

New directions

Lifelong learning can make each of us and our organizations take new paths, because investment in skills gives our professional lives a new sense and direction

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Bocconi University's Rector Gianmario Verona meets top executives in the frontline in facing the challenges of the digital century. Bite-sized talks with plenty of insights. Stay tuned!

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VIDEO

Executive chat with Marco Tronchetti Provera



“Digitalization provides a great opportunity,” says Marco Tronchetti Provera, CEO of Pirelli and Bocconi Alumnus of the Year in 1993, in a conversation in the Executive Chats series with Rector Gianmario Verona.

Executive chat with Enrico Vita



A sector at the intersection of life sciences and technology, that of hearing healthcare, impacted by a series of trends, as explains Enrico Vita, CEO of Amplifon, in a conversation in the Executive Chats series with Rector Gianmario Verona

A turning point of the world and its leaders

The ability to reinvent oneself. This is what the pandemic has taught us. Reinventing work, habits, relationships, the way we do business and create value. But not only that. On the one hand, it has made it even more evident that in a globalized world it is the ability to collaborate that makes the difference: between people, between companies, between the public and private sectors, as in the case of vaccines. On the other hand, it has reshaped the role and contours of leaders, starting with the CEOs of companies now called upon to lead their companies but also the change that the megatrends accelerated by the pandemic are imposing on society. From climate change to worsening social inequalities, the fate of the world can no longer be a matter for politics alone. The baton is now firmly in the hands of businesses and their leaders because, more than anyone else, their choices are now capable of setting the right pace for a transition, that can no longer be postponed, towards a sustainable society according to ESG principles. Not only green, therefore, but able to compensate for the differences between rich and poor, south and north of the planet.

As **Larry Fink**, CEO of BlackRock wrote in his letter to CEOs, “It has never been more essential for CEOs to show a consistent voice, a clear purpose, a cohesive strategy and a long-term vision. In this climate of uncertainty, the purpose of your business must be your guiding star.” In addition to the ability to re-invent

themselves in order to create value, which has always been the basis of capitalism and which today is being reinvented in order to be sustainable, CEOs and companies must make it their business to respond to the needs of all their stakeholders, not just shareholders, and to offer themselves as a response to a world that has made complexity its main characteristic.

Today more than ever before, therefore, the future is in the hands of those individuals and organizations who have the ability to regenerate themselves and the piece of the world surrounding them with a clear sense of purpose. To do this, new ideas and skills are needed to imagine a different way forward. We need talents who accept the challenge and put themselves on the line. Bocconi has always been at the side of these talents to help them find their way, and to do this it regenerates itself year after year, enriching its human capital and opening up to new skills and disciplines: from geopolitics to artificial intelligence, from sustainability to computer science, in order to lead the social sciences towards a green and inclusive world that draws energy from the ongoing digital revolution. This is the world that, together with the Financial Times, we have asked 200 young talents selected from all over the world to imagine as protagonists of the third edition of the [FTxBocconi Challenge](#).

Gianmario Verona, Rector

VIEWPOINTS

by Paolo Tonato



ViaSarfatti25 brought the Rector, the Managing Director and the professors of the Rectorate committee to the stage. Their mission: to create the university's first playlist. The result was a very rock soundtrack

Bocconi in a song





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THE ALUMNA



Driving digital transformation without leaving anyone behind

The useful steps to learn how to lead a large company, the need to promote upskilling and reskilling for digital skills, the opportunity to work on the entire training path of people, starting from school, to reduce the gender gap in the STEM degrees. Alumna Barbara Cominelli (CEMS Senior Alumni of the Year 2021), CEO for Italy of JLL, talks about her vision

by Emanuele Elli @

“I have always had the ambition to be a manager, but I knew that to succeed, what counts is half merit and half opportunity. This is why it is essential to enter contexts where merit emerges and opportunities are generated. For me it was Bocconi.” Thus begins **Barbara Cominelli**, CEO for Italy of JLL (Jones Lang LaSalle SpA), a leading company in the services and management of real estate investments, in talking about the professional and training path that has led her to become one of the most influential top Italian managers. For a long time she was one of the very few women at the top in the digital sector and, today, in that of Real Estate.

→ **How do you build a career as a CEO?**

Everyone has their own path, but I would like to say that consulting is a step that for me was absolutely fundamental to acquire a strategic vision, get used to open-mindedness and change, learning to innovate through cross-fertilization of ideas and sectors, in line with what is done in universities. Personally, the experiences of strategic marketing and the role in operations were also very useful: managing 3000 people made me grow a lot in the management and motivation of large teams. Today all companies have a big theme on their agenda which is that of transformation, be it a digital revolution, a business change or a transformation to greener operations. The

BARBARA COMINELLI
A Bocconi graduate with 110 cum laude, and a graduate of the [CEMS-MIM Master in International Management](#) from

Bocconi and ESADE in Barcelona, Barbara Cominelli (CEMS Senior Alumni of the Year 2021) has been CEO of JLL Italy since 2020. She has studied and managed important multicultural teams in Italy, UK, USA, Spain and the Netherlands before holding her current position. She was also Digital, Commercial Operations and Wholesale Director of Vodafone and Chief Operating Officer at Microsoft Italy. “But it all started right at Bocconi,” comments the

goal of managers in all sectors is to understand how large organizations and complex structures must be guided towards new models. All involving people, leaving no one behind, feeding a common vision, cutting the organization vertically, aggregating, in short, using your head and your guts and staying close to the team day-by-day. This is why I think that to prepare for CEO roles it is essential to also include practical experience in a business line and not just staff roles. A final important aspect to take care of right away is the habit of thinking and working at two speeds. Whatever position one holds, there will always be short-term goals to be achieved and to be accounted for, but, as mentioned, also long-term goals for which the future must be planned in advance with vision.

→ **In order to “leave no one behind”, the issue of skills present in the company must also be addressed. In the digital sector that you are familiar with, the problem is particularly evident. Where do you start to catch up?**

In Italy there is an evident mismatch between supply and demand for digital profiles; there is a need to create a pipeline that brings new digital talents to all companies capable of managing clouds, working on data, artificial intelligence, cybersecurity and so on. At the same time, however, there is a strong urgency to upskill and reskill, that is, to update the skills of



those who are already in the company. The ideal is when we are able to graft new skills on managers who already have 20 years of work behind them; for example, an expert marketing manager in the sector, thanks to digital, learns to do a sort of augmented marketing. This upskilling exercise allows you to bring technology closer to those who use it and to provide them with a new toolbox to do their jobs better. While sometimes we describe technology as something inaccessible, complicated, as if innovation were reserved for only a few followers. In short, the situation requires skills, but also an overview. It is therefore right to encourage STEM degrees but I believe it is also essential to work on the requalification of skills.

→ **Speaking of STEM degrees, the most recent data show that the gender gap in enrollments has narrowed. What is the situation in companies today and what initiatives can be implemented to eliminate the gender gap in the digital professions?**

On STEM degrees we still have twenty years of poorly done marketing: we have been told for too long that they were men's subjects and we find it hard to get out of this stereotype. But things are changing and there are positive signs. In my opinion it is necessary to work more on the whole pipeline, from middle and high school. And we need to absorb some hybrid models from other countries. In Italy, for example, there are no educational programs that allow you to study philosophy and computer science together... but why? Giving the opportunity to mix disciplines would be very positive, it would help people acquire skills in both areas. Having said that, I am pleased to see that many female digital talents are emerging in companies because the use of technology is not a question of gender. Furthermore, in all medium-large companies there is now the awareness that having a 50/50 population is a business priority and this is becoming not only a declaration of intent, but a direction foreseen in the operational plans, therefore with targets, deadlines, responsibilities and with a

manager. "I remember the years there as an exceptional experience of extended study, that is of discipline but also of relationships, of student life (she was the student representative, ed.). It was a decisive moment not only to connect the dots, to cross-fertilize knowledge, but also to absorb the desire to always stay up to date and to be part of an international community. The experience of the Master in particular, which I did partly in Barcelona, is the one that made me feel truly European for the first time. Living in a "Spanish apartment", like the one in the famous film, I felt part of a larger community and I had the proof that we have many more - and more important - things in common than we have differences."

clear focus on three moments that remain critical: recruiting, retention and promotions.

→ **The real estate sector seems to be among the most resistant: few women among top managers, very few among CEOs. How come?**

It is true, it is not a particularly advanced sector from this point of view, but it is only a matter of time because it is a very attractive industry and which is faced with important challenges, first of all that of sustainability, because even today about the 40% of the total emissions come from the built ecosystem. It is an exciting transformative phase: the sector is opening up strongly to digital and technology will be a key enabler of the next phase of growth. Finally, the value of diversity, understood not only in terms of gender, but also of background, ethnicity, origin, sensitivity, skills, is also strongly asserting itself.

→ **Where are we in the digital transformation process of the country?**

The desire to do it is there and I am very confident that various initiatives of the PNRR will make us take a leap forward. However, if we look at the Desi index, Italy remains for now more or less at the same point, in the lower part of the European ranking. I believe that, together with investments in infrastructures, it is time to invest with the same conviction in skills and human capital, because in the long run we will be able to make the difference if we have talents capable of exploiting the infrastructures available. Otherwise, we will always be chasing others or getting dragged off by technical evolution.

→ **Driving innovation or being overwhelmed... is a never resolved but increasingly topical issue.**

Technology is an enabler, like electricity. No one is afraid of electricity, but many are afraid of artificial intelligence. How come? Because we are unable to build a digital culture, based on the idea that technology is a tool, it must be governed: we must not only ask ourselves what technology can do, but what it must do, what we want it to do, thus building a long-term vision, outlining guidelines, programs and rules within which to run innovation.

→ **From whom and where does this process begin?**

I would like to make a call to action that involves leaders. Curiosity, the desire to invent the future, the sensitivity to inclusion, the empowerment of new talents, the affirmation of a sustainable vision and a new capitalism, are all elements that must guide the action of a leader today. It is from them, from us, that the change starts. We are the ones who have to change the rules, the responsibility is ours. It also happens to me, on occasions when I find myself talking to young people, to encourage them by saying that the future is theirs, but this does not absolve me of the task of dedicating all my energies to preparing for them the best context in which to be able to make the difference. ■

CEMS, the alliance without borders

CEMS is a global alliance of leading business schools, multinational companies and NGOs jointly delivering a pre-experience Master's in Management programme that prepares future generations of responsible leaders. CEMS was founded in 1998 by Bocconi, ESADE, HEC Paris and University of Cologne with the aim of taking management education to a pan-European level through one single [Master in International Management](#) (MIM) programme. The CEMS network today counts 34 partner universities, present on every continent, around 70 corporate partners and 8 social partners. In Bocconi the CEMS MIM program is offered during the second year of the MSc in International Management. At the conclusion of their studies, participants are awarded both the Master in International Management degree issued by CEMS and the Italian MSc degree in International Management issued by Bocconi.

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New dir

The strength of continuing education lies in the ability to regenerate the professional identity of the individual. These are the center of the Italian National Recovery and Resilience Plan: investing in the reskilling of the labor force

by Giuseppe Soda @ Stories by Andrea Celauro and Jennifer Clark

rections

of individuals and stimulate changes in organizations. This is why education and training and upskilling of people means investing in the country's transformation



by Giuseppe Soda @

Can it be accidental that formazione (training) is mentioned 206 times in the PNRR, Italy's National Recovery and Resilience Plan? Twice more than occurrences of the term "GDP", thrice more than "growth", five times more than "public administration", and much more frequently than "firms". Furthermore, in a crucial passage of the plan relating to employment policies for the coming years (PNRR, p. 212), three strategic objectives are indicated: 1) Increase the employment rate, by facilitating job transitions and providing people with adequate training; 2) Reduce the skills mismatch; 3) Increase the quantity and quality of training programs for young people and the unemployed, in a context of investment also in the continuous education employed.

None of this is by happenstance, because attention to human capital and its growth requires extraordinary investments in the training, upgrading and adaptation of people's skills (upskilling), as well as the development of new ones (reskilling). As Next Generation EU and the PNRR clearly indicate, the recovery from the collapse of the economy engendered by the pandemic responds to the trend, which emerged well before Covid, towards the development of skills as crucial factors for social transformation. Already in January 2017, well before the onset of the Covid hurricane, a prophetic issue of *The Economist* indicated lifelong learning as the new "economic imperative", an obligatory path for economies and generations that are going to live and work in the era of automation and artificial intelligence. The intertwining of pressures for post-pandemic economic growth and the technological revolution amplifies the need for an accelerated reconversion of the human capital employed, both in companies and public administrations. It is a process that will extend over time, since the speed and depth of the variations in competences and skills imposed by sectoral transformations require continuous adaptation from which no one in the workforce is exempted, both at operative and decision-making levels.

In industrialized nations, for many years the idea was prevalent according to which schooling and higher education represented a sort of initial propelling thrust capable of feeding a person's professional life cycle indefinitely. According to this logic, the larger the investment in education warranted by prestigious, and therefore expensive, institutions, the stronger and more lasting would be the booster effect be to one person's own career and his/her ability to occupy positions of responsibility over time and, consequently, the higher would be the return on investment in education in the early stages of the career. Once the foundations had been established through robust university education



GIUSEPPE SODA
Dean of SDA Bocconi
School of Management

CORRADO CIMINO

Country manager in Peru thanks to the

From electrical engineer to Terna's country manager for Peru. From Naples to Lima, passing through SDA Bocconi. The turning point for Corrado Cimino, 44, is contained in that *Embaue* he learned about in an almost fortuitous way, from an advertising banner, just as he was looking for a tool to invest in himself. But let's take a step back: "My training was purely technical," says the alumnus. "I got an apprenticeship at Terna, and as I consolidated my career, moving to positions of regional responsibility and then to Southern Italy in asset management, I realized that I lacked the right tools for a role that was becoming more managerial. Above all, I did not see myself in any other business area and in any other position that was not, at best, that of my manager." Corrado felt a need, but having never even heard of a Master in Business Administration, he didn't know how to satisfy it. "Until I read an advertisement in *Sole 24 Ore*, which promoted the *Embaue* formula, which would allow me to continue working." Corrado knew Enzo Baglieri and his team: "For me, especially at the beginning, it was a wonderful carousel, I couldn't believe I was part of it," he recalls. "I already had two daughters and I was trying to convey to them the importance of the investment I was making in myself. I succeeded, although at first it was strange for them to see a father studying at home."

Months of hard work "in which I experienced first-hand how

ALESSANDRO CRISTIANO

He saw an MBA in the periscope of his

What do the submarines of the Italian Navy have in common with the Amazon supply chain in Madrid? One person, SDA Bocconi alumnus Alessandro Cristiano, who at the age of 19 started the Naval Academy in Livorno, after which he chose the underwater units as his destination: translated, submarines. "The sea has always fascinated me,"

he says. "For me it represents the spirit of adventure. I chose to be a submariner because I would have the opportunity to manage not only a staff, but also very complex vehicles. I have participated in several missions both in the Mediterranean and abroad. Among others, an anti-piracy mission in the Indian Ocean."

Nine years later, as Lieutenant and deputy commander of a submarine, Alessandro decided to make a radical change in his life: "I looked inside and imagined myself 10-15 years from then," he says. "After all, all I needed was the experience of the command and then I wanted to see what the world



Master in Business Administration

much what I was learning in Milan completed me as a manager and how much, before the Master, it would have been reckless to go and claim positions in the company without that preparation." And since, as Corrado points out, "There is no luck, but only the moment when merit meets opportunity," the creation of a small emergency within Terna was an opportunity for him. "In 2019, the need arose to identify a country manager for Peru. 'Who better than Corrado?,' thought HR." They call him one afternoon, while he was in the car with his daughter, who was ten years old at the time: she immediately told me to accept.

"In that moment, when they thought of me, I immediately glimpsed the possibility of putting into play all that new world of knowledge that I had learned.

Furthermore, SDA Bocconi gave me inspiration and, as Mandela says, inspiration is needed to exceed one's expectations. Before the master I would not have had the courage to set myself certain goals. After that I was able to do it, to promote myself and to convince others to believe in me."



submarine in the Mediterranean Sea

was like outside the military sphere. At 31, I chose to change." Alessandro looked around to understand which moves could facilitate his transition and discovered the **MBA**. "Of that experience I carry three elements in particular: the people, both on one side and on the other of the lectern, who for me were a fundamental link with sectors that I was previously unaware of; the study setting based on business cases; the entrepreneurship course in which each of us has had the opportunity to bring their own project." The turning point was also on skills, which for Alessandro, until then, had always been very specific and sectoral. "The MBA gave me a 360-degree view of business problems. This aspect, together with that of corporate data analysis, are two elements that I was missing." After the Master, Alessandro Cristiano interviewed for an internship at Amazon Italy and then, after a few months, was hired. But he doesn't stop there: "I asked to be transferred abroad, I liked the idea of changing everything after the MBA. I had changed jobs, I had changed career, I also wanted to change country. As we said in the classroom, I wanted a triple change." Thus, Lieutenant Alessandro Cristiano is now Strategic supply chain manager in Madrid.





PAU RODRÍGUEZ Becoming an entrepreneur by engaging directly with investors

For Pau Rodríguez, CEO of medtech startup Methinks AI, completing his [MBA](#) at SDA Bocconi in 2016 was a turning point because it gave him the crucial experiences to make the transition from what he calls “a traditional path” of an engineering degree followed by a job at a major bank to achieve his goal of becoming an entrepreneur.

But it was not just the indisputable technical and financial skills he gained from his year at Bocconi that made the difference, he says.

“It goes beyond the academic knowledge, which was significant,” he says by phone. “It gave me the opportunity to engage with investors myself. At the end of the day, you are the person who needs to engage. And that hands-on experience helped me to become an entrepreneur.”

As Entrepreneurship Club President, Pau and his classmates organized Imagine Bocconi 2016 at the Castello di Pavone, a castle dating back to the 11th century nestled in the foothills of the Italian Alps near Turin. Over the course of a weekend, the 18 cross-disciplinary participants from SDA Bocconi brainstormed creative business solutions proposed by Assicurazioni Generali.

“It was a simple thing, but it was a good way to start,” he said. “It was a way to learn about how to lead initiatives in a platform for people with many different backgrounds.” In terms of professional career and entrepreneurship, the important thing for Pau at SDA Bocconi was to be hands on, he said, starting with the school initiatives like the Entrepreneur Club, and then engaging during his studies with people in the course as well as outside investors. He learned about teamwork and how to face challenges during his brief career as a professional rugby player with a Spanish team



before it was cut short by injury.

It was precisely this opportunity to engage with investors that became a turning point. An important Italian investor introduced Pau to the founder of a Bologna-based biotech startup called Biogenera, where Pau went on to successfully lead a fundraising stage.

“It was a very important moment in my life,” he recalls. “When you are in a smaller company, you really need to think about your approach to management and how to get things done. The fact I could fundraise, do a roadshow in the US and participate in an accelerator program in Boston all helped me see how a company could start growing.”

FEDERICO SCHIVO The EMBA made Federico

Sometimes an [EMBA](#) can provide not only new skills, but also the courage to definitively embrace an idea that has been around for a while. It happened to Federico Schivo, 47 years old and with twenty years of experience in supply chain and operations in the private sector in various companies and in consulting.

Thanks in good part to the SDA Bocconi EMBA program, he decided to embark on a new adventure very different from his previous ones: bringing his supply chain management skills to the humanitarian sector. Today, in fact, Federico’s employer is Médecins Sans Frontières. “I have always had a great interest in the Third Sector,” says the alumnus. “It was therefore not a sudden choice, because before jumping into this sector, which is a very varied universe, it is necessary to clarify what type of work you intend to do and what skills are required to do it.” Still fully immersed in his previous corporate life, Schivo came to EMBA at SDA Bocconi with “the need to acquire new and more multidisciplinary skills. I felt I wanted to expand my training.” However, the desire for a new direction was already brewing. “That was also more generally a moment of rethinking my



and, possibly, in the first years of work, the other skills necessary for professional career growth would come from experience in the field, or at most, from training activities that were not particularly intense and structured, distributed haphazardly throughout one's working life.

However, this approach could only be effective in a world of static and relatively stable skills over time, where skills and knowledge are treated as a stock of capital whose value is a function of the professional life cycle and, therefore, length of job tenure. In other words, the thrust provided by early training in higher education and job experience over time would feed a repository where professional skills and knowledge accumulated, providing people with tools and models

Federico look beyond. All the way to Congo

career and where I wanted to go. I felt I wanted new means to open new doors and for me the EMBA was a moment of awareness: it gave me greater awareness. The program is a challenge to get out of one's comfort zone and it also pushed me to look beyond, to a broader horizon."

That horizon, in Federico's case, has become the Democratic Republic of Congo, where today Schivo works in specific supply chain management projects, such as the one that saw him in North-Kivu to manage the flows of a regional hospital or the one in Kinshasa for the Urgency Pool of Congo, a rapid response project that intervenes to mitigate the health and humanitarian emergencies in the country.

"The EMBA sharpened a feeling I was harboring, gave me a vision and new tools to carry it forward." Furthermore, "This type of master is an exercise in resilience, one of the characteristics that are so important in my work, but it is also an exercise in adaptability, because it challenges you to work with people from very different backgrounds. And this is also a feature of my work today, with multidisciplinary teams from different backgrounds that change from project to project."



consistent with the growth of responsibility, autonomy, and variety of tasks that the development of the career required.

On the other hand, the present-day context is one characterized by the profound and continuous transformation of skills. According to the World Economic Forum Future of Jobs Report 2020, approximately 85 million jobs could disappear by 2025, while 97 million new professional profiles are going to emerge, which are better suited to the new configuration of the division of labor between machines, algorithms and humans that is emerging. It is not only a radical transformation largely driven by technology that marks the new era, but also the generalized change in the model of skills and competences required by the vast majority of professions and sectors.

Consequently, in order to accompany people in this metamorphosis, in an effort that is perhaps unprecedented, training and investment in education must respond to two main characteristics: continuity over time and transformative value.

The continuity of investment in education throughout one's working life is a necessary condition in order to be able to cope with instability in skills, understood as the portion of new knowledge functional to performing a specific job, which characterizes many industries. For

example, average skill instability across economic sectors such as agriculture, food & beverages, automotive, hi-tech manufacturing, consumer goods, ICT, energy, and financial services is estimated to be around 44% (WEF, 2020), with peaks of 55% in the case of the car industry. To this general shortening of the skills lifecycle, another trend is to be added, which is job-hopping, namely the reduction of the average number of years spent in a given job or profession. This tendency toward



impermanence has lost the traditional stigma that made job-hopping an undesirable feature for a prospective employer.

While skill instability is the continuous modification of the technical requirements for a given job, job-hopping is a process of rapid movement between professions and positions. In both cases, there is a great dynamism that is changing the person-job-organization relation, in the form of increasing liquidity in the skills required to perform a specific job. All this requires continuous exposure to upskilling or reskilling processes to ensure that the rapid obsolescence of skills does not result in a systematic mismatch between individuals and jobs, to the detriment, not only of the employability of individuals, but also overall productivity.

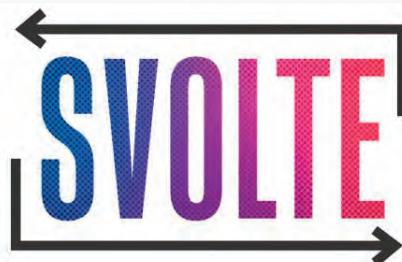
In this context, to employ an effective analogy, continuous training can play the function of “insurance policy” against the obsolescence of skills, imbuing individuals and organizations over time with a continuous flow of content and updates capable of ensuring the consistency between skills possessed by people and skills needed on the job. However, precisely from the point of view of continuing education, compared to all 27 EU countries, the Italian situation presents numerous critical points and delays.

According to Eurostat data, in the pre-pandemic period (2016-third quarter 2019), Italy ranked 20th in as share of working population participating in education and training activities, well below France and Germany, and lower than the EU average. Not only that, it was also a snapshot of the current profile of Italian lifelong learning: much more focused on men than on women (Italy ranked last in the EU in this, in the company of Cyprus, Czech Republic and Hungary); 20% more



PODCAST

In this episode of Story Scanner podcast we discuss turning points in people's life and careers and the role of lifelong learning with Giuseppe Soda, Dean of SDA Bocconi, Isabella Castiglioni, founder of DeepTrace Technologies, and Pau Rodríguez, CEO of MethinksAI



CORRIERE DELLA SERA

SDA Bocconi
SCHOOL OF MANAGEMENT

How continuing education transforms lives

In the life of each of us, as well as in that of organizations, sooner or later there is a specific event which in retrospect appears as a moment of change of pace, a real turning point. It is the moment in which you have the courage to question your own certainties and you feel the strong urge to change direction. When this happens, whether it is for individuals or companies, the new path often requires the acquisition of new and different skills. It matters little whether it is reskilling or upskilling: what makes these turning point stories common is that at the center of each of them there is a continuous training path. SDA Bocconi School of Management and *Corriere della Sera* have decided to tell 11 of these stories in video. And so the **SVOLTE** project was born, in which, from purely personal stories or from business cases, it emerges how the managerial skills acquired make it possible to make a radical change of perspective in one's life or business. “SDA Bocconi was founded 50 years ago with the idea of representing innovation in managerial training, a place for the aggregation of the most advanced skills,” explains the Dean of SDA Bocconi, **Giuseppe Soda**. “This has been our mission from the beginning and today, through this project, we want the direct experiences of those who have passed through our classrooms to speak. They best of all can testify to the importance of investing in themselves and human capital.”

TIFFANY HOLLINS Standing out in the US job market as an American with a foreign MBA

When Las Vegas native Tiffany Hollins decided to get her MBA, her game plan was to work abroad. She was looking for a **MBA** experience that would give her an edge towards achieving her professional goal, and was skeptical that she could get this international experience at an MBA program in the United States.

“SDA Bocconi was definitely a turning point,” she says by phone from Las Vegas. “In any job interview I've had in the US, they are blown away by the idea of leaving the US to go to school, or leaving the US to live in general. I am seen as a risk taker and someone who is not afraid to step out of the box and try new things.”

Tiffany completed her MBA at SDA Bocconi in 2015, with a focus on marketing and innovation, after an 11-year period following her undergrad degree spent working in various marketing roles

in the entertainment and leisure industry. Her MBA at SDA Bocconi was a game changer in preparing her “to think like a leader and manager instead of an employee,” she says.

She did her MBA internship at the Milan-based international branded beverages conglomerate **Campari Group** in January 2016, and followed that up with a two-year stint at **Banca Generali** in Milan - first as a freelancer and then on contract. When she decided to go back to the United States in 2020, she was immediately snapped up by **Ultimate Fighting Championship**, where she held the position of **Global Partnerships Activation Manager** from March 2020 until the start of 2022.

“When I was hired my boss liked that I had experience abroad and had worked with other



focused on cohorts aged 25-34, than on 55-60 year-olds; much more concentrated (65.4%) on people with college education. Finally, only in 17% of cases, Italian continuing education is offered by certified and accredited university-based institutions, while most commonly (32.8% of cases) it is provided directly by the employer and is largely of an “informal” type. As it can be seen, the gap that Italy needs to fill is large and the problem is compounded by the generalized distrust and poor culture of investment in training on the part of small and medium-sized enterprises, especially those working for the domestic market.

The transformative element of continuing education is condensed in the ability to profoundly modify the “hard” components of skills, but also in the way it influences individual cultural and behavioral development. In this light, education becomes a regenerative force, a kind of palingenesis (*παλιγγενεσία*) which prompts radical renewal. Most investment in adult education arises from a need for professional regeneration, and this always entails a process, sometimes draining from a psychological point of view, of questioning one’s own professional identity. What is observed, however, is that transformation-oriented training focuses on individuals that are capable of changing not only their own situation, but also the organizations they work for. These are people who are capable of challenging themselves to achieve a kind of professional regeneration that yields positive impacts across the entire organization, encouraging change, and stimulating the ability to deal effectively with current transformations in business models, technology and consumer behavior. ■

clients, and from living and working abroad I was able to deal with different types of people with all backgrounds,” says Tiffany.

SDA Bocconi’s position as one of the top schools in Europe made it a clear choice, she says. Being able to make a company visit to a Swiss firm or go to Berlin for the weekend “was something you cannot pull off so easily in an American MBA program,” she points out.

Most of the time, it is foreign students that flock to the US for their advanced degree and not the other way around. Tiffany’s international experience has made her stand out, and has opened doors.

“A lot of people see me in a different light,” she says. “It made them see I was not afraid to be on my own. And this is something a lot of companies are looking for this, especially during Covid times. Being able to work alone. I think they connect that.”





What are the effects of losing leadership and or a change in the position of competitors in dynamic competitions such as a racing tournament or the ranking of series on Netflix? The answer in a Bocconi study that highlights how much greater is the effort for those who compete to return to first position

by Cedric Gutierrez @

How much effort (and in



Sports championships, sales contests, idea-sourcing challenges, as many other competitions, can be understood as dynamic tournaments, in which rivals rise and fall in the provisional rankings as they compete over time for a terminal prize. Take the 1965 Italian Grand Prix auto race, which featured a Formula One record of 42 lead changes, or the 2010 Aaron's 499 NASCAR race featuring 88 lead changes with 28 different leaders. Such examples can also be found in the business world. For instance, the 2007 Netflix Prize competition to improve movie-suggestion algorithms featured eight leadership changes and five distinct leaders. This performance volatility can have important consequences for contestants' behavior. Yet, while the loss of leadership in dynamic tournaments is an important, widespread, and frequent phenomenon, little is known about its direct consequences.

Our paper fills this gap by looking at the effect of losing a leadership position on the effort exerted to regain leadership. Using behavioral theories, we predicted that former leaders would exert more effort than otherwise identical competitors. While it tends to attenuate over time, we find that having lost leadership has a long-lasting effect on effort. Moreover, we also find evidence that former leaders shift attention away from other tasks that do not directly affect tournament outcomes in order to concentrate more effort on the tournament.

Our results have implications for incentives



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design. Let's take the example of a firm launching an innovation contest to solve a complex problem, something like what Netflix did in 2007 to improve its recommendation system. Our results suggest that having a leaderboard with a frequent update of the interim ranking of the participants could foster increased effort and potentially lead to the discovery of more innovative solutions. To benefit from this dynamic, such a firm may opt for awarding different prizes to increase the frequency of leadership changes.

Things, however, are never straightforward. Our results also suggest that such a mechanism could lead to over-escalation and unintended substitution of effort that could eventually be detrimental to firms' performance. For instance, a firm organizing an internal innovation contest among its employees should consider that having a leaderboard could reduce effort on tasks unrelated to the tournament.

While we focused on dynamic tournaments, anecdotal evidence suggests that a similar behavioral response may be triggered in other settings, such as competition among firms for market share. For example, EDS's CEO Mike Smith once vowed to "fight to the bitter end" to regain the company's leadership position in IT services, which it had lost to IBM. Loss of leadership is an important phenomenon that can increase motivation and effort but also lead to unexpected downsides. ■



THE PAPER

Better to have led and lost than never to have led at all?
Lost leadership and effort provision in dynamic tournaments, by Cedric Gutierrez, Tomasz Obloj, Douglas H. Frank

centive) to regain leadership



Follow the oracle

To understand if a new product will be successful, don't read the reviews but look at who wrote them. In fact, a study demonstrates the existence of reviewers who have a strong predictive trait. Tracking them across platforms is valuable for manufacturers, marketers, and advertisers

by Verena Schoenmueller @

The widespread availability of consumers' opinions shared on review platforms and other social media channels has offered a new source of information to better assess what products will succeed in the market place. Particularly, online reviews offer a source of information that is readily available and publicly accessible by providing a window to consumers' opinions as early as the time a product is launched. Online product reviews have been shown to be helpful in understanding and predicting product success in multiple contexts.

Even though this environment offers a very rich source of information, surprisingly, little to no work investigated reviewers themselves and whether their review behavior can help us to understand product success. The question is therefore whether the information on individuals that decide to write a review for a product early on after the product is launched can give companies, online platforms and other interested actors a signal for future product success.

We propose a novel approach to analyzing reviews data, by considering the reviewer, rather than the review itself, as the unit of analysis. We uncover that some reviewers have a predictive trait: they systematically review successful products early on after the product is launched. We use two large data sets of movies and books reviews and create for each reviewer in our data set a reviewer score, which measures the tendency of the reviewer to review successful products early on in the life

cycle of the product. Using this approach, we can identify a segment of oracle reviewers who systematically provide early product reviews for products that end up being successful among consumers. We find not only that oracle reviewers exist, but they are predictive of product success over and beyond previously studied predictors of success in different domains. We can show that the higher the proportion of oracle reviewers in the crowd of product reviewers, the more successful the product. Oracle reviewers are predictive of various measures of product success, including sales, sales rank, product lifetime, and number of reviews.

Building on the phenomena of oracle reviewers, we uncover characteristics of oracle reviewers that systematically differentiate them from others. We find that oracle reviewers are selective reviewers, yet their predictive trait goes beyond selectivity. Oracle reviewers tend to write less reviews and to write them closer to the product's release date, relatively to non-oracle reviewers. Oracle reviewers do not like successful movies more than other reviewer and they write less emotional reviews, a characteristic that has been also found for critic reviewers.

Our work expands and combines the literatures of product reviews and predictive consumers by identifying a reviewer trait that makes them predictive of product success. We establish the existence of oracle reviewers across empirical contexts and platforms. Moreover, we



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show that predictive consumers can be identified even in the absence of observed purchase data and only based on their decision to review a product. In fact, we are not even using the content of the review to identify oracle reviewers, only whether they reviewed or not. In addition, the prevalence and availability of product reviews make our approach extremely useful in identifying predictive consumers. Marketers and platforms can use it to easily identify oracle reviewers who, by their mere choice to review a product, can inform them early on whether a product is going to be successful. This approach can be easily implemented by any company or platform whose products or services are reviewed by consumers. Online platforms such as Amazon can use this information to understand the success of products shortly after the product is launched and accordingly incorporate this information with respect to decisions what products to promote or decisions related to inventory. Advertisers can incorporate this information into how to allocate their budget and better place ads on products that will be popular.

Manufacturers can monitor their products on review platforms to acquire an early understanding of what products are likely to be popular among consumers. ■





The right time to

The best move that founders of tech startups can make is having a good strategy for selling the company: it shouldn't be too early, because the invention wouldn't be developed enough to get the right price, and it shouldn't be too late, because if the team doesn't achieve unicorn status, it could actually burn down

by Andrea Fosfuri @ Stories by Camillo Papini



ANDREA FOSFURI
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of Management
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0 exit



PODCAST

In this StoryScanner podcast we look at startups and their exit strategies – discussing with Andrea Fosfuri, professor of technology and innovation management at Bocconi, Federico Isenburg, CEO of Nutribees, and Nico Valenti Gatto, Operating Director of B4i - Bocconi for Innovation



Every startup dreams to turn into a “unicorn,” but the reality is that technology startups fail more often than succeed. Data show that failure rates among technology startups reach 90 percent in some industries. After all, this is not surprising: although many inventions begin their journey to commercialization in startups, startups are not necessarily the best vehicles to develop and profit from inventions. Large established companies are usually better equipped in scaling up and commercializing these inventions. An acquisition by a large incumbent is often the best exit strategy for a technology startup: the lucrative culmination of a journey that started with an innovative idea and has gone through several rounds of financing, milestones, periods of despair and moments of euphoria. The market for start-up sale has been exuberant in recent years. Alphabet, Amazon, Apple, Google and Microsoft alone have acquired more than 60 companies since January 2020, many of them technology startups funded in the new millennium.

If a startup aims at culminating its journey through an acquisition, when should it pull the plug?

Waiting too long in selling the business can be risky because technology startups are more prone than incumbents to scale-up and execution errors that might dilute their value for potential buyers and, in some cases, bring them to bankruptcy. An early sale eliminates this risk. On the other hand, there are fewer potential buyers that can acquire early-stage technology startups. A primary reason is that to assess and integrate emerging technologies, buyers need to invest in science and basic research, which is complex and costly. Only a few firms can afford to make these investments, thereby limiting the number of potential buyers of early-stage technology startups. This translates in less competition that depresses the acquisition price. Fewer buyers also mean a lower likelihood of a good fit between the startup's technology and the buyer's complementary assets, thereby reducing the value creation of startup sale. Ultimately, startups face a dilemma between selling early at a lower price or investing in the development of their invention into a proper innovation and selling later at a higher price.. but only if they survive.

In a recent research, I find that the capability of the founding team plays a crucial role in explaining the timing of exit. Startups with less capable teams devise strategies to be acquired by large industry incumbents early on in their lifecycle. Startups with more capable teams go into stealth mode, seeking financing to develop

further their invention and aiming for a late exit. Finally, startups with founding teams of intermediate capabilities adopt flexible strategies, immediately scouting for early buyers but eventually developing the invention to preserve the option of a late sale.

Other factors have been shown to influence the timing of startup sale. Early-stage technology startups usually face a good deal of uncertainty. However, over time, information about the quality of a startup's idea is revealed to the market. Buyers are initially unwilling to offer a high price, especially when it is difficult to disentangle good ideas from bad ideas. Waiting gives thus a chance to the startups to prove themselves. As uncertainty dissipates startups are able to capture a larger fraction of the value they create by negotiating a

higher price for their venture. However, this generates a tendency to wait too long before making a deal with the risk of failing before shaking hands with a potential buyer.

The human touch is also important. Some technology entrepreneurs might prefer championing the development of their technology, while others might focus on idea development and exit as soon as possible, often becoming serial entrepreneurs. Similarly, some technology entrepreneurs might be overoptimistic and refuse early offers in the hope that the market will soon understand their true value, whereas others might prefer to cash out and live without stress.

Ultimately, while there is no single path to success, developing a strategy around the timing of exit is imperative for all technology startups. ■

NICOLA BIFFI PRENOTAUNCAMPO

The padel path to grow



PrenotaUnCampo (Book-A-Court) takes the padel path to continue growing. "After creating the digital platform to book sports courts and fields in Italy, which became one of the largest in Europe, in 2020 we decided to join forces with our main Spanish competitor Playtomic. We chose to proceed with an international merger to ensure global growth, considering it a more effective solution than the traditional corporate internationalization plan", says Nicola Biffi, co-founder and CEO of the start-up born in 2014 and now COO of the new Italian-Spanish business group. "We started the merger process just when there was a high market demand and low supply of sports services of this kind, especially for the fast-growing padel fan base. And for this new racket sport, PrenotaUnCampo and Playtomic already were points of reference in the Italian and the Iberian Peninsula, respectively".

NICOLA BIFFI
Alumnus Bocconi in *ESS* (2008), in 2010 he completed the *Master of Science in Economics and Management of Innovation and Technology*, and remembers how the business idea of PrenotaUnCampo was born within the walls of Bocconi: "I joined a course focusing on building a business plan, and in the first day of class they invited us to present a business idea for which we would apply the subsequent teachings of the course. It was only 2009 but the idea was very similar to what Playtomic has become today and, among others, I managed to persuade Marco Rossi, co-founder of PrenotaUnCampo, who is still working with me after the merger."

The two companies then invested more and more in the social media features of their apps and began to expand all over the world, "Just like padel is doing, a sport considered by many to be fun and sociable", continues Biffi. "However, before doing the merger, we did three years of talks with Playtomic. It is a long and delicate process for a start-up, also because there must be a common strategic vision with the group one plans to join", emphasizes Biffi. "And it was the same between Playtomic and us. The idea of being able to allow every sportsperson to play anywhere in the world thanks to the same app is what made us put aside any personal interests and pushed us to close the agreement".

Furthermore, in sports as in other sectors, consumers turn more frequently to digital marketplaces for services, rather than individual web portals, wanting to view the range of different proposals, before purchasing a service or a product. And therefore, helping the marriage between PrenotaUnCampo and Playtomic, there was also the opportunity to join the growing trend of sports marketplaces. In the future, "we will tend to focus more on racket sports like tennis and padel", remarks Biffi, who also sits on Playtomic's board of directors. "The function that lets you book a court or field for each individual sports discipline remains but, the Matches function is growing in demand, which allows app users to look for other players to set a game, especially among padel enthusiasts. Launching a more social app means, in effect, offering more services to reserve a match also to people who did not know each other previously, matching them on the basis of level of expertise, and allowing them to post images to share the experience of the game", comments Biffi. Meanwhile, at the end of 2021, the migration process of sports centers from PrenotaUnCampo to Playtomic was completed. The new group has more than 150 employees and now attracts over one million players from all over the world every month, ranging from Australia to the United States.



ANDREA GALASSI WASH OUT A way to conquer foreign markets



Exit from a startup is not planned. It cannot be part of the growth strategy, because this would mean anticipating the timing, compromising freedom

of action and flexibility, fundamental aspects for the success of a company. First of all, you need to consolidate the project, make it interesting in the eyes of the early investors: "if you start out immediately thinking about who you'll sell to, you limit the field of action and create distractions," says Andrea Galassi, Bocconi alumnus and co-founder of [Wash Out](#). The company is specialized in washing and home sanitation of cars and motorcycles, both for individuals and for companies, and today is 70% owned by the Telepass group. To confirm, the same relationship with Telepass began in the form of an industrial partnership in the business-to-consumer world (with Wash Out as a white label partner on the Telepass Pay app). This relationship only later evolved with the purchase by Telepass of the current majority stake in the company.

"The exit with Telepass is not something we had planned or

predicted, it was instead the result of a long journey during which we understood that our services would integrate well into their platform. We thought that this operation would allow us to accelerate, also accessing foreign markets and that, by doing so, we would have made the future of Wash Out safer," explains Galassi. He adds that the purchase agreement with Telepass also provided for an initial capitalization to finance the activities of a three-year plan, during which the company is strengthening both in terms of organizational structure and technological infrastructure, while opening the business to new channels and markets. Born as a startup in 2016, today Wash Out is present in six Italian cities and in Paris. In 2018 it won the first edition of the B Heroes acceleration program and since 2020 it is part of the Telepass group, which is developing a platform of services that is diversified but always related to mobility.

"When the business project becomes relevant, monetizing or, if we want," making the exit "is not a problem, especially in this period where there is much more capital available than valid companies to invest in. Among other things, the take the money and run is a false myth. Almost always, in fact, the buyer asks the operations team to stay for a few years with a lock-up formula. And in any case," continues Galassi, "if the founders are cohesive around their project, it is natural to think of accompanying and supporting it during the transition." In short, Galassi's advice is to take the time necessary to develop your project, make it relevant and then start hypothesizing a possible exit plan but, once again, without rushing, giving yourself the time to be sure that the chosen transaction makes the interests of all parties coincide. With this in mind, concludes Galassi, "extending the time window for the exit transition may be a good choice."

We speak more and more often of new mobility and new ways of buying or just sharing means of transportation, in particular automobiles which still represent the main mobility option of individuals. At the same time, even auto manufacturers and the car dealers' networks are not standing still and have started policies of international consolidation. For companies active in the retail automotive segment, then, it becomes essential to support growth plans that look beyond national borders and ride the trends of the entire sector. This is why "we decided to do an IPO on the Amsterdam Stock Exchange at the beginning of last November", explains Marco Marlia, Bocconi alumnus and co-founder and CEO of [Motork](#), a

MARCO MARLIA MOTORK The decision to get listed



company specializing in SaaS (Software as a Service) solutions for the car retail industry.

"This way we not only find more resources to fuel our global development strategy", remarks the CEO of Motork who recently announced three new acquisitions in Europe, in addition of three others which have already been finalized. "But above all, when we introduce ourselves to work with pan-European groups, we offer the profile of a listed company and, therefore, with a well-structured governance and a

profile of transparency guaranteed by the controls of the exchange commission". The decision to get listed was taken after comparing various growth hypotheses such as the choice of one or more strategic partners or partnering with venture capital funds: "you must always have alternatives to ensure growth", adds Marlia. "Even landing on the stock market raises questions, for example regarding the temporal uncertainty of the initial listing, due to the numerous steps you have to go through before admission, and the greater efforts required to clinch it and comply with subsequent obligations, once you are a traded equity. But it is equally true that the stock market can allow you to accelerate your development path". Furthermore, according to the CEO of the company founded in 2010, the stock of a company that wants to be an aggregating pole in its sector is being rewarded, thus overturning the stereotype that a young company must necessarily only be object of corporate

MARCO MARLIA
Alumnus Bocconi, he has contributed to the birth of various digital companies and of his time at university he says: "The international mentality and the professional network gave a boost to my entrepreneurial spirit. I founded my first company during my studies at Bocconi, where I learned the importance of openness to innovation which still today proves indispensable for making inroads into the digital automotive industry".

aggregation. And if Marlia were to give advice drawn from his experience, he would indicate the stock market as a growth solution for those companies that are already partly structured.

Today MotorK has 300 employees in seven countries, with its platform it serves more than 660 groups of distributors and 13 manufacturers in EMEA markets, also thanks to its research and development department for the digital automotive sector.

What will MotorK's next steps be? "We will continue to ride the market and explore the opportunities offered by the evolution of the software world for the automotive sector", concludes Marlia, "by debuting in new markets, strengthening our role in proposing and distributing technology in the automotive retail sector and, finally, by supporting the new mobility trends with a business-to-business positioning".

Entering a niche sector, a highly regulated on and with public opinion attentive to all its development, is not an easy thing to do. First of all, you need to win the trust of the market and so Patchai is doing, an Italian startup born in 2018 which specializes in digital health and since mid-November 2021 has become part of the American multinational Alira Health, which has accumulated 20 years of experience serving customers globally. "The acquisition helps us unlock trust in the industry more quickly", confirms Alessandro Monterosso, Bocconi alumnus and co-founder and CEO of Patchai. "In addition, joining Alira Health allows us to further develop our intelligent digital platforms, designed to improve patient engagement in clinical research and to increase the overall efficiency of the research process. All this by providing real-time results on the patients' health conditions". The operation by Alira Health began to take shape as Patchai was about to conclude the latest round of funding. But the added value of the US group's offer was, again according to Monterosso, to be able to access a major legacy of acquired multidisciplinary experiences and skills. "The vision of both companies also converges in putting the

ALESSANDRO MONTEROSSO PATCHAI

The acquisition to unlock trust in the industry more quickly



ALESSANDRO MONTEROSSO
began his career as a clinical research nurse at the University of Padua. He then specialized in clinical research at the University of Trieste, obtained a MIHMEP from SDA Bocconi, and subsequently a Master in Leadership & Innovation from the MIT. "SDA Bocconi enabled me to actually express the school's vision: empowering lives through knowledge and imagination", remembers Monterosso. "It was an intense journey through which I constantly challenged myself by getting out of my comfort zone and pushing myself beyond the limits".

patient at the center", continues the CEO of Patchai, which has developed an empathetic virtual assistant for patients who participate in

decentralized clinical trials or are following a standard care path. The objective is to stimulate their involvement through dialogue with a virtual assistant capable of adapting to the human person with whom it interacts. Patchai's objectives include progressively reducing the dropout rate among patients, who by leaving the trial slow down the conclusion of clinical research, constituting a hurdle to scientific advancement but also a form of economic damage. Without forgetting that Covid19 has worsened the situation by increasing dropouts and delaying studies to the point that data becomes obsolete, in certain cases. The result was that 77% of research studies were suspended or suffered significant postponement, while 47% displayed the urgency to evolve to a virtual situation. "Remote interaction is and will remain in the future a way of thinking and organizing clinical research", remembers Monterosso. "The pandemic has accentuated the trend that makes our services increasingly essential, especially if face-to-face visits are interrupted." In 2020, Patchai saw its workforce jump from 15 to 35. With the acquisition, both the founders' team and existing employees move under the wing of the US parent company. Patchai's clients include pharma companies Novartis and Roche. The next step will be "inserting our app-mediated virtual assistant within more complete packages, which include the services previously guaranteed by external partners and now offered by Alira Health", concludes Monterosso.



“

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Gloria TAMBURRINO

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The right balance between human resources and available opportunities is the key factor in determining the effectiveness of either a hierarchical or a non-hierarchical corporate structure. And this is independent from whether the firm is a startup or a mature company

by Harsh Ketkar @

Bossless or with a



Over the years, several companies have adopted radically decentralized, “bossless” organizing forms. Here, employees themselves initiate new projects, or join existing ones without interference from management (also termed as self-selection), rather than managers telling them which projects they should work on. Bossless organizing is not a fringe phenomenon: tech firms such as Valve Software and Github, have fully implemented it; and well-established firms, mature firms such as Google or 3M, have implemented it in some form. Self-selection is also found in other, more traditional industries, like in W.L. Gore (makers of Goretex fabric) and Morning Star (a food processing company). But it seems that there are limits to its effectiveness. As these bossless firms grew, they faced increasing pressure to adopt a more hierarchical structure. While some companies (like Valve), laid off excess employees in order to maintain their bossless structure, some others (like Github) converted themselves into a traditional hierarchy. This made us think: what are the conditions under which it makes sense to be a hierarchical or a bossless organization? Should bossless firms adopt either form completely, or should they use other managerial levers? To address these questions, we built a simulation to model the core processes of these innovative firms in both hierarchical and bossless forms: evaluation of opportunities and allocation of employees to them. By doing so we were able to compare the effectiveness of these hypothetical firms (both bossless and hierarchical) under different conditions. We found that the key factor that determines effectiveness is the balance between available human resources and available opportunities. When the number of available opportunities is much greater than the human resources under its control, bossless firms perform much better when



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compared with a hierarchy. A boss would be conservative, and biased in favor of certain projects, thus making the firm lose out on lucrative ones. However, as the organization grows, allowing employees to self-select themselves into projects leads to overstaffing (more resources than needed on good projects) and resource misallocation (employees choosing wrong projects). Here, a boss helps in reducing the winners’ curse of good projects which might get overcrowded, by being conservative. Of course, changing overnight from a bossless structure to a hierarchy is nearly impossible or highly risky, so bossless firms usually adopt various policy levers to limit the pathologies produced by self-selection. These include: a) allowing employees to leave previously selected projects freely; b) setting a minimum number of workers necessary to launch a project, c) setting up a minimum required profit threshold, d) requiring an approval from a superior to launch a self-initiated project, and e) finally introducing additional incentives for managers to boost their project evaluation and employee allocation effort. We simulated these policy levers with our model and found that even these levers have limits. Under certain conditions these levers become ineffective, or even present adverse effects.

Why should this matter for managers? Firstly, this choice of structure presents implications for both young and mature firms alike. Typically, young startups are seen as flat and innovative (good), and mature firms are seen as hierarchical and conservative (bad); however, we suggest that the choice of form is dictated by the balance between resources and opportunities. Overstaffed skunkworks that give employees a radical amount of autonomy may in fact be less beneficial for the firm than centralized units that explore new ideas or innovation. Secondly, as a firm grows or the industry matures, the low-hanging fruit of innovation are already taken, that is, lucrative projects are no longer abundantly available. At this point, it may no longer be feasible for the organization to stay bossless; it may be eventually compelled to adopt some form of hierarchy. Thus, we aim to inform managers on choosing the right organizational structure for their firms. ■



THE PAPER

Power to the people: The benefits and limits of employee self-selection in organizations, by Harsh Ketkar and Maciej Workiewicz

boss? It's a matter of balance



THE PROFESSOR



A look at yourself and a look at the future. That's how to choose your study course

From guiding them through orientation activities to their farewell at the Graduation Ceremony, Annalisa Prencipe, Dean of the Bocconi Undergraduate School, advises three-year students on their choices. Just as she does in her field of research, Accounting, in which she studies the way accounting information can help companies make informed decisions

by Emanuele Elli @

When we met with **Annalisa Prencipe**, it was the eve of the Graduation Ceremony, the day of proclamation of the three-year graduates, the moment that she considers the “most rewarding”. As Dean of the Undergraduate School, the professor, holder of the KPMG Chair in Accounting, is called to give the closing speech. “In the speech I want to remind students of the values transmitted in the past three years and I try to be an inspiration for the continuation of their studies,” she comments. “But the most exciting part is the meeting with parents and families from all over the world who rejoice in a goal that is not to be taken for granted these days”.

→ **These same students, a little over three years ago, during the orientation events, asked you for advice on which path to take. What are the tools that help in choosing a university course of study?**

The students of this generation Z are open and curious, true citizens of the world, skilled in surfing the internet and therefore inundated with data and stimuli like no one has ever been ... yet they are often bewildered. They must be helped to select among the numerous inputs they receive and transform them into relevant information, useful for decisions. For this reason, there are several initiatives at Bocconi. First of all is the Open Day, the event that gathers most of the participants, during which we explain what exactly is studied in each degree program, our teaching model, professional perspectives and, as far as possible, we take them to visit the university. However, orientation activities always begin earlier, as early as the third year of high school, with activities aimed at students who are increasingly intellectually curious and ready to get involved, for

ANNALISA PRENCIPE
Born in Manfredonia (FG), Annalisa Prencipe graduated in Business Administration from Bocconi University. She has a PhD in Business Administration & Management from the same university, was a visiting PhD student at the Harvard Business School and today is Full Professor in the Department of Accounting at Bocconi, where she also holds the position of Dean of the Undergraduate School. She is also President of the European Accounting Association.

example with on-campus initiatives, workshops, contests, or with the Summer School that takes place every July.

→ **Providing useful information for decisions is precisely one of the objectives of accounting, your reference discipline as a researcher and professor... Are there other similarities between these two worlds?**

Yes, in both cases we find ourselves in a phase in which it is increasingly difficult to direct decisions in the best way because the complexity of the surrounding context increases. For example, the fact that today the number of possible degree programs has grown considerably compared to the past has made the choice even more difficult. It has become more complicated not to be distracted by fashions, social networks, peers, or hearsay rather than weighing the different prospects offered by one program versus another.

→ **For those who realize they have made a mistake, what margin is there to change their choice?**

Not many students at Bocconi ask to change their program, but it is right that this need be considered. We give this possibility after the first year and, in some cases, even later. We have four programs (two in Italian and two in English) which have three equal semesters, the so-called common basis and between which it is therefore possible to move more easily up to the third semester of studies. I believe that in the future the university must be more and more flexible in this sense, offering common and transversal knowledge bases, in order to allow young people the time to better mature their choices before setting out in a certain direction. Surprisingly, I see that

some high schools are going in the opposite direction, promoting greater specialization. It may be useful to take a look at the education models in other countries, in Europe and in the USA, where students specialize later in time, in majors or tracks, after having dealt with a broad general basis, often combining different disciplines that range from the social sciences to the natural sciences or the humanities.

→ **What is the recurring question that students ask you during orientation?**

Many ask me if, having never studied economics, Bocconi is right for them. This question strikes me because it means they the idea that they must already be prepared to come here. Not so. For example, in the admission test we do not take anything for granted and we do not evaluate notional knowledge but the ability to analyze and reason, critical thinking, logic, because these are the skills necessary to be successful in studying. The other aspect that I notice is that the students want to know exactly what they will study, the theoretical subjects, the practical laboratories, the professional opportunities, the possibilities of internships. There is nothing wrong with that, but I also suggest not closing yourself too tightly into one point of view and giving yourself the opportunity to be surprised by other new disciplines that they may encounter during their studies.

→ **Is this how you came across accounting?**

Yes and no. In the 1980s I had chosen to study in an institute for programmers, an experimental and innovative school; we were among the very first high school students in Italy to undertake a path oriented towards information technology and coding. In fact, a cross between a scientific high school and an economic institute for programmers. So I already had a certain direction, but my curiosity about economics grew further during some orientation meetings organized by the Scuola Sant'Anna in Pisa, where I had the opportunity to also meet Bocconi professors. The decision to specialize in accounting matured even later, during university. It was therefore not a planned choice and it could not be because in the meantime the importance and outlines of this discipline have changed a lot. From double-entry to a discipline that deals with information (in a way, it could be seen as a branch of information economics) and, as such, helps companies make informed decisions. Many think it is a boring discipline; in reality this is not the case at all. It is a discipline that is anything but mechanical and which has a fundamental impact on the allocation of resources and the creation of value.

Furthermore, if until a few years ago the main objective of many companies was the maximization of profits, today companies are aiming for sustainability, and this means that accounting information is also mixed with data and information coming from other sources. The financial must talk to the non-financial. It is an exercise that greatly broadens the gaze of those who do accounting and, at the same time, increases the possibility of affecting the life of companies and their future prospects.

→ **In conclusion, do you choose a degree program more with your head or with your heart?**

With both. It takes one eye to your own interests and one to the future. I think that talking about passions in the strict sense is misleading because they can easily be cultivated even outside a field of university studies. We have to objectively look at where the world is going; a graduate who cannot find a job is a loss for the country, for society, for the system that educated them. In short, inclinations must find an answer in what one does but they can also be formed for the purpose. It is also true that

Students' careers start here

From management to economics, from finance to political science. But also mathematics and computing sciences for artificial intelligence, management of cultural organizations and the World Bachelor in Business: the ten degree programs of the Bocconi Undergraduate School tell their story through the voice of their directors

by Davide Ripamonti @



at this moment the job market seems to mainly ask for data scientists or experts in artificial intelligence or sustainability... In short, finding the right synthesis between what you are and what the job market requires is what is needed.

→ **How will you leave graduating students tomorrow in your speech?**

With three recommendations. The first is to maintain openness to change, not to experience the news as a threat, but as an opportunity. The world is increasingly changeable, we must not be afraid to get involved and

seize the many opportunities that emerge from change, even from the most disruptive one. The second is to never stop learning. Life long learning is a dimension in which now all of us are immersed, in universities, in companies, but I would also say in daily life. It is not a question of being young or not, it is the same for everyone and it will be more and more so. The third, and perhaps most important, is to care about the common good, whatever they do. Not to lose the habit of considering the impact their decisions have on people, society, the environment and the legacy they will leave for future generations. ■

STEFANIA BORGHINI / CLEACC

Where managers of culture are created

The program is very unique, but the quantitative skills it provides are the same as other programs. With something extra

A different kind of program... but in some ways more than others. [The Bachelor of science in Economics and Management for Art, Culture and Communication, CLEACC](#), is offered in both Italian and English versions. In terms of its content and teaching methods, it has been organized to be particularly suitable for training managers who are specifically prepared to work in "creative industries," or at companies and institutions operating in the artistic sector (museums, theaters, auction houses), the cultural sector (publishing, music, audiovisual) and the creative sector (fashion, design, communication, urban development). "But this should not lead to a misunderstanding," points out **Stefania Borghini**, Associate professor of Marketing and Program director since 2019. "The definition that I prefer, and which best represents the reality of CLEACC, is a program that offers a strong background in business economics, through both a vertical empirical application on cultural and creative sectors, and a focus on humanities that offer perspectives of analysis and observation complementary to management." This is an important distinction because young people in the past, and even some today, may not expect such a significant mathematical and quantitative component.

"CLEACC is a unique program in the international arena," continues Borghini, "where there are management programs with a few electives related to the cultural sphere or humanities programs with a



smattering of management. These two sides are balanced in this BSc, going naturally from a class in mathematics to another in anthropology, from finance to aesthetic philosophy. And that's the beauty of it." The reason is easy to explain, as Borghini stresses: "Multidisciplinarity is the real strength of the program, in this case even more than usual. That's because it gives you a fundamental mental openness to understand how to navigate the complexity of the evolving world, which is useful whether the student decides to continue their studies or opts for directly entering the world of work. In fact, CLEACC graduates have this unique feature that is truly distinct and appreciated by employers."

The program is highly selective, there are only two class groups and a limited number of students are admitted. The teaching method involves lots of group projects and workshops, overseen by faculty, based on input from companies and institutions, with a strong emphasis on planning. Thanks to active teaching, a specific feature of the study path, students play a central role and train themselves to think. "In the last year of the program, students have the opportunity to participate in internships, mostly in the cultural field, that is, at theaters, foundations and museums, or creative industries, such as the entertainment sector in a broad sense. But opportunities are not limited to those areas, because our students' management training makes them attractive to practically any sector, especially those in which rapid transformations are taking place where management of uncertainty is a must. CLEACC is a program that is always in step with the times and is constantly being updated," concludes Borghini, "with the introduction, as in the rest of the University's programs, of a strong digital component and coding courses. For future managers, including cultural ones, these are indispensable skills." ■

STEFANIA BORGHINI

Associate professor of Marketing and Director of Bachelor of science in Economics and Management for Art, Culture and Communication



EMANUELE BORGONOVO / BEMACS

Making decisions is a matter of data

Where young people with digital skills learn to help companies and institutions make the best choices, through the study of big data

“Today all fields of study use data to support their analyses, they wouldn’t survive without it. We see this every day and the most obvious example is the dramatic one of the pandemic.”

Emanuele Borgonovo, Full professor at the Bocconi Department of Decision Sciences, summarizes the importance and mission of the [Bachelor of Science in Economics](#),

[Management and Computer Science](#), the program he has directed since it was founded in 2016. Which is, he explains, “to prepare the new generation of digital talents, in a new professional framework in which the combination of quantitative skills and rigorous method will be the key to success. Big data and the digital revolution are changing the world we live in, influencing the way individuals, companies and institutions make decisions and direct strategies.” Therefore, through the language of machine learning, BEMACS teaches students how to make the most of the information potential contained in big data to make economic and business decisions within companies and institutions. “It’s an enormous opportunity for companies,”



EMANUELE BORGONOVO

Full professor of Big data for business analytics and Director of the Bachelor in Economics, Management and Computer Science

Borgonovo continues, “which increasingly feel the need to make the decision process efficient and effective through data. They are therefore looking for people with these skills.”

A certain number of BEMACS students, in fact, go directly to the world of work after completing the program, as they are in great demand. An entrepreneurial career is also a popular option, but it doesn’t end there. Many continue their university career with a variety of opportunities: “From the most direct, that is to continue with a Master program in data science, to programs in related areas such as economics, finance or management, always with a quantitative focus. BEMACS graduates have acquired a solid quantitative background that allows them to choose from a wide array of MSc programs,” continues Borgonovo. “Many continue their studies in prestigious programs, at Bocconi or other international universities, such as MIT, Cornell, Columbia...” and the list goes on.

The BSc, held entirely in English, attracts lots of international students for each edition, as well as a considerable number of female students. “Most subjects are of a quantitative nature, such as mathematics, statistics and computer science, supplemented by courses in finance, accounting, economics and game theory,” says the Director. “In the end, graduates will be professionals with all-around knowledge of the world of data: they will be able to understand their mathematical-statistical structure, the computer techniques for their manipulation, with a look at the applications in the fields in which they are used, from business management to healthcare policymaking.” ■

PAOLO COLLA / BIEF

Economics or finance: a choice at the halfway point

After three semesters together, Bachelor of Science in International Economics and Finance students can choose their own path. Which always features an international perspective

What makes the program in [International Economics and Finance](#) unique, as explained by **Paolo Colla**, Associate professor at the Bocconi Department of Finance and Director of BIEF since 2018, “is that after a year and a half together, students can choose between two tracks, the one in Economics, during which they delve into major international issues (globalization, international economics, monetary economics and development economics), and the one in Finance, in which they study a wide range of topics related to the functioning of the modern financial system from a global point of view (capital markets, financial intermediaries, financial contracts and instruments and corporate finance techniques).” An unparalleled choice among the University’s programs, which allows students to carefully consider which path to take. BIEF, held entirely in English, shares a large part of the Finance track with the BSc in Economia e finanza (a



ITALO COLANTONE / BIG

A global perspective of the world

The Bachelor of Science in International Politics and Government trains the policymakers of the future

“As I always tell students, this is a political science program, but offered by Bocconi. This makes it different, because a quantitative and economic background is very important. In addition, classes provide a global perspective of the world.” These are the words of **Italo Colantone**, Associate professor at the Bocconi Department of Social and Political Sciences at Bocconi, and Director of the [Bachelor of Science in International Politics and Government](#) since 2019. “This program, which due to its structure and international focus has few equals in Europe, aims to train future national and international policymakers,” continues Colantone, “placing particular emphasis on three essential moments of policymaking: designing public policies that are both economically efficient and politically sustainable; the implementation of effective public policies; and their evaluation using the most modern quantitative and qualitative techniques. Students therefore acquire a set of skills and abilities through the study of a broad spectrum of subjects: politics, economics, management, law and history.”

In practice, students in the BIG program are taught how to manage some of the most important global challenges of recent years, such as immigration, climate change and conflicts. Or how international organizations and regulators work, how public policies are designed, how they are evaluated and, if necessary, how they can be modified. “The BIG class group has a high number of students with an international diploma, even more than the already high

number in Bocconi Bachelor of Science programs,” continues Italo Colantone, “and all students must complete a compulsory study abroad semester.” After they complete the program, almost everyone enrolled in BIG continues with a Master of Science, while only a few go directly to the job market: “These are quite rare cases,” confirms the Director, “when a graduate starts working at a company or organization. However, the majority choose an MSc program, which is often in political science, while others opt for economics, management and sometimes even accounting. The quantitative skills provided during BIG open up many opportunities.” ■



ITALO COLANTONE

Associate professor of Economics and Director of Bachelor of science in International Politics and Government

program in Italian), but is different from it, explains the Director, “because it has a more international perspective, the examples and stories during lessons are always international, not Italian, cases. Another aspect concerns quantitative subjects, because in the third year of the program, there is a compulsory course in econometrics. The situation is different for the track in Economics, whose courses are decidedly different after the first three joint semesters.”

To go into a little more detail, Paolo Colla explains some features of the two tracks: “In the one in Finance, which is chosen by about 80% of

PAOLO COLLA

Associate professor of Finance and Director of Bachelor of science in International Economics and Finance



students, after the first part with shared classes, the focus is on the three classic areas of a finance program: corporate finance, financial intermediaries and financial investments. For the track in Economics, however, the program overall is similar to programs abroad in the Business Economics area, combining the study of economics with management and accounting courses.”

Students who choose to enroll in this program come almost equally from Italian and international schools: “Finance and economics are now global issues and it is a wise choice to study them directly in English,” says Paolo Colla, “especially for those who have a good command of the language. One in two BIEF students goes on an exchange in their third year, and the number of internships is also very high, most of them abroad. And an international degree is also very marketable.” ■

AMELIA COMPAGNI / WBB

A degree that is worth three

The World Bachelor in Business lasts four years and is carried out in collaboration with two other international universities

If it is right to underline that every Bachelor of Bocconi University has peculiarities that make it unique compared to the others offered by the University, and sometimes even compared to other universities, this consideration is even more valid for the World Bachelor in Business (WBB), as **Amelia Compagni**, director of the WBB, explains. "First of all, because it has a duration of four years instead of the three like the other Bachelor, then because it is developed together with two prestigious foreign universities, the Marshall School of Business of the University of Southern California (USC) in Los Angeles and the Hong Kong University of Science and Technology (HKUST). At the end of the program, therefore, the students will obtain three universally recognized degrees, one from each university". The students admitted to the course, coming from all over the world, are about 50 per year and they study across three continents: the first year they are in Los Angeles, the second in Hong Kong, the third in Milan and the fourth chosen from one of the three universities. "The first three years are characterized by compulsory courses that give a common foundation to the students and at the same time focus on the strengths of each university. In the fourth year, on the other hand, through the choice of optional courses, students can deepen their more specific interests and create a unique profile," says Amelia Compagni. The WBB aims to train global managers in the business field and at the end almost all the students have direct access to the world of work. "It is a multidisciplinary program that prepares people to work in companies, financial institutions, consulting firms by giving a 360 ° preparation, a generalist but very complete vision of commerce, also focusing on the peculiarities of each geographical area involved, because, for example, negotiating in Asia is different from doing it in North America," continues Compagni. And great attention is also given to cultural aspects, given that, if the common language is English, courses in Mandarin, Italian and a second European language are also provided. At the end, the students have the opportunity to land anywhere in the world, "because during the course they have acquired an international perspective, I would say global business, and they have no fear of proposing themselves, sending CVs, interviewing for the world," the director reiterates. And she sends a message: "Among the characteristics that a WBB student must have, an important one is the ability to form a group, to be in solidarity with others, to support each other. It is a class that will travel the world sharing successes and problems. Becoming part of it also requires the right personality." ■

ANGELO DITILLO / CLEAM

In the heart

The degree program in Business Administration and Management trains managers capable of planning, organizing, guiding and controlling the resources at their disposal with the right preparation and mentality



ANGELO DITILLO

Associate professor of Accounting and
Director of Bachelor of science in Economia
Aziendale e Management

CHIARA FUMAGALLI / BESS

Studying to Change the World

A highly quantitative program that, thanks to an integration with other social sciences, allows students to understand the mechanisms underlying human decisions



AMELIA COMPAGNI

Associate professor of Management of government organizations and Director of World Bachelor in Business

of business

“An international, inter-functional and inter-sectoral course, which integrates the technical dimension with the strategic and organizational one”. The degree program in [Business Administration and Management](#), as explained by director **Angelo Difillo**, Associate professor in the Department of Accounting at Bocconi University, “teaches you to understand how businesses work, based on the different business functions (organization, logistics, marketing, finance, control, production, etc.), to the classes of companies (commercial, manufacturing, service, public administration, etc.) and to the economic contexts in which they operate. It offers, to summarize, a complete vision and prepares students to become good international managers.” The course, in fact, even if delivered in Italian, is to all intents and purposes an international program: “Most of the skills are not strictly related to the Italian context”, says Difillo, “but they are valid in any environment. The teaching tools are international, as are the cases presented during the lessons, which concern companies operating all over

the world. In fact, it enables the acquisition of methods of analysis and tools for the management of business processes in rapidly evolving markets and in international and multicultural contexts”. As regards the subjects taught, the program proposes a good balance between quantitative disciplines and others of a strategic and organizational nature. It is a wide-ranging course that opens up infinite perspectives: “There are those who continue studying management, some do administration, finance and control or economics and legislation for business, some do marketing management. It is the right program for those who want to open up more opportunities”.

Another important feature, continues the director, “is that the skills taught can be applied in various contexts, from innovative startups to consulting firms, to large complex organizations. Another strong point,” says Difillo again, “is the frequent use of company guests during the lessons, a sign of the strong bond we want to maintain with the business community.” There is another strong point that distinguishes the program, and Angelo Difillo is particularly proud of this: “It offers a perspective that helps to understand the evolution of technologies, markets and the economic context, essential characteristics for competing in an environment as uncertain and constantly evolving as the current one”. ■

[“The Bachelor of Science in Economic and Social Sciences](#) is an economics program with an interdisciplinary point of view, as well as a strongly analytical approach.” **Chiara Fumagalli**, Associate professor at the Bocconi Department of Economics, who has been Director of BESS since 2018, wants to clear away any misunderstandings immediately. “It is a program in which mathematics and statistics are predominant. It is an innovative BSc, taught in English, aimed at students with an international focus and big intellectual ambitions, with very few parallels at other universities in Europe. And Bocconi was definitely among the very first to launch a program with these features,” says Fumagalli. There are two aspects to highlight: “First, BESS focuses on the study of how individuals think and make decisions (for example on the topics of saving, energy consumption, education or health), which is a crucial area both for companies and organizations (as in the case of launching a new product) and for governments to develop economic policies (for example measures to

combat poverty or unemployment),” continues Chiara Fumagalli. “Secondly, the cornerstone of this innovative curriculum is that individual behavior is not determined solely by economic factors (i.e. what advantage is gained from a certain choice) but also by psychological elements (such as how emotional aspects and cognitive limits determine decisions) and social norms (how the behavior of others and shared social norms influence each person’s decisions).”

Because it is in English, BESS has a high number of international students (about 50%), who choose this program with different objectives, but with a common starting point: “Students enrolling in this BSc generally want to understand economic phenomena to improve the world,” the Program Director continues. “And in almost all cases they then choose to continue their studies with a Master of Science, though not always in economics. In fact, BESS does not rule out any options because it provides an essential foundation that allows students to choose any career path, from management to finance and more. In fact, after an MSc degree, our graduates work in a wide range of fields, from NGOs to social work and education, from finance to consultancy and financial journalism.” ■

CHIARA FUMAGALLI

Associate professor of Economics and Director of Bachelor of science in International Economics and Finance





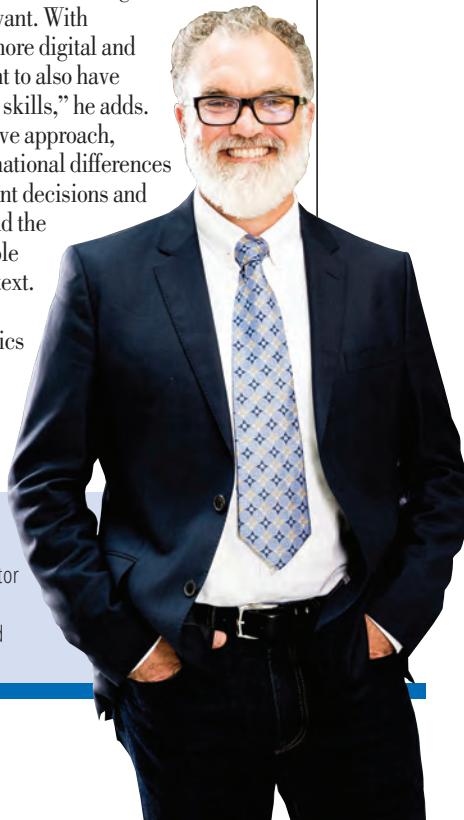
CHARLES WILLIAMS / BIEM

Three pillars for understanding the world

The BIEM provides students with management tools typical of companies operating in markets all over the world

“When presenting or introducing the program I always say that the three pillars of the program - International, Economics, Management - encompass all the key issues of our world today. All challenges, from globalization to climate change to the future of Europe, are touched by these three aspects of the program,” underlines **Charles Williams**, Associate professor at the Department of Management and Technology and Director since 2018 of the [Bachelor in International Economics and Management](#). A program tailored to help students master the management tools typical of companies with international exposure and provide a solid preparation in the field of international economics and management with a distinctive international perspective, including a classroom where 50% of students are international. “It provides a great introduction to business and management practice with a heavy foundation in economics,” says Williams. “And is a distinctly European and international, and thus Bocconian, program - in terms of study program, student body and faculty teaching in classes. We have a great student body, driven and engaged, and I have to say we have fun together!”

“And combining economics and management today is particularly relevant. With management becoming more digital and data-driven it is important to also have quantitative and analytic skills,” he adds. And through a comparative approach, students also study how national differences can influence management decisions and how institutions, firms and the financial system as a whole operate in the global context. The study path winds through management topics and business functions (from marketing to organization, from



CHARLES WILLIAMS

Associate professor of
Corporate strategy and Director
of Bachelor of science in
International, Economics and
Management

technology to accounting), the study of economic and financial systems, quantitative methods for applied analysis and basic knowledge of legal aspects.

The teaching aims to be modern and group-based.

“Classes have partial exams along the ways that keeps students engaged and they appreciate this. We also include many team projects and interesting business and strategy problems to challenge students,” continues Williams. The final year offers a diverse array of experiences from electives and study abroad experiences to internships done by half or more of the class, many in analyst, marketing and consulting environments. Students finish with a final paper they work on assisted by a professor, on a case study or long-length analysis.

“We also include experiences to develop students’ soft skills. Managers have to be able, for example, to communicate well and to work effectively in diverse teams,” highlights Williams. ■

RICCARDO ZECCHINA / BAI

For the protagonists of the digital age

The Mathematical and Computing Sciences for AI program aims to provide solid methodological foundations for future AI and digital world professionals destined to drive scientific, technological and industrial change in the near future

The program is located at the intersection of different scientific fields: computer science, mathematics, physics and economics, disciplines that are all fundamental for analyzing natural and social phenomena and in particular for developing artificial intelligence tools. The degree program in [Mathematical and](#)



LAURA ZANETTI / CLEF

A new ethical and sustainable finance

The degree program in Economics and Finance offers all the tools to extricate oneself in a complex and treacherous environment. But one that is fundamental for the future of society

Let's immediately erase from our mind the idea of a twisted finance, the "devil" at the center of intrigues, often with an international dimension. The finance that is actually becoming increasingly popular today is the one that rewards social and sustainable projects and the companies that are committed to carrying them out. Without finance they would not be possible. This message is very dear to **Laura Zanetti**, Associate professor at the Department of Finance at Bocconi University and director of the degree program in [Economics and Finance](#) since 2014. "It is finance for sustainable development," explains the professor, "a sort of infrastructure, a fundamental tool for growth that involves everyone, from governments, to citizens, to businesses. And one that rewards, in fact, those who are committed to making the future better. This is the case of social bonds, for example, or loans at subsidized rates that banks grant to those who present sustainable projects."

The degree course in Economics and Finance offers a solid and rigorous wide-ranging preparation and examines the main dynamics of the economic-financial system and its components: markets (for example stock exchanges), intermediaries (commercial banks and investment banks, insurance companies, asset management firms, etc.) and financial tools (such as shares

and bonds). And it does so in a city, Milan, which is one of the main financial centers of Europe a feature that contributes to making it even more attractive. "Finance is a very broad and transversal field, the skills that are taught are relevant in many areas. In particular, over the course of the program we give a lot of space not only to the stock exchange and the financial markets, but also to the regulatory part and the business world". The program in Economics and Finance is in Italian, even if the semantics of the subject, as the director explains, "is increasingly international in nature." However, in a novelty introduced

recently, three courses entirely in English have been included in the program of the third and final year:

"This is a formula designed for those who do not feel ready to attend a course entirely in English but who, in this way, can prepare gradually and then move on to a Master of Science in that language. But it is not the only recently introduced aspect," continues **Laura Zanetti**, "because in the first year computer science and critical thinking courses are now also offered."

To define the ideal students of a course like the one she directs, **Laura Zanetti** has no doubts: "It can be accessed from any high school program, what matters above all is motivation. It is certainly a challenging course, but it is not necessary to have a quantitative background." ■



LAURA ZANETTI

Associate professor of Corporate valuation and Director of Bachelor of science in Economics and finance

[Computing Sciences for Artificial Intelligence](#), directed by **Riccardo Zecchina**, full professor at the Department of Decision Sciences at Bocconi University, is a modern, cutting-edge course, "without terms of comparison in the rest of the world," says Zecchina, "a methodological program in which mathematics, computer science, machine learning are taught, but along with how to model with the methods of physics and economics. It aims to train students to be prepared in subjects that do not age and that will be the basis for future developments in Artificial Intelligence. These young people will be protagonists and will continue to innovate even in 20 years." A program, Riccardo Zecchina is keen to specify, "which is not aimed at specializing, rather at acquiring fundamental methods of contemporary science. A challenging course, but which gives the student numerous choices for the continuation of their career. Those who enroll in

almost all cases will continue their studies with a Master of Science or a Doctorate in various fields," continues the director, "from computer science to machine learning, but also economics and finance, precisely because they have a wide (and very valuable) methodological preparation." The class has a notable international component, certainly destined to increase when the effects of the pandemic end, with 35% of enrollments being women, "a very high percentage in the field of STEM area subjects", Zecchina says, "and faculty is made up of professors of the highest scientific level in the various disciplines. Students enrolling in BAI have a keen aptitude for mathematical-scientific studies, are interested in acquiring a deep and well-rounded knowledge of the natural and social world, appreciate the growing impact of AI, seeing in this course a great opportunity. Thanks to this multidisciplinary path, they will have the opportunity to become part of that small group of researchers and professionals capable of leading the development of knowledge and its applications, in AI and in other fields. Indeed," concludes Riccardo Zecchina, "my hope is that after this program some students will continue their path in economics, social sciences and finance courses." ■

RICCARDO ZECCHINA

Full professor of Theoretical physics and Director of BAI





The post-bank

The model of banking that we know is destined to be marginalized and yet it is still difficult to imagine the future that lies ahead. The starting point, however, is the development of the fintech market and the ongoing concentration process

by Federico Ghezzi @

In the last 30 years, the issue of the competitiveness of our banking system, of the desirability of fiercer competition between our main banking operators, of their stronger opening to the market and the comparison with foreign operators, has always been at the center of the political debate in the economic-financial community. A little more than thirty years ago, as banking acquired a more corporate nature, a decisive process of formal and then substantial privatization of the large public banks was undertaken. At that time the process of concentration began, which involved many local entities, but also a good part of the large privatized credit institutions. It was believed that national banks had to reach an adequate size to compete in the European arena. At the same time, there was the fear that too rapid an opening to the market would lead to stability problems for our banks, which were clearly undercapitalized and unaccustomed to competition; on the part of many there was concern that, in the absence of adequate defense, our banks could be the object of acquisitions - some called them "raids" - by the main foreign credit groups. In this era, strong ties and intertwining of a structural and personal nature still persisted in our financial and insurance system, considered a useful tool in order to defend the ownership and control of Italian banks. Italy was considered the kingdom of cross-shareholdings and interlocking directorates, so much so as to evoke a



FEDERICO GHEZZI
Full professor
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system of "circular ownership". When we were hit by a strong economic-financial crisis, in the late 2000s, the banks were however accused of not having been able to react quickly enough, in particular in the area of lending, also due to the lack of adequate level of competition. In the first measure taken by the newly appointed Monti government, called at the end of 2011 to resolve a full-blown crisis, banking governance was implemented - by banning interlocking directorates between competing banks (and insurance companies) - in the hope that this corrective would generate sufficient incentives to induce banks to compete also in terms of the disbursement and cost of credit. After the crisis, the aggregation processes have resumed, and today the panorama of the Italian banking sector has changed significantly, showing a much higher level of concentration, so that it has reached the European average. This did not prevent numerous banking groups, including large ones, from entering a profound crisis, from which they have not recovered. The public intervention has made it possible, albeit with high costs, to protect depositors and shareholders at least in part, but the Italian banking system continues to show signs of weakness, in terms of profitability, efficiency and cost level, as also shown by the last report of the Bank of Italy. It seems difficult to identify the next development trajectories that will characterize national banking institutions, but the banking model, as we know it in Italy, seems destined to fade, also due to competition from new intermediaries and Fintech companies.

Paradoxically, however, the pandemic and the concentration process could favor the changes that banks need to face the new forms of competition in a radically changed economic and social context. On the one hand, the pandemic has forced banks to strengthen the offer of online services, through



THE PAPER

Evaluating the effectiveness of the Italian interlocking ban:
an empirical analysis of the personal ties among the largest
banking and insurance groups in Italy, by Ghezzi, Picciani

bank



increasingly integrated platforms. The increased focus on digitization could allow banks to reach a growing percentage of customers with a wider range of services without having a dense network of branches, to generate higher returns and help improve cost efficiency. On the other hand, the current concentration process, if not excessively unbalanced in terms of market power, could contribute to increasing the solidity of the main banks and allow them to make the high investments necessary for technological adaptation, and better respond to the challenges generated by competition from Fintech companies and non-bank intermediaries, whose activities are based on more technologically efficient business models and with fewer regulatory restrictions. ■

A large, light-colored concrete surface is marked with a large, light-colored grid pattern. Numerous people are walking across the grid, casting long, sharp shadows that align with the grid lines. The scene is captured from an elevated, slightly low-angle perspective, creating a geometric and rhythmic composition.

by Mariano Max Croce @

Policymakers need structural economic models in order to run counterfactual analysis and quantify the potential benefits of their interventions. In the past, many studies have focused mainly on the benefits of policies aimed at stabilizing short-term fluctuations - often referred as business cycle fluctuations. Recent concerns about global long-run economic growth, however, have prompted a novel and large body of policy-related studies that directly consider long-run growth risks, i.e., sources of uncertainty that unfold over long horizons and that are connected to medium- and long-run growth cycles. These risks should be interpreted in the spirit of the study written by Bansal and Yaron (*Journal of Finance*, 2004) and can be related to several relevant dimensions such as, for

Integration makes risk an opportunity to be shared

Making decisions to support global growth means considering the sources of uncertainty that develop over long time horizons but that also impact in the short and medium term, from climate change to fiscal intervention, inflation, and innovation. In fact, long-term growth risks generate international risk-sharing opportunities and make financial integration valuable



example, climate change, fiscal interventions, inflation dynamics, and innovation activities. In *Growth Risks, Asset Prices, and Welfare (Economics Letters, 2021)*, I measure and characterize the welfare costs of aggregate consumption in an economy in which agents care about both short- and long-run risks as they feature a preference for early resolution of uncertainty. In other words, these agents are sensitive to news about the long-run prospects of the economy. This setting produces novel results that contrast with the common view in the welfare cost literature.

Specifically, prior studies suggest that fluctuations are costly mainly because they are random and people are risk averse. I show that the attention devoted so far to risk aversion is misplaced. Welfare costs are mainly driven by the degree of patience of the agent, i.e., the relative weight associated to future consumption, as opposed to risk aversion. In a representative household model, the low average of the US risk-free rate can be explained by either strong precautionary motives or extreme patience. In a Bansal and Yaron economy, the level of risk aversion required to match the historical equity premium is moderate and the average risk-free rate is matched by assuming a high degree of patience. As a result, long-lasting fluctuations are extremely costly and hence policies oriented to long-run stabilization can be extremely valuable.

These results apply also to international trade policies.

In a joint paper with
R. Colacito
entitled



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The Short and Long Run Benefits of Financial Integration (American Economic Review P&P, 2010), we note that there is an extensive theoretical literature in economics that has predicted negligible welfare gains from international financial integration. This conclusion is at odds with the results of many empirical studies pointing to significant inherent gains attained in terms of portfolio diversification, decreased cost of equity capital, and reduced financing constraints. We find large welfare gains from international financial integration. The intuition behind our results is that financial integration leads international investors to benefit from increased risk-sharing opportunities at different frequencies. Local short-run shocks are associated to negligible benefit from international risk-sharing. Long-run growth risks, in contrast, generate substantial opportunities for international risk-sharing and make international financial integration very valuable. ■



THE PAPER

The short- and long-run benefits of financial integration;
by Ric Colacito and Mariano Max Croce



THE PAPER

Growth risks, asset prices, and welfare; by Mariano Max Croce



Public administration,

Most of the upcoming work of public administrators will deal with the rollout of the Italian National Recovery and Resilience Plan. For this reason it is essential to modify the context in which they operate by allowing more discretion and giving more trust to public administrations after decades of suspicion

by Miriam Allena @

In 2022, the first appraisal by the European Commission has begun on the reforms and investments that our country must implement in order to access the various funds earmarked for the National Recovery and Resilience Plan (PNRR): every six months Italy must in fact demonstrate that it has implemented qualitative objectives (e.g. the so-called milestones, concerning the approval of various reform laws) and quantitative ones (measurable targets, such as the reduction of the gender gap in wages or the reduction of cases pending in the courts by a certain amount) in order to continue to receive funds from Brussels, and avoid the suspension or - for the most serious violations - even the revocation of the funds granted with the consequent obligation to repay them. Certain objectives, such as the approval of reform laws, are to some extent already implemented or in the process of being implemented: which is certainly positive, given that it is good rules that create the systemic conditions that enable change. However, it is clear to everyone that one thing is to approve a reform, and quite another to implement the concrete administrative actions that give flesh to that reform: implementing the ecological transition and the digitalization of public administration, projects for urban regeneration (of which an essential component is the strengthening of social housing) and for sustainable mobility, trebling renewable electricity power generation in less than ten years, building the infrastructure necessary for the economic revival of the country, reducing youth unemployment and supporting the participation of



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women in the labor market also through the strengthening of childcare services, to name but a few. The goal-oriented tension that runs through the entire text of the PNRR therefore puts public administrations back at the center as essential and fundamental actors for carrying out those structural changes in the Italian society and economy that have long been discussed. Yet, even if in many cases Italian public administration has shown that it knows how to be virtuous and deliver results (the success of the vaccination campaign is an example), we also know its limits very well: excessive procrastination and fear of signing, excessive bureaucratization of administrative processes, and so on. So, the question arises: will the Italian administration be up to the task? Among the approved reforms there is an extraordinary recruitment program of technical personnel aimed at strengthening the specialized skills (and not only

THE OBSERVATORY

The Observatory on Public Procurement and Sustainability is an interdisciplinary project, whose purpose is to create a hub for analysis, discussion, and lobbying activities in the field of public procurement.



engine of change

those) of public administrations at various levels (Decree 80/2021): this is certainly an important step, but let's not forget that many good skills in administrations already exist. So? The truth is that it is the context that will make the difference: it will be necessary to trust the administration more which means, in legal terms, to give it more discretion, to recognize that the implementation of the PNRR will depend to a large extent on the ability of officials to weigh up the interests at stake and to make the right decisions. With all due respect for the fear of corruption and abuses which has looked at discretion with suspicion over the past four decades, reducing it to the point of almost nullifying it, both during the procedures (the sclerotization of procedures for public procurement and public competitions are the most striking example of that) and in the context of trials (where the judicial review of administrative courts has become increasingly penetrating). A more recent version of this tendency is the enthusiasm for algorithmic decisions which by fixing administrative actions, would guarantee - according to some - absolutely impartial solutions and optimal decisions. Now that the funds are there (after years of spending review), the time has come to change the paradigm and perhaps, more simply, approach: it must be recognized that administrations are the actors that are most legitimized to make certain choices and that to a large extent it will be individual administrators (good officials but also the perception that civil society will have of them) that will ferry us towards change. ■

SDA Bocconi and GEDI reward public value

Restarting after the pandemic? The Italian Public Administration can play a central role and become the lever for kickstarting the entire country system. SDA Bocconi School of Management is convinced of this, so much that it has launched the Call to Action *Public Value: public administrations that work*, conceived in partnership with the GEDI Publishing Group and under the patronage of the Italian Ministry of Public Administration, ANCI and UPI, the associations of Italian municipalities and provinces, respectively.



Public Value intends to encourage innovation and modernization in the public sector, by extolling the best practices that enable citizens and businesses to have more efficient, inclusive and up-to-date services at their disposal.

The initiative is part of SDABocconi4GOV, a project through which SDA Bocconi puts its 50 years of experience in the public sector at the service of the process of change required by the National Recovery and Resilience Plan, so as to arrive at a more modern and competent Italian public administration. Public administrations wishing to respond to the Call will have to apply by February 28, 2022, by filling out the participation form at the following link and attaching the required documentation. Selected administrations will take part in a public event scheduled for June 2022.



THE PROJECT

SDABocconi4Gov is a project dedicated to Public Administration in order to support the processes of change required by the PNRR to relaunch the role and effectiveness of public action.





ORGANIZATION

Employees in organizations are simultaneously parts of different worlds depending on the lenses used to analyze and study their behaviors and ability to achieve specific goals. On the one hand there is the world of the formal organization, the company as it is represented in the organizational chart. On the other hand, there is the so-called company behind the chart which is given by the informal relationships through which individuals share knowledge and information among each other even though, from a formal standpoint they do not have to. In the past, scholars of organizations have offered arguments supporting the primacy of the formal organization downplaying or ignoring the informal organization, while other scholars have offered arguments and evidence supporting the primacy of the informal organization downplaying or ignoring the formal one.

In a recent study, my co-authors and I offer a balanced view of what drives individuals' ability to generate innovations by arguing for the importance of occupying both formally as well as informally, central positions in the organization. In particular we observed that individuals positioned at the center of the informal intra-organizational knowledge-sharing network who simultaneously also belonged to R&D laboratories that are most prominent and influential in the organization, had the highest innovative productivity, measured as the number of product developments and improvements they managed to obtain. This was possible thanks to the legitimacy and access to valuable resources afforded by the affiliation with the prominent laboratory, as well as the social support offered by the central position in the informal network. In addition to that, we also observed that this greater ability to develop innovations was contingent on how these inventors (central in both the formal and informal structures in the organization) distributed their ties within the informal knowledge-sharing network. In particular, 'core/core employees' that interacted with the periphery of such network tended to exhibit lower innovative productivity, while those who concentrated their knowledge-sharing ties with colleagues located in the core of the informal network achieved greater innovative productivity.

From a practical standpoint this means that once identified a small subgroup of individuals who constitute the organizational "engine," or core in how they informally share knowledge with one another, organizations should formalize these roles by assigning them to prominent organizational structures (i.e. most central units within the organizational workflow). Core units should also be encouraged to keep a focused system of network relationships gravitating around other central individuals, allocating time and effort for these relationships,



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particularly if the goal is to increase innovative productivity through the implementations of innovations.

This is not to say that managers should isolate their workforce in core networks, preventing them to connect with different parts of the network. Rather, the message here is one of relative focus of network relationships to counteract the tendency towards over dispersion of network time and effort in distant connections. What matters in our study is the focus on the nature of the relationship between formal and informal structures. Rather than being alternative or substitutive, the effects of these two dimensions are independent and reinforce each other in the process through which individuals increase their innovative productivity. Our results show that

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function in a
multiplicative
way. This means
that formal and
informal core
positions enable
individuals to leverage
and mobilize not simply
different, but complementary
types of resources that facilitate
implementation activities and
greater innovative outcomes (i.e.
mobilizing tangible resources and,
legitimacy and social support). Uncovering
organizational complementarities like the one
between formal and informal structures is
particularly important as they have been assumed to
operate mostly in disjunction from one another. Knowing
how to integrate and leverage their complementarities
matters for the achievement of competitive advantages for
firms interested in developing innovations. ■



THE PAPER

Big fish, big pond? The joint effect of formal and informal core/periphery positions on the generation of incremental innovations, by Massimo Maoret, Marco Tortoriello, Daniela Iubatti

Complementarity is good for innovation

Being able to integrate the informal ways for sharing knowledge and information into the formal business organization, as portrayed by a company's organizational chart, means being able to multiply innovation and productivity

by Marco Tortoriello @





The ingredients that give

Accuracy, connection, integrity, legitimacy, originality, and competence are the basic components of the right corporate recipe. They are different for each consumer and characterize every product or service. Knowing how to enhance the right mix is therefore essential for managers who aim to be successful in increasingly competitive markets

by Andrea Ordanini @

The marketing literature is filled with idiosyncratic definitions of what it means for consumption to be authentic. This is a problem for both researchers and managers, as the term "authenticity" takes a variety of meanings, only loosely related to one another, with the inevitable result of conceptual ambiguity (i.e., what do we mean by authenticity?) and managerial lack of



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guidance (i.e., how to make a product/service authentic?).

Take music, one of the most consumed contents in our daily life: we discovered that consumers attribute authenticity to songs by artists who "have the ability to create something new", but also "engage with fans", "write their own songs", "are free to choose what to sing", "talk about what they have really experienced", and have "respect for traditions and styles of a certain genre". These features tap into pretty different meanings of authenticity, not necessarily related one with the other: for example, creating something new (that we labeled as originality) is sometimes at odds with having respect for traditions (labeled as legitimacy) or writing their own songs (labeled as proficiency). At the same time, being free to choose what to sing (called integrity) does not ensure to engage with fans (known as connectedness) or talking about what has been really experienced (known as accuracy). These six different meanings apply to many other consumption categories, with differences in the weight consumers attribute to them in constituting authenticity.



Give flavor to authenticity

For example, we found that the proficiency dimension is more important when consumers evaluate hedonic products (e.g., gaming consoles, chocolate) rather than utilitarian ones (e.g., toilet paper, washing machines), while the opposite is true for legitimacy. Regarding services, originality appears as more important when consumers consider low coproduction offers (e.g., sport events, utilities) rather than high coproduction ones (e.g., restaurants, health).

We thus discover that, for each product, authenticity from a consumption standpoint is a weighted composite of those six loosely related meanings (accuracy, connectedness, integrity, legitimacy, originality, and proficiency), whereby the weights of these meanings are specific to the consumption context and can markedly

change across product and service categories. Identifying the correct 'recipe' that characterize authenticity for a specific offering is especially important as we discover that authenticity is a partially autonomous driver for purchase intentions: several consumption acts occur in fact even when the consumers do not like the product or the service. For example, a sports car of the 1960s can be considered for purchase - and not only by collectors - because of the authenticity of its original components (originality) and its adherence to standard norms for a sports car (legitimacy), even if its aesthetical design may not be appreciated and/or its engine parts are not much resilient (i.e., it is not liked as a product 'per se'). In short, authenticity matters a lot for consumption, but it does in different ways for different products: this helps to reconcile the fragmented picture of the current marketing literature on authenticity. Discovering the most effective way to enhance authenticity of specific offerings is instead paramount for marketing managers aiming to succeed in their always more competitive markets. ■



THE PAPER

The concept of authenticity: what it means to consumers,
by Joseph C. Nunes, Andrea Ordanini, Gaia Giambastiani



Superstar firms which already control the bulk of the market win additional market share as export demand grows, thus generating a positive impact on productivity, as shown by a study on French multi-product companies

The good

by Gianmarco Ottaviano @

Growing personal income inequality has taken a central role in the public debate on the effects of globalization. Some observers have highlighted a parallel evolution with regard to companies in terms of an increase in market concentration, as market share gets lionized a small group of large “superstar” companies. In a study with Thierry Mayer (Sciences Po) and Marc Melitz (Harvard), titled *Product mix and firm productivity responses to trade competition*, which recently appeared in the *Review of Economics and Statistics* of the Harvard Kennedy School of Government, we explain how the increase in market concentration may derive not only from changes in competition regimes (related, for example, to antitrust policies), but

also from the growth in demand associated with access to new or growing export markets. In the latter case, increasing market share concentration can also have a positive impact on aggregate productivity.

To highlight this mechanism, the study analyzes how French multiproduct companies respond to changes in demand on export markets by reviewing the number and quantities of products offered, and how this revision generates a virtuous reallocation of their production factors from less competitive product lines to more competitive ones, thus increasing business productivity. Measuring these effects within multiproduct firms rather than at the industry level has several advantages. First, changes in industry demand do not depend on the action of individual firms and can therefore be identified much more easily than at a higher level of aggregation. Secondly, it is possible to factor in technological and organizational changes occurring at the level of the individual company. Third, reallocations can be measured for the



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same set of products, strictly defined and sold by the same firm in various export markets at different times. Fourth, barriers to reallocation are likely to be substantially higher across different firms than between product lines of the same firm. Finally, multi-product firms dominate both world production and international trade flows.

The study finds very strong empirical confirmation of the correlation between changes in demand on export markets, reallocations of production factors between product lines, and the productivity of French multi-product companies. It also shows that these effects have important implications for French aggregate productivity: between 1995 and 2005, variations in demand in French export markets led to an average annual increase of 1 percent in the country's manufacturing productivity.

These results add to what is already known about the effects of international trade on the productivity of firms through the reallocation of production factors. In a 2014 article, titled *Market Size, Competition, and the Product Mix of Exporters* and published in the *American Economic Review*, with the same authors showed that French multiproduct companies tend to offer only their best products in “more difficult” export markets, i.e. those where competition from other countries' companies is more intense. A similar behavior was also found for companies in Canada, Mexico and the United States, in the analysis of the consequences of the North American trade liberalization, in particular in relation to the North American Free Trade Agreement (NAFTA), and more recently with respect to the Canada-United States Free Trade Agreement (CUSFTA) enacted by Donald Trump during his presidency. ■



THE PAPER

Product mix and firm productivity responses to trade competition, by Thierry Mayer, Marc J. Melitz, Gianmarco I. P. Ottaviano

of aggregation

The weight of the relation

The personal relationship established between monitor and supervisee can be a double-edged sword in terms of the quality of accounting controls. For this reason, a study suggests the compulsory rotation of corporate auditors, so as to reduce auditing malpractice resulting from unethical behavior fueled by captive relationships

by Alessandro Iorio @

In December 2001, Enron Corporation filed for bankruptcy protection in a New York court, triggering one of the largest corporate scandals in U.S. history. Such an event happened just months later analysts and investors began to scrutinize Enron's financial statements. In a nutshell, Enron's leadership fooled regulators with fake holdings and off-the-books accounting practices. Arthur Andersen - Enron's accounting firm at the time and one of the five largest audit and accountancy partnerships in the world - contributed to such a disaster by failing to have its client establish and enforce its own internal control, and it was dissolved right after. Although the word "monitoring failure" may not immediately ring a bell with you, I am sure that, at some point in your life, you have read or heard about the Enron scandal and discussed many other similar cases with your social circle; for example, the infamous oil spill that involved British Petroleum and the Minerals Management Service. Such instances represent monitoring failures, that is, situations in which monitoring agents failed to detect or report infractions by the firms they were monitoring.

Why might someone charged with monitoring a firm fail to do so? In a study with Brandy Aven (Carnegie Mellon University) and Lily Morse (West Virginia University), we shed light on this question by arguing that monitoring agents, despite being tasked with detecting and reporting infractions, often fail to do so given their potential challenges and competing concerns. In particular, we theorize that personal relationships between monitoring agents and those they oversee - naturally emerging as people work with each other - are a double-edged sword for monitoring quality. On the one hand, as relationships between parties grow stronger and incorporate trust, monitoring quality improves due to monitoring agents being able to acquire critical information, absorb tacit knowledge, and secure cooperation from their counterparts, thus enhancing their ability to detect



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issues and errors. On the other hand, these very same relationships that grow stronger may impair monitoring quality by encouraging undesirable behaviors, such as positive bias toward the monitored firm, a lack of due diligence, and an increased willingness to collude.

To reconcile these seemingly divergent predictions for the effect of relationship strength and trust on monitoring quality, we proposed that relationship strength has a non-linear effect on monitoring quality, which we operationalized as financial restatements. Revisions of previous financial statements are more likely to occur for very weak or very strong relationships between parties, whereas relationships of moderate strength are associated with few monitoring errors. Weak relationships exhibit low trust, lack of coordination, and reduced information sharing, which makes them susceptible to monitoring failures in the form of unintentional errors. As monitors develop strong and trusting relationships with members of firms, the risk of unintentional errors diminishes, but regulated firms can potentially take advantage of the relationship strength, whether by exploiting the monitor's complacency or through outright collusion leading to intentional errors.

Triangulating results from a longitudinal archival study of U.S. commercial banks and





their auditors, a survey of certified public accountants (CPAs), and an experimental audit simulation, we find strong evidence in support of our arguments. In particular, the archival study indicated that, as a bank and an auditing firm start working together, tenure initially reduces monitoring failures, but restatements begin to increase after approximately 5.7 years in the relationship.

Surveying CPAs and manipulating variables in a controlled lab setting helped us to further nail down the causal mechanisms at play.

This study offers some interesting policy implications. For example, it suggests that the mandatory auditor rotation programs favored by



THE PAPER

The valley of trust: The effect of relational strength on monitoring quality, by Brandy Avena, Lily Morse, Alessandro Iorio

government agencies may reduce audit failures stemming from unethical behavior fueled by strong relationships, while inadvertently increasing audit failures overall due to coordination challenges at the onset of auditing relationships. Policy makers should therefore design programs that weigh the trade-offs stemming from variation in relational strength. ■



The sus

To define new sustainable models of club management, it is necessary to first define all their value drivers. Because the challenge is not just sporting

by Gimede Gigante @



Sustainability of football

Soccer today is no longer merely a popular sport, it is an industry capable of generating a yearly turnover of over €25 billion in Europe, €3.6 billion in Italy only. This requires football clubs to face new challenges and factor in sporting and management aspects simultaneously. A change is already underway in the business model of the main football franchises, following the introduction Financial Fair Play regulations, so that there is a greater concern for financial aspects, especially in consideration of the fact that Italian football teams have accumulated €5.2 billion in debt as of last year.

A few months ago, the short-lived initiative to set up a Super League brought to light a well-known problem, namely the need to rethink both the distribution of television rights and the format of the current Champions League, which has become obsolete and unattractive. In spite of the uproar the initiative caused, the Super League project brought to light the need to develop an overall strategic vision, with the aim of maximizing the revenue pie and developing a sustainable approach to the game from in terms of finance and cost rationalization. Furthermore, since football clubs take entrepreneurial risk on themselves, they should be able to have greater involvement in the governance of the tournaments in which they participate, in order to better monitor the fan experience, the environmental impact of the business, financial sustainability and media rights management. At present, without these changes it is extremely difficult to plan for development strategies that, especially in the most important football clubs, call for large investments in the long term, as also stated by the president of Juventus Football Club Andrea Agnelli, one of the sponsors of the Super



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League initiative, on the occasion of a speech at Bocconi University.

Having said that, the importance of results on the field cannot be overstated, as the market appreciation is based on them and so is the potential for greater earnings through capital gains in the sale of players. The sustainability of this business model, still prevalent in small and medium-sized clubs that cannot diversify their revenue sources, also raises questions following the recent investigation launched by Covisoc on the capital gains accrued in the past two years in the context of transfers of some players between Serie A teams. It should be noted these are not "illegal" operations, but a market tool widely used to by Italian teams and replicated throughout Europe. The criticism that is leveled at the football system in general is that players can be valued to worth major figures that are apparently not validated by fully demonstrable sporting reasons. The basic problem from which to start, however, is perhaps another: who can say what the objective price of a player is, being the latter determined by the subjective match between supply and demand? In this case, the tools of finance and corporate valuation principles can make a valuable contribution.

The overlap between football and finance is also evident in the recent trend of private equity funds investing in the football industry: after negotiations with Serie A went nowhere, CVC signed an agreement with Spain's Liga in August which provides for the sale of 10% of the Spanish football league's commercial rights to the private fund for 2.7 billion euros. Another investment was the sale of Genoa to the US financial holding 777 Partners last September. Alternative financing instruments, such as Minibonds and Kickbonds, are met with growing favor by clubs, although they do not always bring the desired results. In this regard, we should recall the InterSPAC initiative launched by Carlo Cottarelli for the development of a major stake controlled by fans at the Milanese team.

In conclusion, it is essential to understand the main value drivers of football clubs, the extremely complex regulatory framework within which soccer franchises operate, together with the main managerial and business issues that characterize them, in order to facilitate the development of new and financially sustainable management models that are capable of involving all of the game's stakeholders. ■



THE BOOK

Since the early 2000s, the analysis of the economics of football clubs has attracted academia, business consultants, journalists and fans. *Economia, gestione e finanza dei Football club professionalisti* by Gigante and Sottoriva (Egea, 2021, pp. 394, €50, in Italian) offers an analysis of the impact of Covid-19 on the whole industry in the 2019-2020 season and some reflections on recent trends (Blockchain, Minibonds, Retail Bonds, Kickbonds) that could impact the future business models of major clubs.





VALORE PUBBLICO

La Pubblica Amministrazione che funziona

La Pubblica Amministrazione avrà un ruolo fondamentale nella ripartenza e diventare promotrice del rilancio del Paese. Per essere pronti, SDA Bocconi mette a disposizione **50 anni di esperienza nel settore pubblico** per promuovere i processi di cambiamento richiesti dal PNRR verso **una PA più moderna e competente** con il progetto **SDABocconi4Gov**.



Dell'iniziativa fa parte il bando **“Valore Pubblico. La Pubblica Amministrazione che funziona”**, ideato in partnership con il Gruppo Editoriale GEDI, che ha l'obiettivo di valorizzare e diffondere le buone pratiche della Pubblica Amministrazione efficiente, inclusiva e al passo con i tempi.

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LA STAMPA

IL SECOLO XIX

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la Provincia
PAVESE

la tribuna

Messaggero
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Presidenza del Consiglio dei Ministri
Dipartimento della
Funzione Pubblica





COVID19

Research by

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Edoardo Missoni

Scott Williamson

FRANCESCO ARMILLEI

Covid in Italy, the most affected are the peripheral municipalities

Francesco Armillei wrote *Did Covid19 hit harder in peripheral areas? The case of Italian municipalities*, while he was a student of the MSc in Economics and Social Sciences at Bocconi.

The paper shows which municipalities the virus hit hardest and the underlying reasons. "It's not just about understanding the differences between north and south or between regions, but we were interested in a more granular analysis," Armillei points out. "One of the interesting findings is that those most affected, in relative terms, were the peripheral municipalities. At the time of the first Covid wave, Milan was mentioned so much because it had a high number of deaths, in absolute terms. However, comparing the number of deaths to the population, it emerged that the towns most affected were actually those a bit more peripheral."

The idea for the paper arose at the end of the first lockdown in Italy, when Armillei and **Francesco Filippucci**, MSc alumnus in Economics and Social Science at Bocconi, realized that there was very little work on the Italian case. This led to their desire to give it a try, also thanks to the data analysis skills they learned during their Master program and the databases they had at their disposal.

FRANCESCO ARMILLEI

Alumnus
of Bocconi University



"During this experience, when we sent the paper to the journal, one particularly instructive point was the phase in which we had to deal with the critical points raised by the referees, since we had to try to reason about those highlighted points of criticism and see if they could be solved. It was very useful to discuss with several professors at Bocconi, including **Paolo Pinotti** and **Giulia Giupponi**, who very kindly accepted to read our work and give us some advice," says Armillei.

Armillei is now a Pre-Doctoral Research Assistant at the London School of Economics and Political Science. This choice was influenced by the experience of writing and publishing the paper, which reinforced his desire to continue in the research field. "The work for the paper started and took place while I was still a student - the experience was so informative, interesting and challenging that it convinced me to continue on this path."



THE PAPER

Did Covid19 hit harder in peripheral areas? The case of Italian municipalities, by Francesco Armillei, Francesco Filippucci and Thomas Fletcher

LUCA BUCCOLIERO AND ELENA BELLIO Greenpass and dining, a delicate balance between

There is a fine line beyond which indulging in a dinner at a restaurant is no longer a pleasure. In times of Covid, that line is marked by the right mix that a commercial establishment must be able to find by first arranging the tables in a correct and easily usable way, balancing the customers between internal environments and any open spaces and again making sure that the staff meeting the anti-contagion measures. All elements that are positively experienced by customers together with others including, in decreasing order of importance, the use of personal protective equipment (PPE), the type of lighting, without forgetting the request to answer, upon entry, the questionnaire on their own state of health and any dangerous contacts. "However, the questionnaire is not very well liked by customers and,

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ORIANI CIANI

Anxiety and depression in the population, the new challenge for the National Health Service

More than half of Italians feel healthy, despite the pandemic. But even among them about a third complain of problems, albeit mild, of anxiety and depression. Among the reasons for concern follow the sense of discomfort and slight pain. Coming to grips with this and caring for them are therefore the next challenges that the Italian National Health Service will have to face, according to **Oriana Ciani** of CERGAS, SDA Bocconi, together with colleagues Vittoria Arditò, Carlo Federici, Aureliano Finch, Alessandro Furnari, Claudio Jommi, Francesco Malandrini, Michela Meregaglia and Rosanna Tarricone, who have curated Health outcomes and performance of the National Health Service, chapter n. 7 of the 2021 edition of the *Oasis Report, Observatory on companies and the Italian health system*. In particular, this year's study concerns the perception of the state of health as it was judged by a representative sample of the Italian population, interviewed between November 2020 and February 2021. That is, in the midst of the second wave of Covid. "Health outcomes reported directly by individuals, and not based on clinical data, are becoming increasingly important," says Ciani.

Then there are other indirect repercussions of the socio-health crisis that the National Health Service will have to manage: the increasing demand for services emerges in absolute first place, due to suppressions or delays in accessing services due to the restrictions imposed during the initial phase of the epidemic. Secondly, it will be necessary to take into account the long-term effects associated with both isolation, also in children, and the economic crisis that followed the

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health crisis. Speaking of young people in general, it is among them that "there is a diffusion of symptoms of anxiety and depression, a counter-trend," underlines Ciani. "Usually, the problems on these investigated dimensions concern adults more and to a lesser extent children."

To achieve these goals of care, the authors of the chapter conclude, the importance of the National Health Service being supported with adequate funding is reconfirmed, partly as already foreseen through the increase of the National Health Fund until 2026. But in particular it is necessary to focus on the need for technological innovation of the entire system, at least according to the launch of numerous digitization initiatives and the contents of the National Recovery and Resilience Plan, which also aims at strengthening the Italian healthcare system by spreading its interventions locally, thanks to the relaunch of territorial assistance.



THE REPORT

Observatory on Healthcare Organizations and Policies in Italy (OASI) Report 2021, By Cergas SDA Bocconi

In pleasure and safety is sought

in the scale of the less popular aspects, it arrives immediately after the separation of the tables by means of plexiglass dividers. The so-called clinical screening is seen as an excessive intervention and therefore makes the experience of a dinner or lunch in a restaurant less pleasant", declares **Luca Buccoliero**, Marketing Department of Bocconi University, who together with **Elena Bellio**, Bocconi University and Ca' Foscari University of Venice, and **Livia Luciani Ranieri Gaudiosi di Canosa**, wrote the paper *The restaurant experience at the times of coronavirus: the "new normal" between delight and safety*.

"It is therefore a question of identifying a balance of prevention measures that is functional to the prevention of coronavirus but without risking to upset customers", emphasizes Buccoliero who conducted

the research between May and November 2020, at a time of reopening but when there was still no Green Pass.

It is true that in the formulation of a final judgment the quality of the menu, the care (including hygiene) with which the dishes are prepared, the prices applied and the atmosphere created by the restaurant always remain central. But now, with the introduction of the health passport, "it will be necessary to find a new point of balance and, above all, we must not risk reducing too much security measures just because there has been a preventive check of the Greenpass. After all," concludes Buccoliero, "meals are often eaten indoors and this is a virus that is transmitted by air. Controlling the Green Pass does not exempt you from observing the preventive measures adopted so far."

ALESSIA MELEGARO

At least 500 Covid cases in Lombardy before patient 1

At the time of the identification of Patient 1 in Codogno on February 20, 2020, the SARS-CoV-2 virus was already widespread in the Lombardy region, with sustained transmission in all provinces of Lombardy, with an estimated reproduction number (R_0) higher than 2.

This is stated in the study *The early phase of the Covid19 epidemic in Lombardy, Italy* published in the journal *Epidemics* by researchers from Fondazione Bruno Kessler and Bocconi University (**Alessia Melegaro**, Director of Covid Crisis Lab, **Raffaella Piccarreta**, Department of Decision Sciences, **Filippo Trentini**, Dondena Center) based on the analysis of consolidated data produced by the Prevention - Infectious Diseases Organizational Unit of the DG Welfare of the Lombardy Region and by infectivologists and virologists of ATS, IRCSS, ASSTs in Lombardy. In the study, the epidemiological data of SARS-CoV-2 in Lombardy were retrospectively analyzed. These are some of the key findings.

More than 500 SARS-CoV-2-positive patients, with a median age of 69 years, reported a symptom onset date prior to Patient 1 notification (February 20, 2020). By that date, SARS-CoV-2 virus was already circulating in at least 222 of the 1,506 Lombardy municipalities (14.7%).

The reproduction number (R_0) in the 12 provinces of Lombardy was estimated at values ranging from 2.6 in Pavia to 3.3 in Milan and Brescia. The serial interval, which approximates the time between generations of cases, was estimated to be 6.6 days on average. This implies that the time to case doubling was much less than one week.

These results suggest that the rapid growth of patients with Covid19 that caused pressure on the Lombardy health care system in the period immediately after



THE PAPER

The early phase of the Covid19 epidemic in Lombardy, Italy, by Alessia Melegaro, Raffaella Piccarreta, Filippo Trentini et al.

the identification of Patient 1 can be attributed to the high transmissibility of the virus and the widespread, silent transmission of the pathogen that occurred between January and mid-February.

A decrease, even a marked one, in the transmissibility (R_t) of SARS-CoV-2 was observed in all provinces of Lombardy in the period following the identification of patient 1, probably due to the growing concern in the population and the progressive introduction of restrictive control measures. However, R_t remained strictly greater than 1 until March 9, 2020, in all provinces except Lodi, where the establishment of the red zone in the Codogno area probably played a key role in controlling the epidemic by decreasing R_t to values of about 1 before the establishment of the national lockdown.

SCOTT WILLIAMSON
Motivating public engagement for at-

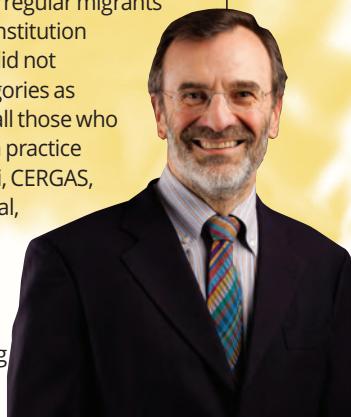
ALESSIA MELEGARO
Director of Covid Crisis
Lab, Bocconi University

Covid19 can be more perilous for some people than others. The higher risk is caused not only by more possibilities to contract the virus, but also by negative public opinion toward those blamed unfairly for spreading sickness. This is the case for refugees, which spurred *Refugees to the Rescue? Motivating Pro-Refugee Public Engagement During the Covid19 Pandemic*, an article written among others by **Scott Williamson**, Assistant professor in the Department of Social and Political Science at Bocconi University, and published online by *The Journal of Experimental Political Science*. The authors partnered with the NGOs Refugees International and Refugee Council USA to study how different messages could encourage Americans to engage with Facebook advertisements promoting refugees and their efforts to help fight the Covid19 pandemic. Users viewing the ads could click on them to show support for refugees or they could record a positive reaction by "liking" or "loving" the ads, according to Williamson, who conducted the study in the United States in



EDUARDO MISSONI Including migrants in the vaccination plan? An opportunity to reaffirm the universality of access

An inclusive strategy to combat Covid19, including the vaccination program, guarantees equity in access to health services and contributes to the safety of the entire population in compliance with the universal ideal of the Italian health system. In reality, entire categories of people are left at greater risk of contagion, such as homeless people or regular and irregular migrants present in Italy. "Although our Constitution protects the right to health, Italy did not immediately mention these categories as recipients of vaccination. And so all those who did not have a health card were in practice excluded," says **Eduardo Missoni**, CERGAS, SDA Bocconi. "In Europe, in general, there has been a tendency to include migrant populations in a more or less explicit way. Among the most virtuous cases is the Dutch decision to mention among the recipients of the vaccine all



EDUARDO MISSONI
Research fellow,
CERGAS Bocconi

people present on the national territory, even if clandestinely. Then there is Great Britain which has included everyone regardless of their status," continues Missoni. "Indeed, Germany has included migrants among its priorities, together with the homeless, immediately after the elderly. And Portugal has formalized the presence of those who had even just started the regularization process." In Europe, therefore, inclusion models are possible and diversified according to *Challenges in the equitable access to Covid19 vaccines for migrant populations in Europe*, a paper that Missoni published in June 2021 in the journal *The Lancet Regional Health*, together with two of his former Bocconi students Marzia Calvi and Silvia Ussai. "To ensure fairness and universality of access to health services, Italy should strengthen the National Health System in general, investing primarily in the relaunch of territorial medicine and in the integrated networks of doctors and basic socio-health workers," comments Missoni, who is engaged with many of his former students in the non-profit startup *Saluteglobale.it*. "In the perspective of universal public health, the priority attention to the most vulnerable and most at risk categories, such as migrants, is not only typical of a vaccination plan made necessary by contingent causes, but is an essential feature of a sustainable, fair, and effective health system."



THE PAPER

Challenges in the equitable access to Covid19 vaccines for migrant populations in Europe by Armocida, Formenti, Missoni, D'Apice, Marchese, Calvi, Castelli e Ussai

risk groups: the case of refugees

August 2020.

To have more engagement, the study suggests that refugee advocacy organizations can promote stories about refugees helping the host society in the local community where the ad campaign's viewers live or consume digital contents. So, "it could be better planning locally targeted advertising", Williamson outlines, that tries "to bridge the gap between host communities and the refugees living next door". Finally, NGOs don't need to shy away from using the terms refugee or immigrant: the research confirmed that mentioning in an ad campaign these words (without distinction) has more positive feedback than one not using them. In a pandemic, "the anxiety and economic disruption

SCOTT WILLIAMSON
Assistant professor of Political sciences,
Bocconi University

may reduce willingness to contribute time or money to advocacy groups", Williamson says. "But a crisis can be an opportunity for advocacy organizations, because they may benefit from drawing attention to the immigrant or refugee backgrounds of people fighting the pandemic". However, there is also a concern that "these narratives of refugees as heroes may also create or sharpen the distinction between refugees with the capabilities to contribute and those who may not have such capabilities". This could be problematic if it undermines "a broad commitment to the original purpose of the UN Refugee Convention to support refugees regardless of their ability and their status".



THE PAPER

Refugees to the rescue? Motivating pro-refugee public engagement during the Covid19 pandemic by Claire L. Adida, Adeline Lo, Lauren Prather and Scott Williamson



The man inside the room

After many years in the European Commission, Marco Buti is now Head of Cabinet of European Commissioner for the Economy, Paolo Gentiloni. In his latest volume he debunks various prejudices about the institution and shows what the management of the current crisis can learn from past ones, such as the 2008 debt crisis



by Jennifer Clark @

With a hands-on role during Europe's two biggest events in recent years - the debt crisis and the Covid19 pandemic - economist

Marco Buti is uniquely placed to shed light on the behind-the-scenes decision making at the European Commission in *The Man Inside: A Journey Through Two European Crises* (EGEA, 2021). Moreover, he presents an unvarnished view of what the EU got right and what it did not. Anyone interested in the inner workings of the Commission should read this book. Buti joined the European Commission in the 1980s and is currently Head of Cabinet of European Commissioner for the Economy, Paolo Gentiloni.

→ **What did you hope to achieve in writing this book?**
 A period of my professional life ended in 2019 when I moved from being Director General of Directorate General for Economic and Financial Affairs (DG ECFIN) and more recently as Chief of Staff of the Commissioner for the Economy, Paolo Gentiloni. And then the pandemic hit. I realized that our experience in dealing with financial crisis could provide lessons on how to cope with the impact of Covid. So that was one goal. The second was, I tried to shed light on why certain choices were made, with the knowledge of the time, not with "convenient" ex post rationalization. We were aware that we were definitely not in the first-best world and maybe not even in the second-best. We had to accept being in the third-best. The element of survival had to prevail over the fine tuning of optimal choices.

→ **You describe "an existential threat to the euro" during the debt crisis. Do you have any anecdotes about what it was like to be "the man inside the room"?**

The cover of the book sums up what we were feeling at the time: the fragile little boat of euro balanced precariously on top of a compass. For a while, we were without a compass in dealing with the crisis.

Constitutional arrangements are valued in terms of centuries or at least decades. Not just a few years, like the euro. We really felt that. At the end of 2011, when Mario Monti succeeded Silvio Berlusconi in a dramatic turnaround in Italy, or July 2015, when the issue of Grexit came on the table, we felt we were hanging from a thread. And I remember at the time watching CNN's live coverage of the euro crisis. It was similar to seeing a hostage situation or reporting on a tornado. A number of observers were predicting that the euro would not survive until the following week.

Ex post, I think one can say that staring into the abyss eventually prompts courageous decisions.

→ **What are some of the most common misconceptions about the European Commission?**

The amount of political capital invested in the common project was underestimated by people and by financial

MARCO BUTI
 Head of Cabinet of
 European Commissioner
 Paolo Gentiloni

markets. When we came to the crunch, even the leaders with different opinions - sometimes radically different opinions - had to acknowledge that the costs of a breakup are considerably higher, even domestically, than the gains.

Then, a capacity to learn. From an economic policy viewpoint, we have dealt with the present crisis much more effectively - even though we are still in it - compared to the previous one. The idea that EU institutions and the whole EU architecture is an unmovable Moloch, unable to change or learn, is another misconception.

→ **You say in your introduction that the "last 12 years have been deeply transformative." What has changed, in a nutshell?**

I think there is an increasing awareness, in theory and not always in practice, that each country is far too small to make a difference on the world stage, and the acknowledgement that Europe provides a model on social issues and environment that is more palatable to the outside world than the capitalism of the US and the autocratic model of China.

And the other transformation has been in the interaction between Europe and member states. Europe's goals were traditionally to foster the single market, trade policy, and competition policy. And sustainability, so stable public finances. Another set of goals around fairness, redistribution, and a how to respond to shocks, to the economic cycle, were seen as a national responsibility. So allocation and sustainability at the European level, and stabilization and redistribution at the national level.

Over the past 12 years, particularly as a response to the two crises, these four elements can no longer be seen as separate. Member states and the Union will have to work in cooperation. And this has led to quite a lot of change, with more responsibilities for the Union.

→ **What are your lessons from the financial crisis?**

The EU was the only region in the world that had a double dip recession in 2011 and 2012. So we declared victory far too soon over the crisis. Secondly it was clear there was not sufficient response at European level. And we left the ECB too alone. And you recall the acrimonious discussions at the time of "lazy Greeks versus the stingy Germans".

I think the response we put forward Next Generation EU with 750 billion euros in common borrowing and several European tools to respond to the crisis to sustain the labor market in this endeavor was right to do at the European level. Since it was a common shock. And importantly, if you look at Euro barometer and at the opinion polls, the support for the action of Next Generation EU-type of policies, even in countries traditionally skeptical - the so-called "frugal" countries such as Denmark, Austria, the Netherlands,

Sweden, Finland - is quite substantial. Obviously, the jury is still out. It depends on how Next Generation EU is implemented.

→ **Was there a “turning point”? From the outside it looks like the EU suddenly pivoted from austerity to deficit spending.**

I think it was a gradual process. But when the pandemic hit in March 2020, we clearly felt it was a huge shock that needed a rapid response. Those gradually-accumulating lessons had to be deployed all of a sudden. In the spring 2020 we launched programs like SURE to help member states for labor market reskills, and Next Generation EU, which is a massive plan of regeneration. We said, “ok, out of this gradual learning process, what, in practice, what would you do?”

And second element was the agenda-setting of the Ursula Von der Leyen Commission. The green transition was a major objective. What in effect happened was a short-term emergency response was “nested” onto a plan of sustainable growth, and digital and green transition.

The EU is the only bloc that has set 2030 targets. With climate change, how can the EU avoid a repeat of the equivalent of the debtor-creditor split we saw during the financial crisis? For example, Germany is the biggest auto producer, and Poland a large producer and consumer of coal.

In the book I talk about a “veil of ignorance” about winners and losers in reforms. If you know you are on the winning side, you will enact a reform in your benefit. And we saw the results of this during the financial crisis. For climate change, there is no “veil of ignorance.” We are all on the losing side. What we are trying to do here is make sure there is an element of solidarity in achieving the transition. The Just Transition Fund can help Eastern European countries that depend on coal, for example.

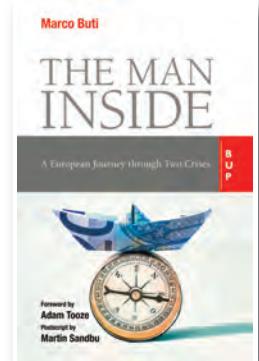
→ **You compared the Commission to a de facto EU Treasury. What do you think that means going forward?**

We have the embryo of an EU Treasury now. With Next Generation EU, we providing money on the spending side, with strings attached, and milestones. On the revenue side, for the first time, we are raising capital on the financial markets in a pretty massive way by issuing common debt. And we have committed to issuing at least 30% of the amount in green bonds. We are going to be the biggest issuers in the world of green bonds, and the market has greeted them enthusiastically with demand exceeding supply by 10 to 15 times. Going forward, especially if one wants to have a stronger geopolitical standing in the world, we need to continue and deepen this development. One of the differences between the US and Europe is that the US has a deep, large Treasury market. It’s a safe asset. So



THE BOOK

“To go from point A to point B in Europe is rarely a straight line. Actually, trying to take a straight line is often the best way not to get to your destination.” This is one of the lessons drawn by Marco Buti. *The man inside* (BUP, 2021, pp. 512, €55) explains the analytical and empirical foundations of European policy choices that involved a delicate balance between economic, institutional and political considerations. What emerges is a new compass that helps to understand the policy strategy the EU has adopted to fight the economic fallout of the pandemic.



far, Europe has not. If we want to compete and attract capital from the rest of the world, we need to have this safe asset here. And it is fundamental for the international standing and role of the euro. I think there is increasing awareness on this front.

→ **I am intrigued by your statement that “red lines are there to be crossed.” What red line was crossed in the pandemic response?**

I think we crossed several red lines! Former German Chancellor Angela Merkel famously said “we will not see Eurobonds in my lifetime.” Under Next Generation EU, we are issuing common bonds. You can call them “Eurobonds” or not: terminology is not important. And that is a red line that was crossed.

There are two ways to cross red lines. One is when you stare into the abyss and all of a sudden find huge courage. And this is what happened in part during the financial crisis, and more thoroughly in response to the pandemic. It is the logic of “ultima ratio”, as was called at the time.

And the other way is the more virtuous. If you adopt a longer time horizon, you can see that red lines are often motivated by domestic worries, and they become considerably paler. The Commission is trying to push politicians to lengthen their time horizon.

In the book, I analyze what we call “Juncker’s curse”: “We know what to do but we don’t know how to be reelected once we’ve done it.” I show that, under certain conditions, governments can do bold reforms and be reelected. First, an effective social safety net can compensate the losers in any reform. And secondly, properly functioning financial markets shift capital and labor from dying sectors to promising ones. In the case of global warming, financial markets are helping this shift. If done it properly, I demonstrate you can cross the red lines and not be punished by the electorate. ■



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