manager at SDA Bocconi School of Management, and Isabella Pinucci, head of Executive Career Development at SDA Bocconi School of Management.



## THE COURSE/2

**Valuing your team and making it grow:** *Valutare e sviluppare le risorse umane* is SDA Bocconi's course dedicated to one of the pillars of business success.

Laura Baruffaldi  
SDA Lecturer  
of Leadership Skills,  
SDA Bocconi,  
School of Management



Cassandra Rae Chambers  
Assistant Professor  
of Managing People  
in Organizations,  
Bocconi University



# CASSANDRA CHAMBERS

# How Rankings Disrupt Cooperation and How Managers Can Restore It

Performance rankings can help attract and retain top talent who thrive in competitive environments, improve group decision-making, and reduce biases in performance evaluations. But, they have a dark side - they often enhance competitive pressures, making them potentially problematic for continued cooperation. Despite these potential drawbacks, rankings are still widely used to incentivize employees.

Making use of an experiment, Cassandra Chambers, Assistant Professor at Bocconi University's Department of Management and Technology, highlights on the one hand that performance rankings do in fact dramatically reduce levels of cooperation in groups and, on the other, that sharing reputational information almost completely offsets the disruptive effect of performance ranks.

In her experimental setting, the introduction of performance rank information reduced the odds that a participant would cooperate to 0.36 times those in the control condition who did not receive any information. However, the odds of cooperating for participants who received reputation information (i.e., how much others gave in the past) alongside rank information were 1.87 times that of participants who just received information about their rank. When participants were provided with information about their own rank, the propensity to give to others plummeted, due to concerns about losing one's rank position or perceptions of unfairness. And the drop was larger in groups that had proved to be more generous in the first stage, suggesting that performance rankings can be particularly disruptive in the most cooperative cultures.

However, this disruptive effect can be largely offset by the introduction of information about others' rates of giving. After a brief disruption in cooperation levels, groups that received both types of information restored cooperation to almost pre-disruption levels.

"Our key finding is that displaying prosocial reputations - giving recognition to helpers - is a mechanism that allows systems of cooperation to withstand disruptive forces created by performance rankings", Prof. Chambers says. "Efforts to provide recognition for prosocial activities may greatly shore up cooperative cultures. For example, managers can offer public recognition for employees' prosocial contributions, use peer-to-peer bonus systems that enable employees to recognize and reward helpers, and create formal performance reviews that focus on rewarding helpful behaviors."

## MAURIZIO DEL CONTE

# Italy's Underperformance in Professional Training and How to Fix It



MAURIZIO DEL CONTE  
Full Professor  
of Labor Law,  
Bocconi University

Despite the Jobs Act reforms in 2015 that introduced flexibility and active labor market policies, “Italy is still struggling more than other advanced economies to make the transition to towards a thriving and dynamic skills-based society,” wrote the OECD in its Skills Strategy Diagnostic report for Italy in 2017.

Maurizio Del Conte, Full Professor  
Department of Legal Studies at  
Bocconi, looks at the role played by  
inadequate jobs training in the  
mismatch between demand and  
supply in Italy's labor market in  
his paper "The difficult cultural  
turning point in labor protection  
and the key role of vocational

training," published in Comparative Labor Law and Policy Journal. "I wanted to discover what the weak points of the Italian professional training system were, to understand what actions could be taken and how entities like government or unions could have an impact in restructuring the professional training system to solve these problems," Del Conte explained. Starting with the Lisbon Strategy in 2000, the EU has aimed to make labor markets more flexible. Yet flexicurity did not take root in Italy because investment was focused on keeping workers in jobs indefinitely rather than helping them move. Only in 2012 did Italy start to make the transition with the Monti-Fornero Act, followed by the Jobs Act three years later that introduced flexibility and also required the unemployed to take part in tailor-made courses leading to professional requalification and a return to work. Yet Italy is still far from realizing an efficient vocational training system because the Jobs Act was never fully carried out, he says. The state has struggled to execute efficient active labor market policies amid overall indifference.

The public funding system for professional training needs to be reformed tying it to two things: the demand for skills based on a detailed analysis of what companies are actually looking for; and a focus on the few most effective institutions, such as the Istituti Tecnici Superiori. Moreover, training programs should be nationally coordinated to achieve economies of scale instead of dissipating resources across 20 different regions. Lastly, assessment must be improved so that programs are monitored in terms of their impact on job training and employment.

"It surprised me that the situation was even worse than I thought, and that there is so little interest", he said. "Italy is one of the countries in the EU with the lowest productivity growth. And we can't grow in productivity unless we grow in skills."



# THE PAPER

## Robust Systems of Cooperation in the Presence of Rankings: How displaying prosocial contributions can offset the disruptive effects of performance rankings, by Cassandra Chambers and Wayne Baker

# THOMAS LE BARBANCHON

## An Overlooked Reason for the Gender Gap: Commuting

Women are more willing than men to accept lower wages in exchange for a shorter commute, shedding light on a previously overlooked factor contributing to wage inequality. Gender differences in attitudes towards commuting and their impact on salary are documented in a study called "Gender Differences in Job Search: Trading Off Commute Against Wage" by Thomas Le Barbanchon, Roland Rathelot (University of Warwick) and Alexandra Roulet (INSEAD). "We were able to show that there is a different valuation in commuting time between men and women. Women value working closer to the home more than men. And this translates into lower wages," explained Le Barbanchon. The study used a sample of around 300,000 workers drawn from a matched dataset of French unemployment and employment registers between 2006 and 2012, restricted to people who lost their jobs involuntarily. French job seekers must declare to the Public Employment Service (PES) the minimum wage (reservation wage) and the maximum commute they are willing to accept. Gender differences in commuting have been analyzed in terms of urban planning, but not regarding wages. The authors constructed an empirical analysis that showed how much women and men were willing to "pay" for a shorter commute. The authors found that men said their maximum acceptable commute was 14% higher on average than women: from 8% for single individuals without children to 24% for married individuals with children. "These gender differences in reservation job attributes translate into women getting paid lower wages and having a shorter commute upon re-employment," the authors write, suggesting that "the contribution to the wage gap of gender differences in commute valuation is of the same order of magnitude as other well-studied job attributes such as flexible working time and/or job security." The reasons why women prefer a shorter commute are unclear and exist also when they do not have children. It may be related to children, "but that is not the whole story," notes Le Barbanchon. The commute gap is lower for urban areas with public transport. In terms of policy recommendations, technological progress that lowers the firms' cost of remote work has the potential to further decrease the gender wage gap. More generally, public policies on urban planning and transportation have the potential to change commuting patterns differently for men and women and may have differential effects on their wages, the paper said.



# THE PAPER

## **It's a Man's World! The Role of Political Ideology in the Early Stages of Leader Recruitment** by Burak Oc, Ekaterina Netchaeva, Maryam Kouchaki

## EKATERINA NETCHAEVA Gender Bias Starts During Recruitment

US President John F. Kennedy signed the Equal Pay Act in 1963 to address a wage inequality between men and women, and that gap has indeed narrowed in recent decades as major employers around

the world adopt policies that fight gender discrimination. And yet the very persistence of a gender wage gap indicates that while discrimination is ending, bias lingers. The World Economic Forum's Global Gender Gap Report 2020 found "there is still a 31.4% average gender gap that remains to be closed globally." Assistant Professor Ekaterina Netchaeva teamed up with two colleagues on a research project to look at the role gender bias may play in the leadership gap. In the private sector, women occupy only 29% of senior-level executive positions despite comprising 48% of the entire private sector workforce. "We wanted to understand if perhaps women were subtly discouraged from pursuing leadership positions," Netchaeva explains. Netchaeva carried out five experimental studies to detect possible gender bias in communication during the pre-recruitment phase. The group honed in on political ideology as a predictor of bias, "because this individual characteristic predicts favoring of status quo," as they say in their paper "It's a man's world! The role of political ideology in the early stages of leader recruitment" published in the journal *Organizational Behavior and Human Decision Processes*. Participants were told they had to recruit a male and female leader for an imaginary company, and were given eight pieces of information about the company. They were randomly split into two groups, and one had to communicate with the female candidate (Sarah) and the other with the male candidate (David). Conservative participants in the group that thought they were communicating with David picked more positive pieces of information about the position and the company, and those communicating with Sarah picked less positive information. The result was the same when recruiters were asked to write their own email describing the position.

Conservative participants were less positive in describing the position to the female candidate, and more positive when they thought they were talking with "David" - probably because conservatives tend to favor the status quo (male leadership, in this case). Liberals, instead, did not exhibit this trend. "Given the statistics that 80% of jobs are communicated to people informally, and coupled with our finding that these may be riddled with gender bias, it is important for companies to rethink about how they communicate with candidates at that stage. One way to do that would be to make the process more formalized to allow for less gender bias and less human error," said Netchaeva.



# THE PAPER

## Gender Differences in Job Search: Trading off Commute Against Wage, by Thomas Le Barbanchon, Roland Rathelot, Alexandra Poulet



EKATERINA NETCHAEVA  
Assistant Professor  
of Diversity Management  
and Policy,  
Bocconi University

# Human Resources: How to Grow Careers in Your Company

## GROWTH IS AN EXERCISE IN TRUST

*If HR managers are to have as their objectives transparency and a trusting relationship with the people in the company, those people must be sure to declare their expectations, explains Paola Boromei, alumna and Executive VP Human Resources & Organization at Snam*

by Emanuele Elli @

From cosmetics to energy, from marketing to human resources, from Italy to France, the career path of **Paola Boromei** has been a zigzag. With a degree in Psychology and a specialization in Human Resources and Organization at the SDA Bocconi School of Management, Boromei, by her own admission, keeps crossing diverse sectors, roles, functions and geographies. A demonstration of openness that today Snam's Executive VP Human Resources & Organization, recently recognized by Federmanager as the best manager of Italy under 44, indicates with certainty among the main qualities on which to build a successful curriculum.

→ **For a young manager, is knowing how to seize the right opportunities for growth preferable to building a profile devoted to specialization in a sector?**

Rather than opportunities, I would focus on motivations, which are always to be kept at the center of one's compass. Starting from these, it is then important to undertake experiences in different contexts, always guided by the goal of giving a strong identity to one's professionalism. To build a growing career, it is also necessary to accept to move transversally, along a "Z", focusing more on the acquisition of managerial skills than on a single sector of expertise. In

my career I have often found myself managing moments of transformation and this has become my specific characteristic over time: I like to enable changes through the use of different levers.

→ **Are there still "mandatory steps" for a managerial career that point to the top? It has always been said, for example, that an experience in large-scale distribution has a higher specific weight than others ...**

PAOLA BOROMEI  
With a degree in Organizational Psychology at the Catholic University of Milan and a specialization in Human Resources and Organization at Bocconi, Paola Boromei is now Executive Vice President Human Resources & Organization of Snam. "I chose a Master degree at Bocconi which at the time lasted only three months - today it is longer and more articulated - but which was proposed as an opportunity to share the experiences and backgrounds between professionals from various industries and with a very pronounced application focus. Beyond the contents and modern teaching with digital tools, business games, case histories, it was a period of accelerated training on the role of HR in the company and on the necessary sensitivities, as well as on the skills, to fully understand the importance of the function".

There are still industries with high added value and large-scale distribution, as well as retail, continue to be among them. Even if highly globalized, or even in crisis, these are in fact sectors with high potential, because today a large and strategic proportion of careers are being built through data management. For this reason, all highly digitized areas are rewarding, from communications to logistics and energy. The latter is a particularly stimulating sector today for a manager: it is in strong transition and the solutions in terms of new business models, technologies, costs, vectors, are still to be tested. Furthermore, it is a decisive area because the choices related to consumption, and therefore to sustainability, are increasingly "embedded" in everyday life and therefore involve many other markets, from transport to industry.

→ **Did you also experience moments of impasse in your professional growth? What is the correct way to overcome the empty periods?**

There are no empty periods, because every experience has its own intrinsic value. It has happened that I found myself having to face difficult decisions and choose new paths. For example, when a position apparently less important than the previous one was proposed to me by the company for which I worked. But I have always accepted change, looking at it as an opportunity and keeping my motivations clear. A career in a company is a contract between the parties that must include a good dose of trust on both sides. HR managers must aim at transparency and building a trusting relationship with people, giving each new challenge a long-term perspective and therefore placing each career step in a broader arch, but it is right for employees to immediately declare their expectations to





the managers. It takes courage but it is the right thing to do.

→ **Is every large company looking for the right balance between the growth of internal resources and the introduction of new forces from the outside? What is your vision in this regard and the strategy you apply at Snam?**

The harmony between the growth of people within the company and the integration of new resources is fundamental. At Snam we work to have teams that are balanced, possibly 50/50 from this point of view. Each of these people brings value in a different way: those who come from outside introduce new ways of thinking and seeing things and become an engine of change also for internal resources, while those who grew up in the company are the custodians of their history and its heritage. They know its values but also its habits, the mechanisms, the characteristics of the top management, and the reaction times of the offices. All this has enormous importance in a complex organization.

→ **What kind of experience is it for a manager to deal with this pandemic? What do you suggest for the identification of new leadership models?**

From a managerial point of view, in my opinion there are two aspects that will remain in our memory. The first is the focus on safety, health and wellbeing of people, which in this year has become a priority; when the virus also passes I believe that this attention will remain higher than it was before. The other obvious element is the transition from hierarchical leadership to a more inclusive model. It was an important exercise on the part of managers in empowering resources and a commitment to reduce authority in favor of people's autonomy and entrepreneurship. This made decision-making smoother even though we all found ourselves a bit more alone in making big or small decisions. However, it was a useful exercise because, if managed well, it gives excellent



## THE BOOK

Defining a proper career strategy is the first step in aspiring to professional advancement. This applies to profiles of all levels: from those entering the workforce to those aiming for a top position. Whether you want to grow within the same company or aspire to change jobs, *Strategia di Carriera* by Duccio Alberti and Isabella Pinucci (Egea, 2020, 192 pp., €25, in Italian) offers valuable guidance.



## THE BOOK

Directing people to self-discovery by following new approaches and new ways of building their "personal brand". A discovery which, by forcing individuals to think of themselves as a brand, enables them to define the professional and personal objectives towards which they should strive. *Personal branding* by Maria Carmela Ostilio (Egea, 2020, 304 pp., €35, in Italian) proposes both a theoretical and practical approach to this activity.



results. Also for HR management, where the task of interacting with people at a distance was particularly complex, new methods were integrated as needs emerged, and we were able to maintain and build relationships even in virtual form. At Snam, for example, in the first three months of the lockdown we hired almost 70 people without ever meeting them in person, only through the screen, and we are happy with our choices. ■

## THERE IS ONLY ONE RIGHT PATH. AND THAT'S YOUR OWN

*Make plans for your career, but don't be bound by them; cultivate agility and be prepared when the lucky break happens: this is the advice of Monica Possa, alumna and Group Chief HR & Organization Officer at Generali*

by Emanuele Elli @

My career has not arisen from some kind of hyper-rationalist meta-plan, but from sticking to my passions, starting from a humanistic interest in people and the desire to have an impact on society. Even if at first I was not clear how to put all this to good use." **Monica Possa**, Generali's Group Chief HR & Organization Officer, goes back to the past, summing up the succession of different experiences that took her from classical studies in high school and economic studies at Bocconi, where she also worked as a

researcher in international economics, to the top echelons of the Generali insurance group. "If today I had to give advice to a young executive, I would say: be curious and seek your own path, without being afraid to swerve along the way, because there is always a better path and it is different for each one of us."

→ **When did you feel you were leaving the beaten path in your career?**

For example, when, as an economist, I left academic research to throw myself into the field of consultancy, a

completely different environment in which you work with a practical approach on the issues that are critical for companies, with tight deadlines, in extremely merit-based teams. For a manager, consulting remains a context full of challenges, in which your skills are refined and you come to understand a lot about yourself. After a few years in the consulting industry, for example, I realized that the organizational model and people are essential to build competitive advantage in a company and that from then on I would follow this aspect closely. And then my career took a major turn, when Vittorio Colao called for the role of HR manager at Omnitel, even though I didn't have any prior experience or the specific background that was needed. I made a choice that no consultant at the time would have considered smart, but which turned out to be the right one for me. And to those who say that luck also counts, I answer that it does, but when the opportunity arrives, you must be prepared. This is why I think it is right to make plans for one's career, but without the rigidity that I often observe, otherwise it becomes a constraint, a limit. Instead, we need to cultivate agility, work on constant reskilling and let what happens inspire us.

**→ Are there still functions that are more strategic than others for targeting important roles in a company?**

Yes, but less and less. Client fronting functions are certainly very important, but also technology, finance, legal, human resources and all other functions because the business organization is increasingly fluid and the boundaries of roles and functions are less and less defined. The ability in a manager that today brings real rewards is knowing how to develop a vision, gather the right people around him and inspire them towards change, because all sectors are undergoing profound transformation. The role of the CEO, in essence, is also to aggregate people around transformative projects and this ability is found in people, not in functions.

Unfortunately, the labor market in Italy still operates according to old paradigms and gives little incentive to young people to do projects with courage and become entrepreneurs of themselves.

**→ How are the remote working context and the lack of physical relationships affecting career development?**

Even well before the pandemic, Generali had the goal of adopting smart working in all of the group's organizational entities. This, together with a profound process of cultural transformation started some time ago, has certainly made us readier to face this emergency situation. Being able to leverage remote work as the only way for such a long time has forced companies to trust their own employees much more. The fact that in most cases performance had not been affected confirms that, with an adequate work of empowerment, a context can be created in which people

**MONICA POSSA**  
A Bocconi graduate in Economic and Social Sciences (DES), Monica Possa is Generali's Group Chief HR & Organization Officer. After nearly a decade of consulting at Gemini and Boston Consulting Group, she worked as HR manager at Omnitel and RCS Mediagroup. "When I chose the DES I didn't have any of this planned", comments the manager. "However, in the program I found a stimulating environment, already open to internationalization, with extraordinary scholars and teachers such as

Mario Monti, Piergiacomo Marchetti, Fabrizio Onida, and course on topics like logic or epistemology, as well as economics and quantitative methods, which have shaped me as a person and then as a professional. After graduation, I was so enthusiastic for Bocconi that I decided to stay at the university as a researcher at CESPRI (the then Center for Studies on Business Internationalization

Processes, now part of KITEs). After two years, I actually realized it wasn't my thing. I needed to move into an area in which to put my more relational and less academic skills to good use and I chose consulting: that was also a leap in the dark, but at that point I really felt I had all the tools to carve my own path".

work better. In short, career opportunities do not seem to have worsened. Furthermore, as a manager, this situation paradoxically pushes us to greater closeness. If earlier exchanges with colleagues or employees were driven by chance, like meetings by the coffee machine, today I have to look for them with awareness to fill with humanity the void left by technologies. And this opens up a great space for dialogue. The optimal thing for

companies would be to integrate this dimension with the essential one of the office, which remains the key place to build a sense of belonging and carry out transversal creative activities.

**→ How complicated is it to get to the top as a female manager?**

The gender gap with men exists, the numbers say so. It is a thorny issue, a problem but also an opportunity for executives who manage a company. Women need a longer time horizon to emerge and the conditions must be created for this truth to be accepted and lived serenely by all. I am convinced that the new post-Covid normality will favor the access of women to top positions because there will be stronger emphasis on performance and a meritocratic culture will be established in which many of the current distortions will tend to disappear. ■



# What Twitter Really

*A study analyzing how language changes and polarizes after repeated terrorist attacks shows how perceived cultural threats, more than economic conditions, affect the success of far-right parties*

by Francesco Giavazzi, Gaia Rubera @

The rise of protectionist and culturally conservative politicians is a trend that increasingly characterizes mature, Western democracies. The new political actors generally oppose globalization, understood as the free circulation of goods and people. At the same time in Europe, while migration flows intensified, in the second half of 2010s, an unprecedented sequence of religiously motivated terrorist attacks occurred, leading far-right parties to frame their anti-immigration stances as policies designed to provide security against the threat posed



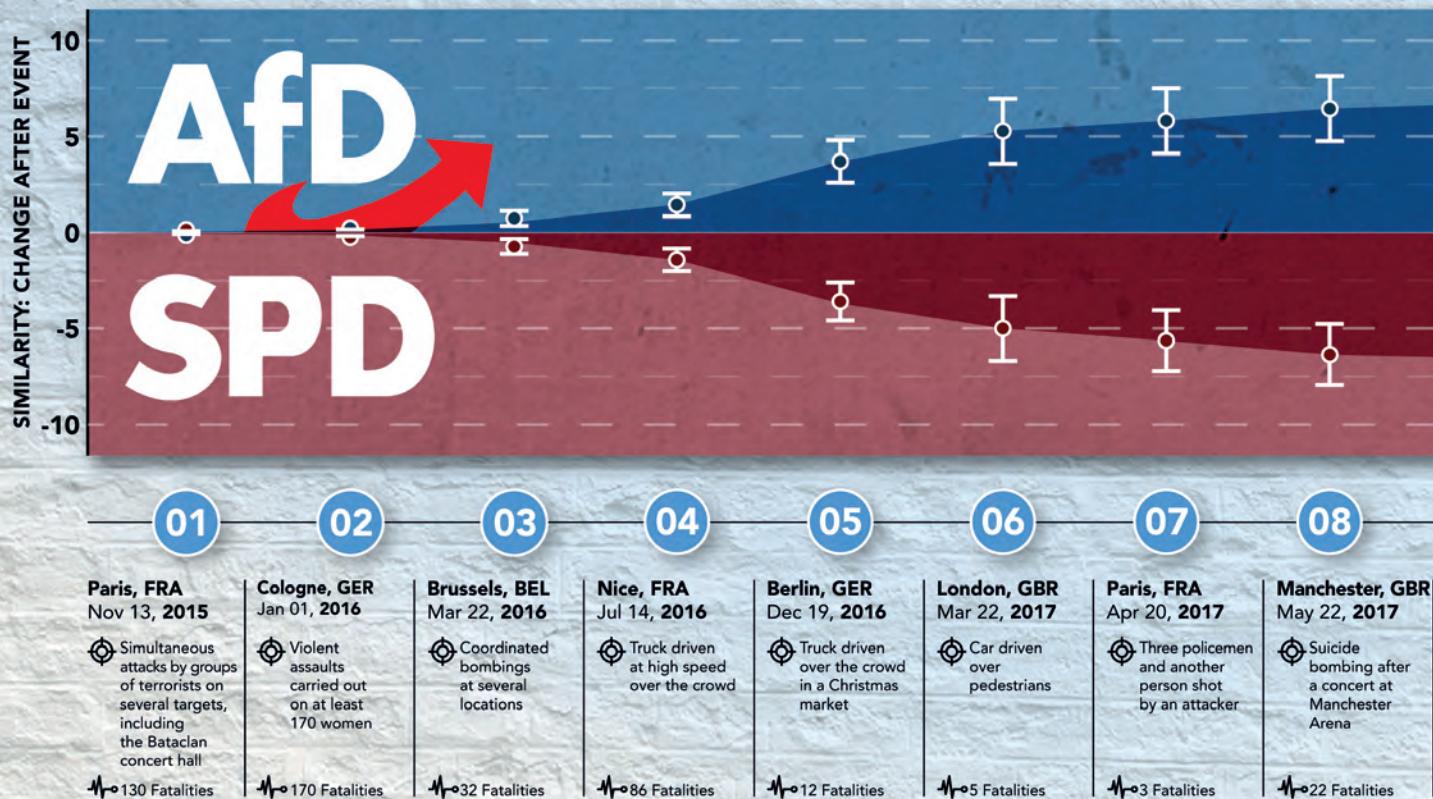
FRANCESCO GIAVAZZI  
Full Professor  
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by foreigners and to offer their electorate a tight mix of economics and culture. The increasing favor that these parties have met has stimulated much debate: which is more important in explaining the anti-globalization backlash of Western voters - culture or economics?

In *Terrorist Attacks, Cultural Incidents and the Vote for Radical Parties: Analyzing Text from Twitter*, a paper we wrote with Felix Iglihaut and Giacomo Lemoli, we study the role of perceived threats from other cultures induced by terrorist attacks on public discourse in Germany and on voters' support for radical right parties. In this respect Germany is a particularly relevant case because of the large inflow of refugees from the Middle - East around 2015 and the parallel rise in votes for AfD (Alternative for Deutschland), an extremist right party. Our empirical strategy consists in analyzing data from Twitter. From a methodological point of view an appealing feature of Twitter is that, differently from the surveys used in this literature, it allows identifying variation in



# Tells Us

attitudes in real time as specific events happen. In order to control for the economic conditions of different geographical areas - and hence isolate the effects of culture - we first geo-localize users living in different electoral constituencies in Germany. This posits a serious challenge as many users do not indicate their location on Twitter. Further, the few who do may provide either false or inaccurate information (e.g., Earth). Hence, we first identify so-called "landmarks" in each constituency, namely public or commercial Twitter accounts which can be clearly located in a given town and are likely to be followed by residents (e.g., police stations, town halls). We identify 5231 "landmarks" in 493 German towns, download the followers of their Twitter account, and attribute a user to an electoral district if she or he follows the accounts of at least 3 landmarks in a town and none elsewhere. This rule produces a sample of 178,271 users and 10,427,320 (geo-localized) tweets. Next, we use a neural network model to compute daily similarity between the text of citizens' tweets and that



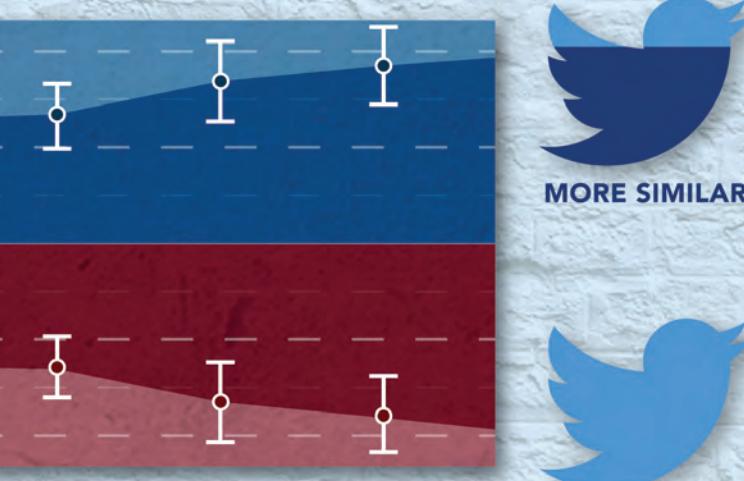
## THE PAPER

**Terrorist Attacks, Cultural Incidents and the Vote for Radical Parties: Analyzing Text from Twitter,**  
by Francesco Giavazzi, Felix Iglhaut, Giacomo Lemoli and Gaia Rubera

of German parties' tweets from 4 September 2015 (when the AfD embraced an alt-right agenda) to the day of German elections: 24 September 2017. We then measure, constituency by constituency, the shifts in similarity to party language immediately after 11 terrorist events. These events are exogenous to the conditions in the particular constituency and constitute shocks to public opinion evoking threats from other cultures. We find that, following these events, Twitter text becomes on average more similar to AfD, while the opposite happens for other parties. An example is shown in the Figure below, which describes the shift in similarity after each event between the language of the Twitter users in our sample and that of two parties: AfD and the SPD, the social-democrats.

We also find that, over time, the general public tends to discuss more, and with more negative tones, two core AfD topics: Islam and immigration, suggesting that terrorist events make these topics more salient. We also find that this discussion is organic and not driven by the media or by politicians. Finally, we find a significant association between these shifts in language similarity and changes in vote shares between federal elections.

From a methodological point of view our results show that analyses based on social media data can significantly improve upon studies based on surveys: these cannot - except by chance - detect changes in attitudes in the immediate aftermath of an event, such a terrorist attack. We also find that the role of perceived threats from other cultures on the success of nationalist parties overshadows that of current economic conditions, which are sometimes indicated as the main driver of such a vote: they are not. But the change of people's attitudes following an event entailing a cultural threat is rather slow: in our sample you need a significant number of events - at least four or five - to observe a change in people's discourse. However, after the tipping point is reached, each attack provokes a bigger and bigger shift toward the AfD. These findings resonate well with the idea that citizens do not change attitude overnight, but they respond to a sequence of nudges. Finally, our data also indicate that perceived cultural threats induce polarization: people's discourses not only change, albeit slowly, but become increasingly different among different groups: left- and right-leaning voters in particular. This observation is at the core of the difficulties that our societies face. ■



09

10

11

London, GBR  
Jun 3, 2017

Car driven over  
pedestrians

8 Fatalities

Barcelona, ESP  
Aug 16, 2017

Bombs detonated  
and a car driven over  
pedestrians

16 Fatalities

London, GBR  
Sep 15, 2017

Bomb detonated  
at a train station

30 Injured  
0 Fatalities

THE 11 TERRORIST ATTACKS: THE EFFECT ON TWITTER  
Language distance from party language across

German constituencies. The figure documents the widening of the distance between the language used in people's Tweets and the language used in the official party Twitter account, for two parties: the AfD and the SPD between 4 September 2015 and 24 September 2017.



# The Costs (Many) and Benefits of Sanctions

*A study analyzes the conditions under which sanctioning policies can prove to be more effective, especially limiting collateral damage in terms of reduced human rights and public health*

by Kerim Can Kavakli @

**E**conomic sanctions are an increasingly important part of international politics. Under Trump the US was eager to use economic sanctions against several countries including China, Russia, and Turkey, and it was not alone. Other recent examples include sanctions by China (against Australia), Saudi Arabia and UAE (against Qatar), and the EU (against Russia).

Sanctions limit a target state's economic interactions (e.g. trade, finance) with other countries unless it changes a particular policy. The policy in question can range from matters of international security (e.g. US sanctions against Iran's nuclear weapons program) to trade or human rights. Sanctions do not have a very high rate of success; depending on how one counts, they seem to succeed in changing target behavior between 35 and 50% of the time. The main advantage of sanctions, from the perspective of the sanctioner, is they put substantial pressure on the target



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without risking the immense costs of outright war. Although less destructive than war, sanctions still take lives. Especially in target countries both human rights and public health deteriorate significantly during sanctions episodes. For this reason, it is important to understand what makes some sanctions more effective and design them more carefully in a way that minimizes the collateral damage.

Past research on sanctions' political effectiveness has highlighted two important factors: (i) the size of the demands and (ii) the political openness of the target country. Economic pressure alone is rarely sufficient to convince a target to give up a national security policy or depose its leadership. Likewise, authoritarian countries resist foreign economic pressure more easily, because their leaders can remain in office while their citizens suffer hardship.

Unfortunately, we know less about the economic factors that influence sanction effectiveness. Level of pre-sanction trade between countries is a weak predictor of success. Some target countries are able to tolerate broad sanctions imposed for long durations while other countries capitulate quickly. Although some analysts have coded the "costliness" of past sanctions, such measures are only available after the fact. The key question remains: how can we predict the costliness



# efits (Few) of Sanctions

and effectiveness of a hypothetical sanction so that this costly tool of statecraft will not be used in vain?

My recent paper (co-authored with Tyson Chatagnier and Emre Hatipoglu) makes theoretical and empirical contributions to this research area. To understand the costs of trade disruption on each side (target and sanctioner), we first describe the strategies that they can use to minimize their own costs while maximizing the costs of their opponent. Next, we use fine-grained bilateral trade data to measure each side's ability to employ these strategies and test their explanatory power in a statistical analysis. We arrive at three main findings, two theoretically expected and one surprising. First, using the concept of "revealed comparative advantage", we show that sanctions are less likely to work if the target can easily find alternative buyers for its exports and alternative sellers for its imports. For example, when the US imposed a grain embargo on Soviet Russia in 1980, sanctions failed to bite, because the Soviets easily switched to buying their grain from Argentina and Canada. Second, we find that targets that produce a large variety of goods at home are better at resisting sanctions, which demonstrates the importance of creating a "resistance economy" for a country like Iran.

Here is the surprising finding: all else equal, targets that



## THE PAPER

**The Power to Hurt and the Effectiveness of International Sanctions** by Kerim Can Kavaklı, J. Tyson Chatagnier and Emre Hatipoglu

have a concentrated portfolio are harder to beat through sanctions. The recent failure of Arab sanctions against Qatar, an economy built on natural gas exports, is a stark, but by no means the only, example of this relationship. We do not have a good explanation for it, but hope that our paper will encourage others to delve into this puzzle.

There are several important avenues for future research. One, existing work on sanctions (including ours) is unable to explain the effectiveness of financial and targeted sanctions, which make up a growing portion of economic coercion. Two, we lack detailed measures of sanction evasion and the factors that facilitate it. Thirdly, we lack an understanding of how groups of sanctioner countries agree on common goals and coordinate their trade policies in the first place. Given the growing importance of this issue area, we look forward to reading and conducting many more exciting projects on the topic. ■





# A Question of Identity

*A study of over 2,000 Italian firms highlights the phenomenon of eponymy and how it has positive effects on a company's reputation and transparency. Even when generations change*

by Alessandro Minichilli, Annalisa Prencipe @

**A**rmani, Barilla, Ferrero, Illy, and that's for starters. Many are the successful Italian brands that bear the name of the founder. This is a complex choice a fledgling company needs to make, in many respects. Choosing the right name for a business is not a decision to be taken lightly. Giving the firm the name of the entrepreneur at the time of its foundation - a phenomenon known as eponymy - establishes a direct, often unique, link between the former and the latter. This bond is stronger, the rarer the name is. Rarity makes the name more easily identifiable and more directly associated with the founder or his/her family. Eponymy generates a bond between the entrepreneur and the company that is not only emotional, but also reputational. The success or failure of the company, as well as its actions, tend to affect the reputation and social recognition of the entrepreneur and his/her family. Starting from these premises, in a recent study conducted on a sample of over 2,000 Italian large private companies over the 2003-2013 period by Alessandro Minichilli (Bocconi University) and Annalisa Prencipe (Bocconi University), together with Gianfranco Siciliano (China Europe International Business School) and Suresh Radhakrishnan (University of Texas at Dallas), the authors have made an analysis of the phenomenon of eponymy and its link with transparency in disclosing financial statements. In the sample analyzed, about 33% of companies are eponymous, proving



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that giving one's name to a company is a rather widespread phenomenon in Italy, a country that is characterized by the highest variety of last names in the world (over 350,000). In line with previous studies, the authors note that - compared to non-eponymous companies - firms that bear the name of their founder tend to have a better performance in earnings. This first evidence is in line with the hypothesis that entrepreneurs who have greater confidence in their ability to succeed are more likely to give their name to the company in the startup phase. This confidence then seems to actually translate into better performance, even beyond the first years of a family company's life.

After isolating the effect of better performance for eponymous firms, the study also shows that, with a number of other characteristics being equal, eponymous firms are less likely to implement aggressive financial budget policies or, more generally, accounting policies that are potentially misleading for the decisions of users of financial statements such as banks, suppliers, customers or minority shareholders. These results also show that eponymous companies are less frequently subject to sanctions by tax authorities for errors or manipulations in compiling financial statements.

The authors argue that these effects are due to greater attention on the part of eponymous entrepreneurs and/or their families towards the reputational consequences that arise from opportunistic or incorrect behavior in financial reporting. As confirmation of this thesis, the study reveals how the positive effect of eponymy on financial information transparency is greater in cases where the family name is rarer and the company has greater visibility in the media, factors that can amplify the negative reputational effects on entrepreneurs or their families deriving from misconduct on the part of the same-name company. The observed effects seem to persist even in cases where the company is run by generations that have succeeded the founder. This evidence suggests that reputational effects deriving from the eponymy continue to have a positive impact on corporate transparency, even regardless of the entrepreneurial qualities of the founder. ■

# In the Name of the Family (And Other Stakeholders)

*Advantages and responsibilities: at the helm of Falck Renewables as Chairman, alumnus Enrico Falck talks about the complex balance of using (and keeping) the family name as the name of the company*

by Emanuele Elli @

“If we hadn’t had a long tradition connected with the Falck name behind us, I don’t know if we would have used the family name to christen the new group in 2010.” Enrico Falck, Chairman of Falck Renewables, is candid, reflecting on the always complex balance between advantages and responsibilities in the daily life of companies bearing the name of their founders.

→ **What convinced you to renew this very identifying connection between family and company?**

History, which we have always looked back on with a certain pride, and the family name’s recognizability at least in Italy, where it is rather rare and connected to a long industrial history, first in the steel industry and then in electricity. But the relationship between the name of the company and the family is still emotionally challenging. The family members involved in the company all feel the weight and responsibility of it. Our group has had the family surname since the early 1900s, when it was common for private companies to identify their brand with the name of the founding entrepreneur. There are still some sectors that have a critical success factor in eponymy, for example in fashion or consulting, because specific values or personalities need to be identified. But beyond the fact that you may feel a responsibility or that it may be a winning factor, an eponymous company and family name is a long and intense journey, creating bonds, memories and points of reference. Perhaps the simplest answer is that we

wanted to continue this journey.

→ **Have you ever personally verified a correspondence between an eponymy and the company’s performance or greater transparency in financial reporting?**

The company is listed on the Italian Stock Exchange in the Star segment, so we are required to be fully transparent in terms of financial communication. But in our case, and as I think happens in most eponymous listed companies, transparency is the fundamental

**ENRICO FALCK**  
*Born in Milan in 1975, he is father of three children. Since 2014 he has been Chairman of Falck Renewables, the family business that has become a leading European player in the renewable energy sector.*

*A graduate of the European Business School in Milan, at Bocconi he attended a Master in Small and Medium Enterprises in 2002. “I’ve never been an exemplary student,” Falck admits, “but that year at the Bocconi Master was an intensive and fundamental training program. All the more so in my case because, after the sudden death of my father Alberto (to whose memory the Chair of Family Business Strategy is dedicated at Bocconi, editor’s note), I discovered I needed to be better prepared to join the family group.” Since March 2020, he also been President of the Sodalitas Foundation, an initiative that promotes corporate social sustainability.*

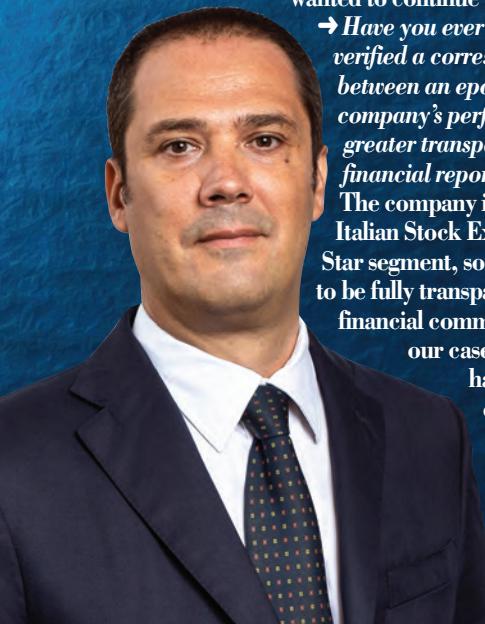
tool with which a company that bears the name of the shareholder family demonstrates the utmost commitment to management that is as impeccable as possible, to protect all shareholders. As for financial performance, it is difficult to give specific answers. In our many years in business we have had good times and bad times and the difference is probably the resilience that the company has acquired thanks to the family’s support.

→ **How is a value such as transparency transferred from the family to management?**

By example first of all, especially in daily work. But above all by demanding it, making it a professional requirement for business management. At that point, management’s administration and development skills can be based on something solid and sustainable those working at the company will do so more relaxed and have greater confidence in the future. Thinking of our company archives, now over 100 years old, there is a legacy of quality and focus on administration. This was not only a technical requirement and did not belong only to the owners, but was a demonstration of care and, I would say, affection for the company from anyone who has anything to do with it, employees, family members or others.

→ **Do you say this because sometimes “family” management of companies can be the chief enemy of transparency?**

The role of family member is a complex one, both emotionally and professionally. Usually they have the bulk of their assets invested in the company directly, if they are owners, or indirectly, if they are the children or grandchildren of the owner. It is therefore difficult to process the fact that the independent variable is the company and not one’s assets. This is typical when the company has to grow beyond the family’s asset capacity; in that case it needs to be open to capital and give up control, at least in part. Otherwise the company and the family are in contradiction and there is a risk that company growth is not sufficient to guarantee its competitiveness on the market. On the other hand, statistics indicate that family businesses are more resilient, especially in times of crisis, than companies with public shareholding, so the family model is actually an efficient one. The point is to have the right balance and to bear in mind that the company’s sustainable growth must be the main objective of all stakeholders. ■



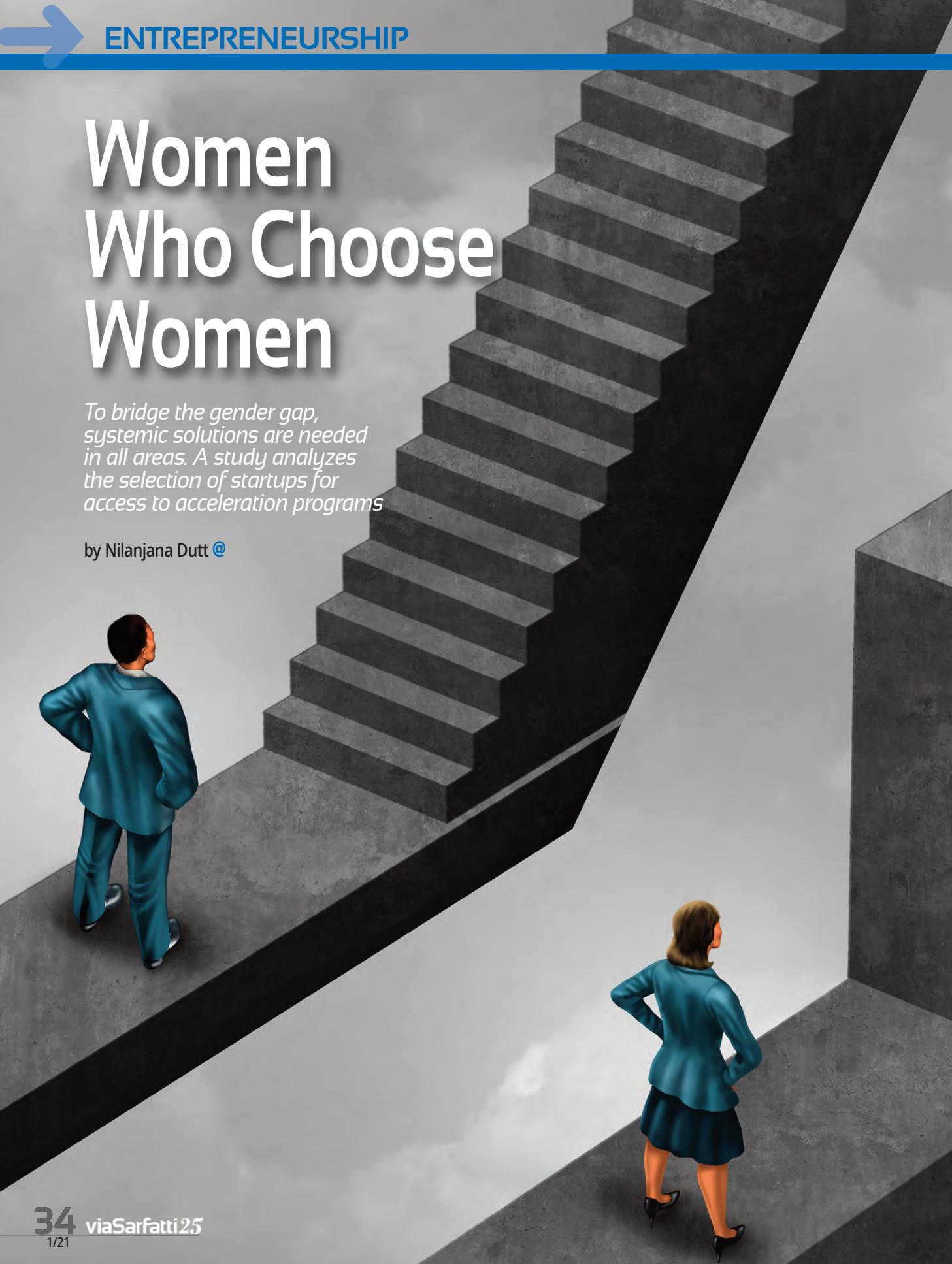


# SDA BOCCONI INSIGHT. TODAY, THERE IS A NEW KEY TO OPEN KNOWLEDGE.

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SDA Bocconi  
*insight*



# Women Who Choose Women

*To bridge the gender gap, systemic solutions are needed in all areas. A study analyzes the selection of startups for access to acceleration programs*

by Nilanjana Dutt @



## THE PAPER

Acceleration as Mitigation: Whether & When Processes Can Address Gender Bias in Entrepreneurship, by Nilanjana Dutt and Sarah Kaplan

**S**cholars and practitioners alike are concerned with the economic and societal consequences of the gender gap. While the past decades have seen an improvement along some dimensions of the gender gap, Covid19 has ravaged economies across the globe and set advances in the gender gap back decades. This trend is, unfortunately, mostly true independent of the geographic location of focus, the industry, or the nature of the work.

While this turn of events illustrates a worsening view of global economies and work cultures, it highlights the need for systemic solutions to reduce the gender gap. Prior research across the domains of economics, sociology, management, political science, and critical theory has carefully measured the presence of a gender gap in the economy. This gap exists when we look at inputs, such as participation in jobs and in entrepreneurship. As well as in outputs such as promotions, salaries, and entrepreneurial success. Along some dimensions - such as entry into entrepreneurship and raising venture capital funding - the gender gap is large, even in developed economies.

Although the scale of the gender gap problem is well-recognized by researchers, and its consequences are well recognized by policymakers and practitioners, solutions are scant. Most proposed solutions that



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Bocconi University

have shown some reduction in the gender gap put the onus on women workers and entrepreneurs to reframe their businesses or hide their gender. Instead, we argue that sustainable solutions need to be systemic. More specifically, we need to test for and develop systemic changes to how women are induced to participate in and benefit from work. In an ongoing project co-authored with Sarah Kaplan, we test for a possible solution to the gender gap in entrepreneurship. Using the context of social-innovation accelerator programs, we consider how improved representation of women on selection committees could reduce the gender gap at the entry to entrepreneurship. In particular, better women's representation on selection committees should yield better selection outcomes for women entrepreneurs. Theoretically, the idea that representation should improve outcomes for a minority group is well-established. Yet, empirical research on this topic is relatively mixed. Some studies suggest that representation only helps if it is above a "critical mass" threshold. Other studies have shown that non-minority members of the selection committee may change their behavior as the share of minority members increases. Moreover, minority members are not selected randomly, which can influence the extent to which they may behave differently from others on the selection committee.

Our results so far are mixed. Accelerators with higher shares and numbers of women selectors select more women entrepreneurs. Yet such committees tend to be larger, and larger committees are more selective. Because women applicants tend to apply to programs with these larger, more gender-diverse groups of selectors, the accelerators reject women at a higher rate than comparable men. The net effect is that there are no improvements in terms of the gender gap.

Although we cannot measure them, it is worth considering the consequences of this finding. On the one hand, this means that accelerators may be foregoing the financial and philanthropic benefits that they might have gained from these women-led ventures. On the other hand, this result suggests there are significant drawbacks to such programs' selection processes. These findings highlight the need to identify multiple systemic interventions to address this social challenge and identify one explanation for why the gender gap in entrepreneurship persists. ■



## THE COURSE

Diversity & inclusion management provides the main conceptual and practical-management tools for managing and including diversity in an effective and responsible manner

# From Savi

*Deposits are a crucial source of financing for banks, needed to supply credit to the real economy. For this reason, their increase is essential to finance the recovery in 2021. A study analyzes how the allocation of household portfolios has changed since the tax reform and how it has affected loans*



# nings to Credit: the Role of Banks

by Elena Carletti, Filippo De Marco @

In 2012, Italian households held around €360 billion in bonds issued by Italian banks. Since then, however, banks have stopped placing bonds directly with households and the stock of retail bank bonds slowly has steadily decreased to virtually zero in 2020, as bonds matured and were not renewed. At the same time, bank deposits held by households have never been as high as today (€1.2 trillion). What caused this large change in households' portfolio allocation?

And did the substitution of bank funding from retail bonds to deposits affect bank

lending? In this paper we attempt to answer both of these questions by exploring the effects of the

Italian tax reform on securities holdings in 2011, coupled with granular lending data from Bank of Italy.

While many factors certainly contributed to the shift away from retail bonds (e.g., the "burden-sharing" rules on junior debt approved by the European Commission in 2013, or the "bail-in" rules introduced with the Bank Recovery and

Resolution Directive in 2016), we identify a clear pattern in the data in September 2011, after a new tax regime for securities held by households was approved by the last Berlusconi government. Before then, the interest income on deposits and bonds was taxed at 27% and 12.5%, respectively, while thereafter the two tax rates were equalized at 20%. This change induced a shock in household demand for bank bonds and deposits as deposits became more attractive relative to bonds. It followed that within two years from the reform households substituted €75 billion of their bank bond holdings with deposits, causing a significant change in banks' retail funding.

This substitution from retail bonds to deposits happened following the 2011 tax reform presents a unique opportunity to evaluate how the distinctive characteristics of the deposit contract may affect bank



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lending. Deposits are a demandable contract that exposes banks to the threat of runs, especially in crisis periods when bank fundamentals are weak. In contrast, because of the longer maturity and the limited secondary market liquidity, retail bank bonds represent a more stable source of funding. The difference in the probability of a run between the two sources of funding is crucial to understanding the effect of a greater reliance of banks on deposits for their lending policies.

Since its incipit, the literature on financial intermediation has in fact recognized the demandable nature of the deposit contract as the distinctive contractual feature explaining the traditional business model of commercial banks combining short-term deposit funding with long-term lending, often together with lending commitments in the form of credit lines. The main idea is that the threat of runs embedded in a demandable debt contract such as deposits explains the advantage for banks of providing both credit lines ([Kashyap, Rajan, and Stein, 2002](#)) and funding opaque and illiquid long-term loans with debt ([Calomiris and Kahn, 1991, and Diamond and Rajan, 2001](#)).

Our results are quite striking. First, we study the substitution from retail bonds to deposits in detail, and show that banks in provinces with higher volumes of bank bonds prior to the reform experienced a larger increase in total deposits - and in particular, term deposits - and a corresponding reduction in bonds. Second, we study how the increase in banks' reliance on deposit funding affects their lending policies. We find that the change in bank funding following the reform led to important compositional changes: the greater reliance on deposits led to an increase in both credit lines and long-term loans, in particular towards low-risk firms. In contrast, term credit to risky firms is instead found to decrease, particularly from banks with worse fundamentals that are naturally more exposed to runs.

Overall, these results are consistent with the idea that deposits are a crucial source of funding for banks, which are needed to support lending to the real economy. This may be important also in light of the surge in deposits following Covid-19: in the US in fact the largest banks received a large influx of new deposits at the onset of the crisis, as households looked for a safe place for their savings. The increase in deposits will be needed by banks to finance the much needed recovery in 2021 and beyond. ■



## THE PAPER

Banks As Patient Lenders: Evidence from a Tax Reform,  
by Elena Carletti, Filippo De Marco, Vasso Ioannidou and Enrico Sette



# Some (Don't) Like It Concentrated

*In the course of 2021, big tech companies could change their skins due to new antitrust rulings and provisions. Facebook and Google, but also Amazon and Apple, have been targeted*

by Francesco Decarolis @



The giants of the tech economy could change forever following a series of antitrust actions in both Europe and America. After more than eighteen months of official investigations by the Federal Trade Commission and Attorneys General of several US States, the allegations brought against Google and Facebook for engaging in anti-competitive behavior have led to a number of lawsuits. Many commentators expect similar legal actions will be against other giants of the digital economy soon. In fact, last July to testify on these accusations before the US House of Representatives were called not only Sundar Pichai, the CEO of Alphabet, the parent company of Google, and Mark Zuckerberg, the CEO of Facebook, but also Jeff Bezos of Amazon and Tim Cook of Apple.

For all these companies that have changed our lives and the economy at large over the last twenty years, allegations of antitrust law violations can represent a drastic regime change. Suffice it to say that in the case brought against Facebook, one of the main accusations is that of having acquired a multiplicity of startups, Instagram in the first place, with the explicit aim of eliminating future competitors. So, although this acquisition received all the required authorizations when it occurred in 2012, it cannot be ruled out that an adverse ruling may involve the



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obligation to divest from Instagram, WhatsApp or many of the other companies acquired in recent years. In this case, Facebook would enter the list of illustrious precedents of large companies forced to break up, as in the case of the former telephony monopolist AT&T in the 1980s and, at the start of the century, Rockefeller's Standard Oil.

For Google, the allegations are partly different. It is accused of having nipped in the bud a sales mechanism for online advertising that could have undermined Google's dominance in the market and having done so through a secret agreement with Facebook. We must not forget that the sale of online ads is the main business model for Google and Facebook and, precisely for this reason, their services are given free to consumers. In fact, in these digital platforms, the user of the service is also the product being sold to advertisers.

In recent years there has been much debate on whether existing antitrust legislation is suitable for managing the restriction of competition that characterize major digital platforms. In fact, if the presence of damage to the consumer must be the guiding principle for regulatory interventions to protect market competition, it becomes clear how complex it can be to argue that this type of damage exists when the service is provided free to consumers



and is of such quality as to make them not switch platforms.

But the issues are indeed complex. For example, for many services the presence of a single platform simplifies the life of consumers and this can make it impossible for rival platforms to exist, thus precluding the possibility of switching provider if the quality of the service deteriorates. Additionally, there are multiple data privacy issues. For example, in the case of Amazon, the controversial element that emerged during the parliamentary hearings mentioned earlier

was the use by Amazon of the data of retailers selling through Amazon their wares and services in the decisions on its own products and services, sometimes in direct competition with existing retailers. Despite this obvious conflict of interest, the pervasiveness of Amazon as an online shopping platform makes it essentially impossible for many retailers not to sell through it. In fact, being excluded from Amazon causes enormous economic damage. The same applies to app makers in relation to access to the Apple's App Store and Google Play Store.

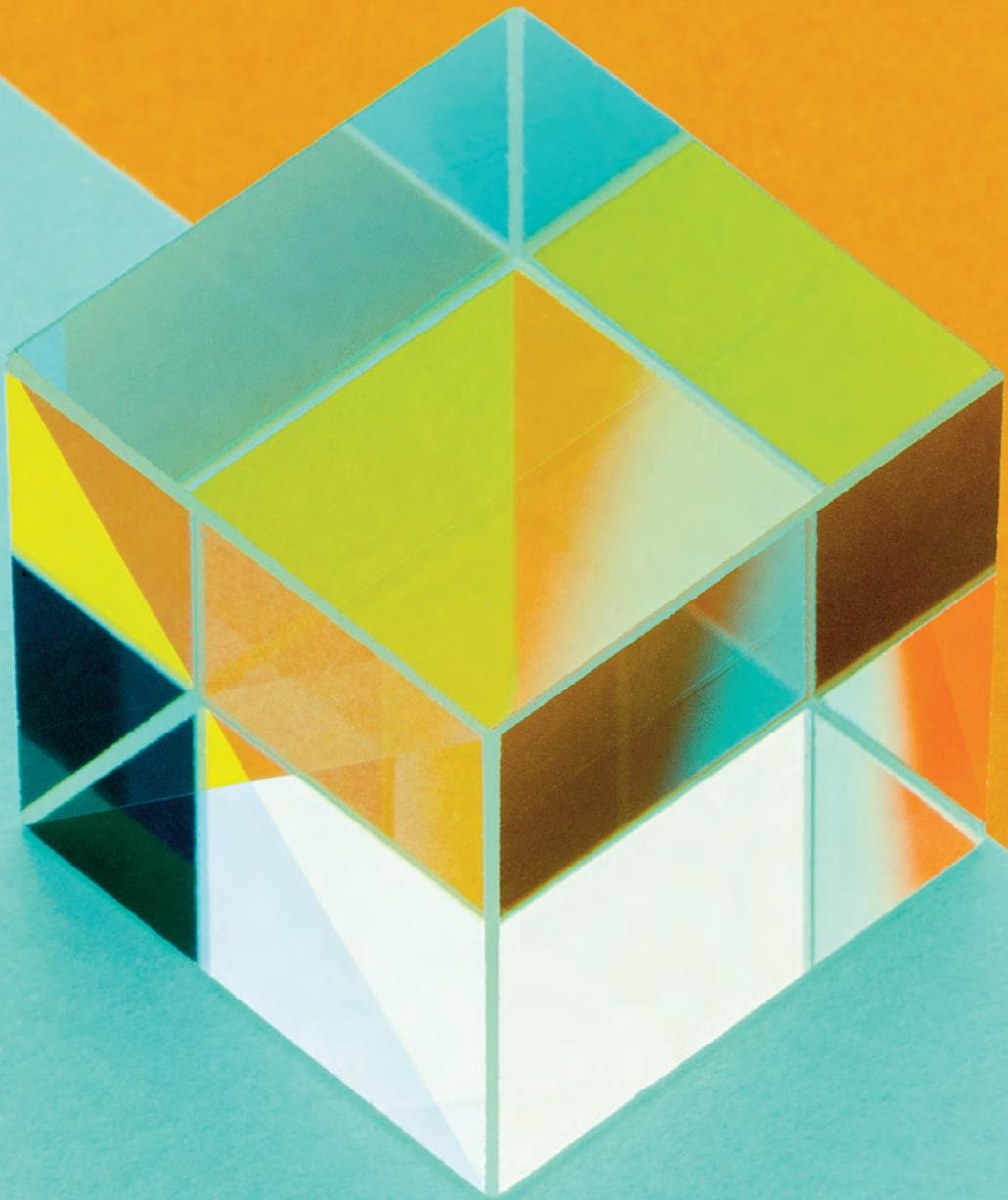
The lawsuits brought before antitrust authorities on these issues will characterize 2021, not only in the US but also in the EU, where the European Commission has just adopted a new ad hoc regulation. In particular, the Commission has undertaken a strengthening of antitrust regulations in order to be able to intervene ex post on market behavior that undermines competition (New Competition Tool) and, at the same time, has intervened ex ante to define the rules of the game for digital markets (the Digital Services Act and the Digital Markets Act). Given the ever-increasing importance of the digital economy, in the months ahead it will be important to monitor the effects of these multiple interventions on the functioning of digital markets and the repercussions for consumers. ■



## THE GRANT

Francesco Decarolis has received an ERC Consolidator Grant from the European Research Council for his CoDiM (Competition in Digital Markets) project which studies the competitive aspects of digital platforms.





*Compared to the society in which they live they give more weight to determination and imagination and less to faith, obedience and thrift. And if they hold higher positions, the difference with the rest of the society in which they live increases. A study highlights the consequences on the organization and on why the culture of change has a hard life*

# The Colours of B



## THE PAPER

**The Distinctive Values of Bankers**, by Nava Ashraf,  
Oriana Bandiera and Alexia Delfino

by Alexia Delfino @

Imagine taking a walk around Wall Street in New York City or Canary Wharf in London. How many types like Gordon Gekko will you meet? Or will you simply find that people working in these financial hubs reflect the values of the US and UK societies?

Much is said and assumed about bankers. Movie depictions show them as greedy money-making machines. A dysfunctional banking culture has been blamed for the 2008 financial crisis. And yet, we know surprisingly little about bankers' values and whether they differ to society's. In my paper "The Distinctive Values of Bankers", co-authored with Nava Ashraf (LSE) and Oriana Bandiera (LSE), we ask bankers what qualities they would want to pass on to their children as a way to elicit their personal values. Respondents are given a list of eleven values, such as determination, thrift, faith, responsibility and asked to pick their preferred ones. We survey over thirty-five thousand employees belonging to a single multinational company that operates in more than fifty countries.

In each country, we first compare bankers' values with those of society at large (using data from the World Value Survey). For some values, such as

responsibility and independence, bankers do reflect the society they live in. However, we also find five "distinctive" values:

bankers tend to put more weight on determination and imagination and less weight on faith, obedience and thrift compared to the rest of their society, independently of where they are located.



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Remarkably, those values that distinguish bankers from society are also the values where the top and bottom ranks within the bank largely differ. Across countries, the bottom ranks are always closer to society than the top ranks. Thus, for example, all bankers are more determined than the average citizen but top ranks are more determined than bottom ranks. This suggests that banking does not attract types that are different from the average person from the outset, but rather that those bankers who rise to the top are most distant from their societies. According to this explanation, we should be able to see a link between promotion and values.

We indeed find that bankers are rewarded for aligning with precisely those values that form the distinctive bank culture. Bankers who value imagination and determination are more likely to be promoted; those who value thrift, obedience or religious faith are significantly less likely to be promoted. Those values that are not distinctive to the bank have no relationship with either performance or promotion.

To sum up, what do these results tell us about banking and its culture? First, in some values, bankers seem to be different from society at large. Secondly, types which are distant from society do not seem to select into banking, but they do get to the top ranks. An implication of these results is that banks, and organizations more widely, may face culture traps. Values can outlive the reason they were chosen in the first place by persisting among the top ranks of the organization – and this can explain why organizational culture is impervious to change. For the individual, a trade-off emerges: should bankers' values be coherent within the organization and dissonant with society or vice-versa? What would be best for society? These and other questions are left for future research. ■



## THE COURSE

At the Senior Leadership Programme, SDA Bocconi embraces the paradigm of co-creation to allow participants to unlock their leadership potential, sharpen their skills and refine their vision for the future.

# anker's Soul



# To Vaccinate or not to Vaccinate? That is (not) the Question

*Individual behaviors strongly influence the outcome of preventive strategies. Understanding the behavioral and social dynamics behind the decision not to get vaccinated is the goal of the IMMUNE project, winner of an ERC grant*

by Alessia Melegaro @

The Covid19 pandemic has caused enormous morbidity and mortality globally with over 90 million cases and almost 2 million deaths as of 15 January 2021. The licensure and distribution of effective vaccines that allow societies to achieve sufficient immunity to stop the exponential spread of the disease are therefore widely seen as necessary for a speedy return to pre-pandemic practices. As of today, there are 64 vaccines in clinical trials on humans, with 3 already approved and 20 in phase 3 trials. As the first vaccines have been approved both in the US and in Europe, scientists have turned to two key questions: how the initially scarce vaccine should be distributed within and between countries and, secondly, how individuals will respond to the vaccination campaign - will vaccine hesitancy movements hinder the success of this global vaccination effort? So far, a great deal of this focus has been on prioritization within countries, identifying those



groups in the population that should be vaccinated first, either because they belong to that category of people who have been taking care of all of us, with commitment and altruism for an entire year, or those that are fragile and at increased risk of complications. However, there is a perhaps equally important question about how to allocate the available vaccines across countries when they are closer to herd immunity levels, and whether cooperative behavior will be more effective in keeping the spread under control within the country. Many countries are taking steps to ensure that they would have adequate supplies of the vaccine for their population. But, the optimal strategy for securing vaccine supplies and balancing the global-interest with individual countries' self-interest is unclear. There might be scenarios in which one country has reached the threshold for domestic herd immunity, and it then may find it optimal to donate doses to other countries with lower vaccination coverage, as this would allow for a sharp reduction in the inflow of infected individuals from abroad.

Another critical aspect that need to be considered is the potential effect of Covid19 vaccine refusal on the implementation of the biggest vaccination campaign ever. Vaccine hesitancy, delays in adhering to the immunization schedule have been seen as a rising phenomenon in the past decade and have generated the re-emergence of vaccine preventable diseases (VPD) which could have been eradicated long time ago. Vaccine hesitancy is defined as "a delay in acceptance or refusal of vaccines despite availability of vaccination services", fueled by the widespread misperception that many serious infections no longer circulate or that vaccines themselves are dangerous. Indeed,



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after decades of successful immunization activities, low incidence rates associated with VPD have decreased public concerns with respect to infectious diseases. This phenomenon has the potential to undermine benefits of past and current immunization efforts and will surely affect the pace at which the Covid19 pandemics will be defeated or not, similarly to what happened with other epidemics from the past.

More generally, human behavior with respect to vaccines and other preventive or containment strategies - such as self-isolation, masks and social distancing - are all the result of a number of complex individual and societal factors, poorly understood, that strongly affect individual's compliance to the recommended policies and, as a consequence, their overall effectiveness. The IMMUNE project, funded by the European Research Council, will dig into these topics with the aim to shed light on the dynamics of human behavior with respect to vaccination decision and, more generally, infectious disease preventive measures. This will mean studying the determinants of individuals' behavior, including background socio-demographic characteristics, epidemiological and context-specific aspects, exposure to peer influence and to specific communication narratives. By doing this we are going to break new ground in the understanding of these mechanisms and fuel the epidemiological framework with new hitherto unknown elements that are essential to capture the potential risk associated with new or past infections. To achieve these objectives, we will also leverage social media and new survey data, gathering a more in depth understanding on how individuals' decisions are being made. This will allow us to design and implement an innovative class of epidemiological models which will embed dynamic human behavior and its interdependencies with the infection's process itself.

In the past year we have all witnessed the importance of individuals' actions with respect to the spread of the SARS-CoV-2 infection. We have seen the effect of compliance (or non-compliance) and the value of altruistic (vs. selfish) actions to keep the spread under control. Now, with the IMMUNE project, there is the possibility of breaking new ground in the understanding of these processes and of giving rise to a novel and comprehensive framework which stands at the intersection of different but strongly interconnected disciplines. This IMMUNE project will become the hub around which scientists from different research areas can share their findings and expertise and the framework we will generate will be a powerful instrument when dealing with the current and future epidemiological challenges we will have to face. ■



## THE GRANT

Alessia Melegaro has obtained a ERC Consolidator Grant for IMMUNE (Modelling the Impact of Human Behaviours on Infection Spread), a project meant to incorporate dynamic human behavior and, particularly, vaccination decisions. In the envisaged new models, these elements can change as a function of internal and external factors, such as disease dynamics, vaccine availability and vaccine scares, panic, social norms and peer effects.





# Informed Trading Behavior

*Following, contrarian or hybrid: quantitative trading strategies are explained in a study published in the Journal of Economic Theory*

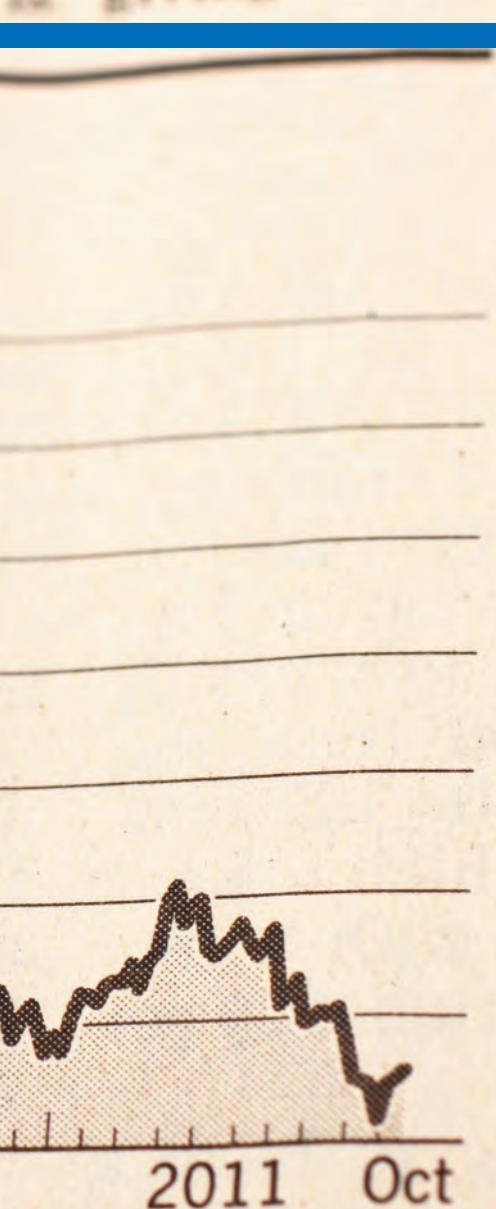
by Stefano Rossi @



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Quantitative trading - the trading of securities based on the quantitative analysis of observable variables such as price, volume, and other characteristics of financial assets and markets - is now predominant in financial markets. Quantitative strategies can be classified as trend following (e.g. buying after the price has risen); contrarian (e.g. buying after the price has dropped); or hybrid strategies in which the direction of trading varies depending on time horizon, market structure, order of magnitude of price movements or order flows. Empirical evidence shows a huge differential in quantitative trading performance between institutional and retail investors. In fact, retail and



individual investors who pursue trend following and contrarian strategies lose money on average. Therefore, a behavioral finance literature has developed that explains the use of such strategies with imperfect cognitive processes, bounded rationality, or other deviations from the paradigms of perfect rationality and efficient markets. As a result of these imperfections, quantitative traders should necessarily lose money. On the contrary, the evidence shows that institutional investors gain a lot from trend following and contrarian strategies. Therefore, the explosion of quantitative



## THE COURSE

**Understanding market variables**, forecasting trends, managing risks in corporate finance. The Financial Modelling course from SDA Bocconi helps to gain this strategic information differential.

trading profits of hedge funds and other sophisticated agents presents a challenge to a purely behavioral view of quantitative trading.

In an article about to appear in the *Journal of Economic Theory*, Katrin Tinn (McGill) and I propose a theoretical model of rational quantitative trading, with the aim of understanding the mechanisms behind the high returns of quantitative trading for sophisticated investors such as hedge funds. In the model, based on Kyle (1985), a risky stock is traded on two dates, and there are two types of traders, strategists acting on information about fundamentals or market structure, and noise traders. The market maker sets the price of the security equal to its expected value. Crucially, we let go of the restrictive assumption that the market maker has complete information on the number of fundamentally informed investors. We therefore show that sophisticated investors, who do not know the fundamentals but know how many fundamentally informed investors are in the market, stand to gain from adopting trend following and contrarian strategies. The reason is that sophisticated investors infer better than the market maker whether the volumes traded in the past are due to fundamental information or noise. We therefore show that the higher performance of hedge funds in quantitative trading derives from their superior ability to acquire information on the extent of informed trading present in the market at a given time, rather than information on fundamentals.

In particular, we show that with few investors informed on fundamentals, trend following (compared to contrarian) prevails after small (compared to large) order flows. The reason is that the market maker interprets the observation of small order flows too cautiously, suspecting that they reflect the absence of information on fundamentals. On the contrary, the strategic trader understands that the information is there, but confirms what is expected a priori; with few informed investors this results in a small aggregate order flow. Therefore, the strategic trader issues a trend following order. With many investors informed on fundamentals, the opposite happens: trend following (compared to contrarian) after large (compared to small) order flows.

In conclusion, our model provides a theoretical justification for the third type of quantitative trading: hybrid strategies in which the direction of trading depends on the magnitude of order flows and price movements. Furthermore, the model presents a unifying framework that clarifies the conditions under which the prevailing form of quantitative trading is trend following or contrarian, and clarifies how its direction can change non-monotonously depending on the magnitude of order flows.



## THE PAPER

Rational quantitative trading in efficient markets,  
by Stefano Rossi and Katrin Tinn

# Out of the Tunnel.

The coming months are decisive for many European countries. Economic policy choices will have an impact that transcends the same economic dimension as the ability to ensure robust and healthy growth has social impacts ranging from employment to reducing social gaps, poverty reduction. However, these choices have to face three fundamental variables: GDP growth, public debt growth and bank stability. This means that the real risk to avoid is to go through this new year by giving little growth but by increasing public debt and weakening the banking system. The spaces and times to act are all there. However, it is necessary to fix some "rules of the game" that must be accepted at the time of the definition of the intervention schemes (both below and outside the Recovery Fund), and their implementation. Such rules of the game are those that allow managing the triangle between growth, debt and stability of the banking system and are the following: a) financial resources do not come solely from the State and the Recovery Fund. Available savings must be used and therefore financial markets and financial investments play a decisive role; b) PPP (public-private-partnership) schemes have a powerful function of multiplying the effect of public choice through private financial resources; c) fiscal leverage plays a decisive role if it permanently directs companies towards virtuous and growth-oriented behavior; d) the banking system must be used as an instrument that multiplies intervention in favor of the economy, alongside both PPP and fiscal incentive schemes.

That is why financial markets and investment play a decisive role, and economic policy decisions must be used permanently.

Firstly, the use of the financial market and the involvement of investors (private equity, venture capital, PIR) in support of corporate equity should be promoted. The risk to be avoided is that of State control in the intervention in risk capital and a crowding-out of the market. The way is instead to find the conditions so that the intervention of the State is used fully and follows the logic of flanking private capital. There are two fundamental considerations: a) investors in risk capital, listed and not (therefore venture capital, private equity, PIR, business angels and incubators) must be valued with a clear incentive



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*The use of private resources to return to growth and emerge from the crisis is a path that in Europe must be undertaken with determination. Taking care to set the rules of the game*

by Stefano Caselli @

# Thanks to Finance

on capital gain, which is the real element that creates the market and therefore attracts investors by generating liquidity; b) State intervention must take place either with a clear and independent market logic or through the necessary support to private investors.

Secondly, we need to think about the issue of bank credit and the role of the public guarantee, defined in the early days of the crisis, in Italy and in many European countries. The use of the banking channel, although it may be useful in the immediate future, already creates a negative impact in the short term: companies become more indebted and the space for obtaining credit in the future can be reduced. In the long term, the maintenance of the State guarantee should be anchored to a capitalization logic: the State guarantee on the credit is granted only if the company proceeds to a capital increase defined on a fixed percentage of the credit.

Finally, again on the debt side, the use of bonds with a maturity of more than ten years, with interest linked to the recovery of turnover or the development of infrastructure projects, is the choice to be made. Which leads to a variety of solutions that extend to bonds dedicated to individual production chains or to individual territorial clusters or social bonds with a logic of deep intervention in areas that need real reconstruction. The important fact is that impact bonds allow to intercept that demand for investment so widespread (both individual investors and savers that institutional investors such as pension funds) and looking for real underlying performance and achieving goals that can be qualified as ESG. Finally, it should be noted that the use of bonds by companies helps to strengthen their financial structure and thus their ability to obtain further financing from banks. In this respect, the size of the tax incentive should be targeted both at user companies and at investors. The path of the financial market and the use of private resources in Europe is one that must be pursued resolutely. Let us avoid waiting by looking at the taximeter of the public debt of many countries that runs inexorably, because otherwise the temptation to use those resources available to bring down the public debt will present itself on the policy makers' decisions table. ■

# A Fund on the Side of Italian Firms

*Guido Vesin, MBA alumnus and founder of the Antares Fund helping companies overcome the crisis, focuses on innovation in the field of private equity by combining investments, network development and consulting. Starting from the luxury industry, a fundamental sector of the Italian economy*

by Emanuele Elli @

The crisis induced by the health emergency has hit companies in a different way compared to the past, dragging even industrially healthy companies into economic difficulties, sometimes even those with a positive EBITDA. Today the financial world, considered by many to be responsible for the 2008 crisis, therefore has an opportunity for redemption, offering the various actors involved, from entrepreneurs to banks, new solutions to existing problems. "To offer help, however, you first need to know what is needed," says **Guido Vesin**, with a past at Bocconi as MBA student and professor, and a present as entrepreneur and founder of the private equity fund Antares. "This is why I think that today, even in the context of a fund, help to an entrepreneur means not only bringing fresh capital, but also professionals who have industrial and industry skills capable of supporting him/her in business development as well".

→ **How is it possible to combine the need to make profits with the desire to help the whole system of firms to get up and start running again?**

In general, this is the basic principle of private capital, you make money only if you manage to turn profitable the companies you invest in. Today, however, different needs emerge, at the origin of which there are problems of management or size with respect to the market. The objective of a fund can also thus become that of creating new combinations, new synergies between companies, for example. At the same time, recovery is also needed to help banks deal with loans that are in difficulty but not yet actually non-performing, since they concern companies that have every chance to return to profit.

→ **To achieve all this is it necessary to imagine new products or can existing ones be adapted?**

We have chosen the path of innovation, creating a new fund dedicated to luxury and lifestyle companies that has two compartments: one in which the credits of banks towards companies in the sector are conferred and another in which flows of investors converge. The novelty is that the management team is composed of managers who have

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A degree in Law and a professional debut in London's investment banks, with a career in investment banking and corporate finance in large organizations such as Banca Euromobiliare, E&Y, Deloitte, Banca Akros, Guido Vesin is one of the founding partners of Antares, a private capital fund. He was a grad student at SDA Bocconi School of Management ("I attended the MBA in 1992, the first class which offered a program entirely in English. It was a very useful experience because I learned how to evaluate a company from both a managerial and a financial point of view, and to do it thoroughly, a fundamental skill for my subsequent activity as an entrepreneur") and contract professor at Bocconi's business school for a long period.

worked in top positions of companies in the sector for more than thirty years. This allows us to bring not only finances, but contacts, professionalism, strategies and networks, the latter being fundamental, for example, to relaunch a company from a commercial point of view or open new market channels through digital.

→ **What response have you received from the investors and entrepreneurs involved?**

We have had a very positive response and we plan to launch in the first half of 2021. Investors like the fund, in addition to the industrial skills of the team, for two other reasons: compared to traditional private capital funds, here when they underwrite the financial commitment, they already know the companies that make up the portfolio, and therefore do not invest solely based on the track-record of the management team. Furthermore, the duration of the fund is six years, less than traditional funds which provide for five years of investment plus five years of divestment. The operation, however, also pleases entrepreneurs because they feel that a relaunch operation is really being carried out, providing them with a capable team, able to talk to shareholders and management as equals, speaking the same language, with an approach that is non-financial but rather rooted in daily business experience. This closeness between investors and entrepreneurs is the added value that makes the whole difference today.

→ **Why did you start from the Luxury & Lifestyle industry?**

We have chosen this sector because it is very important for the Italian economy and commands a know-how of skills and creativity which is still recognized internationally and which foreign luxury groups tap into. Quality is therefore not lacking, but there is too much fragmentation of the supply chain with too many small firms that today are no longer competitive. The goal, therefore, is to help these companies emerge from the current crisis, by also creating new aggregations and synergies to restore strength and resilience to the entire industrial system. ■



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A high-magnification scanning electron micrograph (SEM) of COVID-19 virus particles. The particles are spherical and feature a prominent, irregular, and somewhat jagged spike protein layer on their surface, giving them a "coronavirus" appearance. The spikes are colored in a bright yellow/orange hue, while the underlying viral envelope is a darker, mottled grey/blue.

# COVID19

Research by

Chiara Fumagalli

Massimo Magni

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Alessandro Romano

Guido Tabellini

Rosanna Tarricone

Veronica Toffolutti

Alex Turrini

CHIARA FUMAGALLI

## It Is Important for Europe to Avoid Relaxing Its Policies on Competition

The economic disruption caused by the Covid19 pandemic has led to massive state intervention, and is sparking a new round of debate about EU competition policy. In March, the European Union asked firms to suspend their merger filings. Some commentators have suggested that the pandemic is an opportunity for the EU to improve long term growth by allowing so-called "zombie companies" to find stronger partners and that merger control should therefore be made more permissive.

In *Which Role for State Aid and Merger Control During and After the Covid Crisis?* published in the Journal of European Competition and Law Practice (June 2020), Bocconi University's Associate Professor at the



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Department of Economics **Chiara Fumagalli**, along with Massimo Motta and Martin Peitz, argue that competition rules should not be relaxed.

"To loosen competition policy in terms of merger control will lead to inefficiencies that will have persistent effects," explained Fumagalli. "There are other instruments that are more effective and create fewer distortions."

The crisis has affected different sectors in different ways, the paper points out, and therefore policy responses should be tailored accordingly. For example, "Among these expected winners of the Covid crisis there are the big digital platforms, which reinforces the need for competition policy to deal with their increasingly dominant positions," the authors say. Firms selling groceries and healthcare products are other examples.

For those sectors where the crisis will have a temporary effect, well-designed state aid "should be welcome," but relaxing merger rules would be counterproductive. The authors cite research on Japanese banks in the 1990s (Ricardo J. Caballero, Takeo Hoshi and Anil K. Kashyap, 2008, "Zombie lending and depressed restructuring in Japan") and on Italian banks during the sovereign debt crisis (Fabiano Schiavardi, Guido Tabellini and Enrico Sette, 2017, *Credit Misallocation during the European Financial Crisis*), to assert that the market when left alone does not always pick the most efficient firms. Finally, in those sectors where the crisis is likely to have a long-term impact, like airlines, cinemas and trade fairs, for example, "Both state aid and the relaxation of competition rules carry big risks and often lead to inefficient outcomes and thus a misallocation of resources," the article says. It should be noted that in September 2020, EU Competition Commissioner Margrethe Vestager ruled out a more permissive approach and warned "this is not the time to give up on competition enforcement."



### THE PAPER

**Which Role for State Aid and Merger Control During and After the Covid Crisis?**, by Chiara Fumagalli, Massimo Motta, Martin Peitz

## MASSIMO MAGNI

### The Frustrating “Micro-Transitions” of Working from Home During the Pandemic

Working from home increases frustration and can lead to potential conflicts between live-in partners. Sound familiar? In the working paper *Mitigation of Work-Family Frustration in Dual-Earner Couples during Covid19: The Role of ICT Permeability, Planning, and Gender Effect*, Bocconi’s **Massimo Magni**, Associate Professor at the Department of Management and Technology, shows how the “work-life shock event” of Covid-19 creates a difficult dynamic in the home. Magni and his co-authors Manju Ahuja and Rui Sundrup from University of Louisville (US) monitored the habits of 117 people for 10 days by asking them to fill out three questionnaires daily, and also surveyed the respondent’s life partner. The research grew out of a previous study looking at addiction and the use of mobile technologies in the home, says Magni. During the pandemic, the suddenness of the transition and the availability of technology meant that people simply were not prepared for the round-the-clock stress of permeable demands for their attention. “We wanted to look at what happened during Covid-19 in an

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environment where people are forced to switch back and forth between work and family roles all day given the human limitations of cognitive and emotional resources,” said Magni. “What are the consequences of these blurred lines?” Respondents reported an increase in frustration from the effort of continuous “micro-transitions” to reallocate energy, concentration and cognitive resources in different spheres simultaneously. The frustration leads to an increase in conflict within the family environment, the study showed. Performance was not impacted over the 10-day period, “but maybe we needed a longer time span,” he observed.

The study also found that the frustration level was higher for women, given their greater responsibilities in the family sphere.

Planning can help alleviate this frustration, the study says. Behavioral planning helps set boundaries about when a partner can and cannot be disturbed. Temporal planning sets “off limits” times for uninterrupted concentration.

“Planning helps make these micro-transitions manageable,” said Magni.

## PAOLA PROFETA

### Were Women Leaders More Effective During Covid?

Governments around the globe have reacted to the outbreak of the Covid19 virus with unprecedented policy measures. In *Gender Equality and Public Policy During Covid19*, Associate Professor at Bocconi’s Department of Social and Political Sciences **Paola Profeta** looks at how public policy may support gender equality during the pandemic, and the role of female leadership in promoting successful measures.

“Looking at female leadership, there was anecdotal evidence that women performed better in dealing with the emergency, and I wanted to see if I could find data to support that,” said Profeta. The paper, published in CESifo Economic Studies, reviews the evidence on the gender dimension of the pandemic in terms of the labor market,



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## THE PAPER

**Gender Equality and Public Policy During Covid19,**  
by Paola Profeta

family relationships, public policy, and leadership. Profeta said the evidence for leadership is purely descriptive, but it sheds light on interesting patterns, which she believes are worth investigating in order to assess the relationship between gender equality and public policy. Future studies will carefully provide causal evidence, she points out. Profeta used data from the Oxford Covid19 Government Response Tracker (OxCGRT), which systematically collects information on several different common policy responses that governments have taken to respond to the pandemic on several indicators. She focused on the Economic Support Index, which records measures such as income support (as of March 2020 for 36

OECD countries). Then she matched them with the gender of the head of government, collected by Workbook Statistics. Twenty-four countries are led by a man and eleven by a woman.

She looked at whether countries led by women have been more focused on public policy support for income of workers and families, thus potentially alleviating the economically weaker groups of population, including women. She found that the leader's gender did not seem to make a significant difference in terms of actions or the size of support packages.

"However, countries led by women have been more concentrated around a higher score of the Economic Support Index, while the performance of countries led by men spread across a wider range of values, with some countries showing very high and others very low scores," she wrote.

Does that mean women were better leaders? "We can say that, at least if we think in terms of caring about people, yes," she said.

Profeta is continuing her research to look at the domestic performance of leaders inside individual countries, including Italy.

## ALESSANDRO ROMANO

### Logarithmic Graphs Do Not Help Understand the Emergency

Coronavirus cases in Italy, at the beginning of the pandemic, were growing exponentially, thus drawing a skyrocketing curve that international media didn't hesitate to define "frightening". With such a fast dynamic, changes in the speed of growth were difficult to appreciate, as the line appeared to point higher and higher, irrespectively of any public health measure. This suggested some media editors to shift from graphs drawn in a linear scale to graphs in a logarithmic (or log) scale. In a log scale graph, quantities on the Y-axis are not evenly spaced: moving a unit of distance along the axis does not mean adding a quantity (e.g. 1, 2, 3), but multiplying by a factor (e.g. 10, 100, 1000). This presentation is often used to fit phenomena with exponential growth in a small space and, to an educated eye, has the advantage that the curve flattens

as soon as the growth slows down, thus showing the effectiveness of lockdown or social distancing measures.

In a paper forthcoming (and published online before inclusion in an issue) in *Health Economics*, *The Scale of Covid19 Graphs Affects Understanding, Attitudes, and Policy Preferences*, **Alessandro Romano**,

Assistant Professor at Bocconi's

Department of Legal Studies, joint with Chiara Sotis, Goran Dominioni, and Sebastián Guidi, compares the effect of mass media presenting data about the Covid19 pandemic in a linear or in a logarithmic scale.

Romano and his colleagues conclude that people exposed to graphs in a log scale have a less accurate understanding of how the pandemic is



## THE PAPER

**The Scale of Covid19 Graphs Affects Understanding, Attitudes, and Policy Preferences**, by Alessandro Romano, Chiara Sotis, Goran Dominioni, Sebastián Guidi

developing, make less accurate predictions on its evolution, and underestimate the risk. "The principle that logarithmic scales are better suited for exponential growth does not hold true if readers do not, in fact, comprehend them. Thus, mass media and policymakers communicating to the general public should always describe the evolution of the pandemic using a graph on a linear scale, at least as a default option," they conclude.

The paper won the 2020 Margaret Gruter Prize, awarded to a Yale student (Professor Romano obtained a LLM from Yale Law School) for the best paper on how ethology, biology, and related behavior sciences may deepen understanding of law.

## GUIDO TABELLINI The Positive Effect of

As the economic consequences of the lockdown became apparent in the spring of 2020, governments rushed to provide financial support in the form of lending guarantees to shuttered businesses. The need to act fast to avoid a wave of bankruptcies created a potential increase of funds flowing to weak or "zombie" firms.

Previous research has argued that lending to weak firms delays economic recovery because it slows the reallocation of assets from low productivity uses (the zombies) to productive ones, hurting healthy firms in two ways: reducing the flow of bank credit that is available, and creating a sort of hidden subsidy for



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## ROSANNA TARRICONE

### Probiotics Lends a Hand for Sanitation

The hot topic in these months of health emergency is that of sanitizing hospital environments. Healthcare associated infections (HAIs) and antibiotic resistance have high social and economic burdens. An eco-sustainable sanitation system based on *Bacillus* probiotic spores (Probiotic Cleaning Hygiene System - PCHS) has recently shown to stably eliminate surface pathogens in hospital environments, without selecting antibiotic-resistant species, thus reducing HAIs and related management costs. Furthermore, more recent preliminary data indicate the PCHS system is also effective in eliminating coronaviruses.

Starting from the data collected by the initial study, carried out in 6 different hospitals in Italy thanks to researchers from 5 different Universities (Ferrara, Udine, Pavia, Messina and Bocconi), a new investigation has been performed to compare PCHS versus conventional chemical cleaning to evaluate the reduction of HAIs and their severity, related antibiotic resistance, and costs. A stronger methodology, based on propensity-score matching technique, has been applied in this case in order to compare patients in the two groups with the same clinical characteristics (4,160 patients per group).

**Prof. Rosanna Tarricone** and Dr. **Carla Rognoni** reported that "a sustainable environmental sanitization system, such as the PCHS, is a new approach for infection prevention and control at no additional costs for the healthcare systems. It could help support policies aimed at reducing the development of microbial resistances and at increasing protection of health."

The cumulative incidence of HAIs confirmed a statistically significant decrease from 4.6% to 2.4% moving from traditional chemical disinfection to PCHS, with a variation of severe HAIs from 1.57% to 1% and



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antibiotic resistances from 1.13% to 0.53%, respectively. From the hospital perspective in Italy, increased utilization rates from 5% to 50% of PCHS over conventional chemical cleaning, in internal medicine/geriatrics and neurology departments in the next 5 years, is expected to avert at least about 31,000 HAIs and 8,500 antibiotic resistances, and save at least 14 million Euros, of which 11.6 for the treatment of resistant HAIs. In case the PCHS entirely replaced conventional chemical cleaning in all acute medical units in Italian hospitals, the savings would sum up to 320 million Euros in the next 5 years only for pharmacological treatments.



## THE PAPER

**A Probiotic-Based Sanitation System** for the Reduction of Healthcare Associated Infections and Antimicrobial Resistances: A Budget Impact Analysis, by Tarricone, Rognoni, Arnaldo, Mazzacane, Caselli

## Zombies



## THE PAPER

**Identifying the Real Effects of Zombie Lending,**  
by Fabiano Schiavardi, Enrico Sette, Guido Tabellini

uncompetitive firms. Assessing the potential impact of zombie lending during the Covid19 crisis is important for future economic recovery.

The paper *Identifying the Real Effects of Zombie Lending* in the Oxford Review of Corporate Finance Studies by **Fabiano Schiavardi** (Luiss University), **Guido Tabellini**

(Bocconi University), and **Enrico Sette** (Bank of Italy) contributes to an important academic and policy debate by arguing "there is no solid support for the assertion that government policies to sustain corporate lending will have negative consequences due to zombie lending."

The trio of authors builds on their previous research about zombie lending in *Credit Misallocation During the European Financial Crisis* (IGIER working paper 2020) exploring the extent and consequences of credit misallocation in Italy during and after the Eurozone Crisis.

In fact, while keeping zombies alive increases credit

misallocation in the long run, doing so during downturns may have short term beneficial effects such as avoiding bankruptcies and preventing layoffs. The authors cite evidence using Italian data that the bulk of loan requests during the crisis will come from firms that were financially sound before the start of the pandemic.

Secondly, and perhaps more crucially, the authors show that the framework used in past literature to identify the negative effects of zombie lending on the real economy suffers from a serious identification problem. The paper concludes that “the risk that

government credit guaranteed schemes create an incentive for zombie lending should not hold back governments and banks from providing firms with credit during the Covid19 pandemic: it is essential to avoid that the liquidity crisis pushes many solvent firms out of the market.”

There's a lesson here for regulators, said Tabellini. “After the financial crisis, policy makers forced banks to reduce credit to zombie firms. Instead, there are benefits to letting bank credit flow to the economy without worrying too much about being selective as to where the credit goes. Forcing banks to recognize their bad loans is important in a second phase,” he said.



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## VERONICA TOFFOLUTTI

### When the Pandemic Leads to Food Insecurity

Long supermarket lines and empty shelves were common sights during the pandemic. But the health emergency's impact on the food system has largely been overlooked by governments in the scramble to provide healthcare and cope with the social fallout. Two recent studies on food systems in Europe and the pandemic highlight just how vulnerable to disruption these systems are.

The article *Is the Covid19 pandemic turning into a European food crisis?* published in European Journal of Public Health by Bocconi University's **Veronica Toffolutti** and **David Stucker**, and Martin McKee at the London School of Hygiene and Tropical Medicine shows that lockdowns create two interlinked threats to food security. The first is the shortage of food triggering price rises when production of food is slowed or halted. In Italy, for example, around 25% of food production relies on about 375,000 seasonal agricultural workers from Eastern Europe. France, Germany and the Netherlands face the same problems. The borders closure and the consequent halt in the movement of people pose the real threat that crops may be left to rot in the fields. Price changes also reflect a shift in demand away from fresh food towards long-life food when

## ALEX TURRINI

### Beyond the Selfie: Covid19 As a Digital Transformation Accelerator for the Museum Sector

According to a UNESCO study released in May 2020, 90% of the world's 95,000 museums shut temporarily during the pandemic, and almost 13% risk never opening again. However, the museum sector reacted very quickly to the Covid19 crisis, developing its presence on the Internet in order to maintain a link with the public, the study said.

*Virtual Proximity or Physical Distance? Digital transformation and value co-creation in Covid19 Times* by **Alex Turrini**, Associate Professor at Bocconi's Department of Political and Social Sciences, and **Marta Massi**, Assistant Professor at Brandon University in Canada, explores how the public health emergency accelerated the introduction of innovative new forms of arts communication and how this development has increasingly incorporated “co-creation” of value in a changing dynamic between museums and

visitors.

“I have never seen such a pace of innovation in the museum and heritage sector like I have in the last year,” said Turrini.

Almost half of nearly 1,600 museums said they already had a presence on social media or shared collections online before the lockdowns, according to a survey taken in April by the International Council of Museums (ICOM).

Nearly half the museums (47.5%) said that social media activities increased during the pandemic. All digital activities mentioned (including online



## THE PAPER

*Virtual Proximity or Physical Distance? Digital Transformation and Value co-creation in Covid19 Times*,  
by Marta Massi, Alex Turrini

consumption shifts from restaurants to the home, leading to an increase in prices of staples used for the production of long-life products such as pasta and rice and to a collapse for those with a limited shelf life. In parallel, some countries producing wheat and rice limited their export to safeguard domestic food production.

"We need to rethink Europe's agricultural policy, because at the moment it is too vulnerable to shocks to the system," said Veronica Toffolutti. The second threat is the unequitable distribution of food. During the Great Recession, both the US and Europe saw rising food prices and stagnating wages, leading to a significant increase in food deprivation, with people with low socioeconomic status (SES) groups, e.g. un/underemployed and disabled people, being hit the hardest. "In late March, the European Food Banks Federation asked its 29 country-members how they were coping. Over 80% reported an increase in numbers seeking emergency food assistance alongside diminishing supplies of long shelf-life food being donated," said the authors.

Food insecurity increased substantially in the UK

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during the pandemic from April to July 2020, according to "Changing probability of experiencing food insecurity by socioeconomic and demographic groups during the Covid19 pandemic in the UK" by Jonathan Koltai at

Bocconi's Dondena School of Social Research, Toffolutti, McKee, and Stuckler.

The prevalence of reporting at least one form of food insecurity rose from 7% in April to 20% by July 2020, according to data from 11,095 respondents in the Understanding Society Covid19 longitudinal study survey. "Food insecurity" was defined as having used a food bank in the last 4 weeks; being hungry but not eating in the last week; or not able to eat healthy and nutritious food in the last week. Even though, the United Nations Economic and Social Council's Committee on Economic, Social, and Cultural Rights require states to actively monitor food insecurity under the 'right to food' provision of the UN Declaration of Human Rights, none of the European countries has a food insecurity monitoring system. "The Covid19 pandemic is the opportunity to change this. An opportunity that must not be missed."



## THE PAPER

Is the Covid19 Pandemic Turning into a European Food Crisis? By Veronica Toffolutti, David Stuckler, Martin McKee

collections, online exhibitions, live events, and social media) began or increased after the lockdowns for at least 15% of participants. Turrini and Massi argue that Michael Porter's concept of "creating shared value" can also be applied to cultural production. This "shared value" from policies and practices can contribute to competitive advantages while strengthening the communities in which a company (or museum) operates. Using the five modes of arts engagement in the Audience Involvement

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Spectrum as a tool for their classification, the authors look at examples of ways museums used digital technology during the pandemic. At one end of the spectrum are the webinars and curatorial talks organized by museums during the pandemic. The next level is called "advanced engagement" and includes the virtual tours and "gamification" that became familiar during lockdown. In the "crowdsourcing" level are examples of museum programs that created new content from their collections, often with the help of viewers. The "co-creation" category asked viewers to share selfies, for example, that recreated museum masterpieces at home. Lastly and most involving is the "audience as artists" category in which museums solicited physical or digitally-created objects from their public.



## THE AUTHOR

# Our Glass is Half Full

*Faced with the emergency due to climate change, changes in our behavior must be accelerated. However, as Andrew McAfee recounts in 'More From Less', we should look at the impact of our growth with more optimism. Today, for example, we consume fewer resources than in the past*

di Jennifer Clark @

**W**hat if global economic growth could continue even though advanced economies used fewer and fewer natural resources? This is already happening, argues **Andrew McAfee**, a Principal Research Scientist at MIT in *More From Less: The Surprising Story of How We Learned to Prosper Using Fewer Resources - and What Happens Next*. His argument is based on evidence that the U.S. economy's environmental footprint contracts year after year through an interaction between capitalism, technology, good governance and public awareness. Rather than belt tightening and radically changing course, we need keep doing what we are already doing – only much more of it.

→ **A lot of people are convinced that the human race is on a fast track to oblivion because of climate change. Your book "More From Less" is more optimistic. What is your message?**

I try to say early and often that global warming is real, it's serious, it's getting worse, and it's caused by us. I want to make the point that addressing it will be challenging, but it won't be mysterious. We know how to deal with it. We are just not doing enough of the things that we know work effectively to solve the problem.

→ **I don't want to give the impression your book is about global warming.**

I am looking at our footprint on the planet that we all live on in terms of pollution, resource use, and habitat destruction. A lot of the most important trends show we are consuming less resources rather than more. We must acknowledge what we have accomplished. And our unwillingness to do that and our desire for pessimism is a little bit strange for me at times.

→ **What are some of the reasons driving this pessimism?**

I think there are a few things going on. One is that bad news makes a bigger impression on our brains than good news does. I also think that the media tends to focus on big flashy negative stories. If it bleeds, it leads. And then finally if you look around at academic conversation, it tends to emphasize the negative instead of the positive.

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His research investigates  
how information  
technology changes the  
way companies perform,  
organize themselves, and  
compete

→ **I'm curious to know how you got the idea for this book. Did you notice a pattern in the data?**

I read an update in 2015 by a scholar named Jesse Ausubel who made the argument that the U.S. economy was dematerializing, and that we were consuming fewer tons every year of all sorts of different resources. It didn't square with our idea of growth. And yet we went from being a country that used more and more resources over the years to an economy that used less, even as it continued to grow. That's a really important and really big reversal. And I wanted to understand it.

→ **Can you give some examples of how capitalism or technology are helping us use fewer resources?**

My favorite example is the smart phone. Think of how many devices we would have built and thrown away without smartphones. I don't own a fax machine, an answering machine, a camcorder, an atlas full of maps, an alarm clock, a transistor radio. Nor do hundreds of millions if not billions of other people around the world. This is happening not just in consumer electronics, it's happening all over the place, and it makes me start to get pretty optimistic.

→ **Is there not some sort of limit for the world's population?**

Yes, there is. We don't know what it is, and all of our previous estimates have been badly wrong. If you go back 50 years to the start of the environmental movement, there were dire predictions about the year 2000. Instead of mass famine, we have more people around the world with access to more calories. We have maternal and child mortality rates that are going down quite quickly, and famines have almost vanished. We have been worried about that for over 200 years. We need to retire that worry.

→ **What about China? Won't billions of new consumers put a strain on the Earth's resources?**

Low-income countries are probably not dematerializing yet like rich countries are. The data are not yet clear. But China, India and Nigeria are probably eventually going to reach a plateau just like the U.S., and then they will start dematerializing too. If anything, they will get there more quickly. Nigeria is never ever going to



# THE AUTHOR

build a big copper telecoms network. I am pretty confident that China will never have as many vehicles as America did per capita at its peak. Pakistan is walking away from plans to build more coal fueled electricity plants in decades to come, because it is more economical to build solar powered ones.

→ **In what way if any has Covid changed the arguments you make? The book was written before the pandemic.**

I did not talk about pandemics as a category of threat. Do pandemics mean we are not getting more from less? It doesn't mean that. It probably accelerates things. Think of how much of our interactions became virtual during 2020 out of necessity.

→ **You talk about the “four horsemen of the optimist”: effective capitalism, technological progress, public awareness, and effective government. Regarding technological progress, we are seeing how it can be a double-edged sword. What do you have to say about the tradeoffs?**

I am not aware of any kinds of progress that are not double-edged swords. We can all look at some of the worst things that happen on the internet or social media. And we are concerned about that. Does that mean that the internet or social media the smart phone revolution are net negative for the world? I don't believe that for a second. We have gone from a disconnected world where most people lived in isolation to a world where most people have escaped that isolation. I agree with you there are negative consequences of that. But if you think that in general that was a negative development, you have a very dark view of human nature.

→ **Government is another of your “four horsemen.” What can governments do to be more effective to meet these challenges?**

Every good economics text book tells us that there are some things the private sector does really well, and other things called “negative externalities.” The first example textbooks almost always give is pollution. A factory does not have any direct incentive to stop belching smoke into the air. Governments should deal with these externalities. And if we look at the huge pollution reductions in the rich world that are now spreading to lower income countries, businesses didn't magically decide on their own to stop polluting. Government mandated these reductions, and they have been extraordinarily successful.

→ **What can be done to counteract what you call the “decline in social capital”? Are we moving in the right direction there too?**

Unfortunately, this is the area where I am the most pessimistic. The U.S. is very polarized society and the trend is getting worse. We are at the point now where wearing a mask in a viral pandemic has become part of our cultural war. We had a presidential election that was contested by one of the two parties for no reason



## THE BOOK

### More from less

Throughout history, the only way for humanity to grow has been to plunder the Earth. Then followed the belief that, in order to take care of the planet, it was necessary to radically change course: reduce consumption, tighten our belt, learn to share and reuse, limit growth. Correct reasoning? Not according to Andrew McAfee, who in More with Less (in Italian *Di Più con meno*, Egea, 2020, 320 pages, €26) writes that to solve environmental problems we must grow technologically sophisticated market economies around the world.

**ANDREW McAFFEE**



La sorprendente storia di come abbiamo imparato a prosperare usando meno risorse



Egea

based on actual evidence. I can't tell an optimistic story about that. Our political parties have grown very far apart, and in tandem we are losing our shared grasp of reality; that makes it hard to get anything done.

→ **Let's look at “effective capitalism.” Capitalism does have some built-in defects in terms of vested interests. How can it be made to work better for everyone?**

We can rely on the private sector to dematerialize the economy for the really simple reason that materials cost money, and companies don't want to spend money. What we can't rely on it to do, and we should not take the word of their lobbying organization or their public relations department, is to stop polluting. To magically fix externalities. Or to make inequality go away. This is not the job of the private sector. If we want to reduce inequality, we have ways to do that. Education is a very good one. Taxes and transfers and a social safety net are a very good way. We have tools to meet that set of challenges.

→ **What would you say to Joe Biden as he starts his term in office? What would be at the top of his to do list?**

We need more proposals, and we need a portfolio approach. To use a football or a hockey analogy, we need lots of shots on goal. In particular, two things I feel are not featured enough are carbon pricing and nuclear energy. They are both unpopular for lots of different reasons. But to me the evidence is overwhelming that they are two of the most effective things we can do to fight global warming. And the other thing is we have to keep the pace of innovation high in general, developing technologies and approaches that let us live more prosperous and better lives while treading more lightly on the planet. We know how to do it. We just need to do more of it. ■



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