

# viaSarfatti 25

BOCCONI UNIVERSITY, KNOWLEDGE THAT MATTERS

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MARIO MONTI  
Learning Lessons  
from a Pandemic



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between domestic politics and geopolitical impact

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## Knowledge and Technology for a Sustainable Future

SILVIA CANDIANI  
CEO of Microsoft  
Italy  
and Bocconi  
Alumna

We need to reinvent the way we do business in order to develop a greener footprint. And technology can play a key role in reducing emissions. In a word, now more than ever we need to focus on sustainability». [In her welcome talk to the students of MSc programs, Silvia Candiani, CEO of Microsoft Italy and Bocconi alumna](#), contributed to imbuing the #nowmorethanever initiative with meaning and perspective. This campaign summarizes the importance and uniqueness of a new academic year that started after a lockdown and looks to the future with uncertainty on how the health emergency will evolve. Silvia touched on two fundamental points, digital and sustainability, which in this strange year have undergone a profound transformation, passing from a phase of fashionability to that of a necessity. Digital technology has helped us in every aspect of our lives during the lockdown: from socialization to work, from teaching to shopping to entertainment. And it was precisely in this period, in part through the determined wave of Fridays for Future, that we fully understood how essential it is to take care of our planet, to live in a sustainable world that is also able to fight pandemics like the one that has hit us. For Bocconi, #nowmorethanever is helping our students prepare for the future, developing basic knowledge, the only thing capable of leaving a lasting impact on society. This is why we are committed and have invested in returning to experience all the dimensions of our campus, including the new virtual

ones that we have come to know and appreciate. We welcomed our new students, selected from among the many candidates (this year applications again rose by 5%), and the 22 new professors who arrived in September from all over the world. We were also reunited with students and colleagues who for months we have only seen online. And together, we all started writing our #nowmorethanever

**Gianmario Verona, Rector**



## VIDEO

Knowledge, innovation, resilience, inclusion. These have always been key values for our community. Now more than ever.



# KNOWLEDGE THAT MATTERS.

*Now more than ever.*

Today, knowledge, innovation, cultural exchange, ideas, vision matter like never before. These have always been Bocconi's values. They are part of our history and they represent the way we can provide answers to a completely new world. Together.

# CONTENTS

## Homepage

Knowledge and Technology for a Sustainable Future  
by Gianmario Verona

1

## 4 VIEWPOINTS

#WelcomeToBocconi  
by Paolo Tonato

## THE PROFESSOR

Francesco Billari, Bocconians by choice  
by Emanuele Elli

6

## 11 COVID19

Mario Monti: Learning lessons from a Pandemic to Improve International Coordination in the Future  
by Jennifer Clark

Research by Arnstein Aassve and Letizia Mencarini, Carlo Devillanova and Alessia Melegaro, Nicola Gennaioli, Chiara Graziani, Kerim Kavakli, Eliana La Ferrara, Massimo Morelli, Greta Nasi and Leonardo Borlini, David Stuckler and Simone Ghislandi, Marco Ventoruzzo

## REGIMES

Long live the King?  
by Marlene Jugl

22

## 24 SOCIETY

The Legacy of Protest Movements  
by Fabrizio Perretti

## COVER STORY

American elections

by Massimo Morelli, Catherine E. De Vries  
Research by Giuseppe Berta, Livio Di Lonardo, Giuseppe F. Ferrari, Graziella Romeo, Davide Zecca

26

## 34 MANAGEMENT

Retailoring Your Brand Legacy by Emanuela Prandelli  
Interview with Rodolfo Zambelli by Emanuele Elli

## POLITICS

How Many Seats Does Your Party Have?  
It Depends on the Type of Voter by Lanny Martin

38

## 42 SUSTAINABLE DEVELOPMENT

Tracing the Threads of Complexity by Aura Bertoni  
Interview with Monica Ramirez Hartmann  
by Jennifer Clark

## FINANCE

Non-performing credit makes healthy credit vanish  
by Brunella Bruno

46

## 48 STRATEGY

When Food Is an Icon by Guia Beatrice Pirotti  
Interview with Alessandro Lazzaroni  
by Emanuele Elli

## TRANSPORTATION

The Electric Mobility Revolution by Oliviero Baccelli  
Interviews with Arrigo Giana and Andrea Incondi  
by Emanuele Elli

52

## 56 INTERVIEW

Sarah Kaplan: Know Your Stakeholders and Innovate  
by Jennifer Clark

viaSarfatti25

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#WelcomeToBocconi



***The first academic year of the Covid19 era has begun. Watchword: ensure quality teaching experience and safety for the whole community. For this reason, the university has invested in technologies and devices to encourage interaction between professors and students while respecting social distancing. And so it is back to living the campus***



# Bocconians by choice

*Francesco Billari, alumnus, professor of demography and Dean of the faculty, tells Via Sarfatti 25 how he convinces new professors to choose Bocconi, starting from his own experience*



by Emanuele Elli @

**W**e want to attract people who, despite having alternatives, choose Bocconi. We don't want to be passively accepted, we want to be preferred». While saying this, Francesco Billari, sociologist and professor of demography, is not thinking only of the students but also of the professors who, as Dean of the Faculty, he recruits and selects for the University. After all, he was the first to choose the University in via Sarfatti for his debut as a student in 1989.

→ **What was Bocconi like back then? Among much that has changed, what has remained unchanged?**

Bocconi was coveted even then, but completely Italian, indeed, the share of Lombard and Milanese students was large. Its excellence was very specialized and above all it had to train managers for Italy. However, there was already a great ambition to excel, and this is an aspect that has remained. And it is not so obvious. While attending other historical institutions over the

years, I realized that this drive and pride, similar to that of the founder, has been able to confirm and renew itself over time.

→ **In those years the largely prevalent specialization was in business administration; instead you chose economics and then statistics. What drove you in this direction?**

Actually, I entered the university with the dream of working in an international organization. Then I encountered statistics and saw in the power of data a great opportunity to change the world. Data is a radical and extremely effective form of knowledge for unraveling problems or describing phenomena. It can also be done with literature or art, but I like to do it with numbers, preserving a creative part that is what still fascinates me today. In addition, in demography, I have the opportunity to combine interest in the world with data because we study cultures, births, deaths, migrations.

→ **Is it true that among the students you**



### **soon earned the title of «human face» of statistics?**

It is a definition that Professor Cifarelli, a luminary of statistics and director of the Institute of Quantitative Methods, actually gave me during my first steps as a teacher. The statistics exam was then considered an aching tooth to pull during the course of study: an inevitable but useless disease. Today I don't think anyone thinks that way anymore; everyone must know how to work on data and those who analyze society through data are increasingly central to the economic and social system.

→ **After your experience in Oxford, you returned to Bocconi in 2017 to hold the position of Dean of the Faculty, a role that also includes the management of teaching staff. How do you perform this role?**

I feel like a professor doing institutional service and in this respect I believe that being a credible academic is essential to be accepted in this role.

FRANCESCO BILLARI  
Milanese, 49 years old, Francesco Billari is professor of Demography and since 2017 Dean of the Faculty.

His history at Bocconi began as a student and continued as a young statistics and demography assistant in the 1990s. «I left the university to do my doctorate in Padua and then went to Germany, in Rostock, to a new location of the Max Planck Institute dedicated precisely to demography. Here young scholars were already entrusted

with the responsibility of coordinating small research groups, something unthinkable in Italy at the time». In 2002 his first return to Bocconi as associate professor, which was followed by ten years of teaching and the foundation of the

Carlo F. Dondena Center for Research on Social Dynamics and Public Policies. In 2012 a new departure, this time for Oxford. «It was an opportunity to which one could not say no and which included, in addition to teaching, also the role of director of the sociology department. An all-encompassing experience in which the whole family, wife and five children, who were from 3 to 14 years old, followed me. They were all enthusiastic about the new adventure, indeed, to be honest they protested more in 2017, when we decided to return to Milan, so much so that a couple of them wanted to stay in England to finish high school or university».

# Twenty-two New Faculty Arriving at Bocconi

*Four full professors and 18 assistant professors: Introducing the Bocconi team's new signings*

di Fabio Todesco @



After nine years at the Constitutional Court, of which she was named the first woman president in December 2019, **Marta Cartabia** returns to her academic career by joining Bocconi from the University of Milan Bicocca. Full professor of constitutional law, she has numerous international academic and institutional experiences including: University of Aix-Marseille, University of Michigan Law School Ann Arbor, Network of Independent Experts on Fundamental Rights of the European Commission, European Fundamental Rights Agency of the European Union in Vienna.



Applied sociologist **Ronald Stuart Burt** studies how social networks create advantages in careers, organizations and markets. In a seminal volume in 1992 he developed the concept of structural holes, which has since had great success in literature. He will work at Bocconi as a Senior Professor in the Department of Management and Technology, continuing to collaborate with the University of Chicago, where he is from.



**Sonja Opper** will also join the Department of Management and Technology, as a Full Professor, coming from Lund University. A scholar of new institutional economics, Opper studies countries in economic transition, with a particular focus on China and the interactions between formal and informal institutions.

The other important aspect is that it is a temporary assignment: once my term is over, I will go back to being a professor and I will be evaluated. However, it remains a delicate task because here every three years the many brilliant and competent colleagues we have must get involved and undergo an evaluation process. And then there is the other aspect of the assignment: winning the challenge to attract the best researchers and professors from abroad.

**→ *How does the evaluation of a faculty member take place? Do teaching methods "weigh" as much as research? And does the students' opinion enter into the merits?***

We divide the evaluation into three areas: research, teaching and service. For a Bocconi professor it is essential to excel in the first two: being an excellent researcher is essential but here professors will never give up their role in the classroom. In addition, we also evaluate the service, that is to say how much a professor has made himself available to the university in administrative roles. As for the students' judgment, that also counts, but of course it must be weighed against the difficulty of a course, whether it is compulsory or not and other factors.

**→ *What is the state of health of the labor market for university professors?***

For researchers who have an international market and who are willing to move there are many opportunities; the sector is very dynamic and new institutions are always emerging in countries that were not attractive until a few years ago and instead are now popular destinations. This is a challenge for us because it is not easy to attract talent here or retain those who are coveted by the competition. In Italian public universities, budget constraints or the distribution of resources between departments often greatly limit this possibility. At Bocconi we are more fortunate because we are independent and moreover we can offer compensation that competes with those of the best international universities.

**→ *What do you say as the last, best factor to convince a professor to choose Bocconi?***

First of all, I tell my personal story: I was in Oxford but I chose to return here because of some unique aspects, such as the constant ambition to improve, the openness to innovation and the possibility that everyone is given to make a difference. And then Bocconi is a bit like Milan, it has two roots because it knows how to grasp the best of two worlds, the international European and the Mediterranean. And this is a feature that no one else in the world has. ■



**Giuseppe Savaré** is the new Professor of Mathematical Analysis at the Department of Decision Sciences and comes from the University of Pavia. He is a specialist in optimal transport, a topic that mathematicians began to investigate in the 18th century to minimize the cost of transporting building materials for military purposes, and which is now a topical issue for various disciplines, including economics.



**Uri Barnea** (PhD at Wharton) also deals with behavioral aspects, individual information processing and consumer welfare. Among the choices he has studied, there is the one that gave the title to one of his scientific articles: «People Who Choose Time Over Money Are Happier».



**Enrico Basile** is a scholar of economic criminal law with a long experience of research and teaching at Bocconi. He received his PhD here in 2008 and, since then, has continued to collaborate with the University in various ways.



**Nicolò Cavalli**, D.Phil in sociology at Nuffield College Oxford, deals with issues on the borderline between demography and sociology, making extensive use of quantitative techniques and studying the cohesion between social groups. In his most recent work, he studied the effects of shipwrecks in the Mediterranean on the perception of migrants.



**Alexia Delfino** comes from the London School of Economics and Political Science, where she obtained her PhD. She is interested in development economics and organizational economics, with a particular focus on gender issues.



**Stefano Fiorin** comes from the UCSD Rady School of Management, where he was postdoctoral scholar after a PhD in Global Economics and Management at UCLA Anderson. He focuses on behavioral economics and development economics, with an experimental approach.



**Valeria Giacomin** will arrive in November. Founder fellow of the Lloyd Greif Center at the USC Marshall School of Business in Los Angeles, Giacomin researches issues related to entrepreneurship, often with a historical angle and a focus on emerging markets in Southeast Asia. She obtained a PhD from the Copenhagen Business School with a doctoral thesis on the historical evolution of the palm oil cluster in Indonesia and Malaysia.



**Giulia Giupponi** comes from the Institute of Fiscal Studies in London, where she was post-doctoral fellow after a PhD at the London School of Economics and Political Science. She is interested in labor economics and public economics and has often appeared in specialized media such as Voxeu.org or La Voce.info.



The subject of employment law will be covered by **Elena Gramano**. She comes from the University Roma Tre, where she researched employment law and industrial relations. Between 2017 and 2019 she was a researcher at J.W. Goethe Universitaet in Frankfurt.



**Alessandro Iorio** has a PhD in Organizational Behavior and Theory at Carnegie Mellon University, Tepper School of Business. He deals with Organizational Theory and Organizational Networks.



**Hao Jiang** is an experienced scholar of comparative private law, with stints at Université Panthéon Assas in Paris, University of Trieste, Max Planck Institute for Comparative and



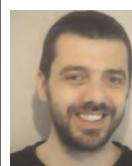
**Harsh Ketkar** received a PhD in Strategy from the University of Michigan after completing an MBA at the Indian Institute of Management in Calcutta. He studies how different organizational solutions and new technologies, such as automation based on artificial intelligence, influence innovation.



**Hugo Lavenant** comes from the University of British Columbia. Optimal transport, in particular for its applications to machine learning, is one of his research topics. He has a PhD from the Université Paris-Sud de Orsay.



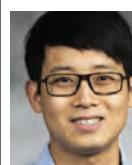
**Kurt Munz** comes from New York University Stern School of Business, where he obtained a PhD in Marketing, and has an original and experimental approach to the influence of new technologies on consumer behavior. He applies his approach to issues such as decision making, auditory information processing and charitable donations.



With a PhD in Law and Economics at Erasmus University Rotterdam, a JDS at Yale Law School and an Assistant Professor position at the China-EU School of Law, **Alessandro Romano** has an international profile and broad research interests in the fields of economic law and business law.



**Carlo Rasmus Schwarz** combines the interests of economic policy and applied microeconomics with those of text analysis and machine learning. He holds a PhD from the University of Warwick.



**Feng Tangren** deals with mechanism design (a field of game theory). He obtained a PhD in Economics at the University of Michigan, after studying mathematics and economics in China.



**Luigi Testa**, a scholar of constitutional law, obtained a PhD at the University of Pavia and soon began collaborating with Bocconi in various forms (Teaching Assistant, Research Fellow). In 2019 he was visiting researcher at the Institute of European and Comparative Law in Oxford.



From London Business School, where he obtained a PhD, **Roberto Vincenzi** arrives at the Department of Accounting. Between 2013 and 2014, shortly after graduating, he worked as a teaching and research assistant at Bocconi. He deals with financial communication and, in particular, voluntary disclosure.

# Thank You

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# COVID19

Interview with Mario Monti

Research by

Arnstein Aassve and Letizia Mencarini  
Carlo Devillanova and Alessia Melegaro  
Nicola Gennaioli  
Chiara Graziani  
Kerim Can Kavakli  
Eliana La Ferrara  
Massimo Morelli  
Greta Nasi and Leonardo Borlini  
David Stuckler and Simone Ghislandi  
Marco Ventoruzzo

# Mario Monti: Learning less to Improve International Co

*For Bocconi's President, at the helm of the WHO's Commission on Health and Sustainable Development to re-think policy priorities based on the experience of the pandemic, it is necessary «to look at how the concept of a healthy development should be increasingly integrated into a notion of sustainable development»*

by Jennifer Clark @

The World Health Organization's regional office for Europe has convened a pan-European Commission on Health and Sustainable Development to re-think policy priorities based on the experience of the Covid19 pandemic. Chaired by Bocconi University President **Mario Monti**, from August 2020 the Commission is bringing together former heads of states and governments, life scientists and economists, heads of health and social care institutions, leaders of the business community, and financial institutions. Supported by a Scientific Advisory Board, the Commission will collect and review the work of researchers, practitioners and scientists from across the region and produce a report in September 2021. There is plenty of room to improve international coordination, Professor Monti tells *viaSarfatti25*.

→ **How did European institutions react to Covid19? What did they do well, and what could they have done differently?**

Like everybody else, they were basically taken by surprise. As part of our work at the Pan-European Commission on Health and Sustainable Development, we will provide recommendations to improve international cooperation on health issues, both at the broader level, and at the narrower and more intensive EU level. Repeated episodes have shown a lack of cooperation from the very start, regarding the standards of assessment of the existence of Covid19 and the degree of progress of this illness, and - even more obviously - the deficiency of coordination, when all member states tended to protect their citizens first. Which is an automatic and obvious reaction. Even within the EU, countries have introduced restrictions of movement of people, and restrictions of goods (where medical equipment is concerned). And now in this phase of fighting - let's say a positive - race on vaccines, the approach tends to be nationalistic

and not broadly coordinated. There is plenty to do here.

→ **What is the mission of the Pan-European Commission on Health and Sustainable Development?**

We hope to create a forum for discussion about how to link this current disaster with future policies, and to incorporate this into our thinking so that the pandemic is not seen as a one-off. We are going to conduct a broad analysis looking at many pieces of the puzzle. We will consult with experts from around the world, including those from non-European countries not members of our Commission, in whose thinking we are interested. And we will also hear and consult stakeholders in the health care systems. We are a non-remunerated multidisciplinary grouping that is fully independent of the World Health Organization itself, and also of the governments of member states. Our proposals and recommendations will only be worth their capacity to persuade. They cannot be imposed, because we are not a decision-taking body. Our report will be adopted by our Commission in full independence. It will be made public. The WHO may concur or not concur with some recommendations. Our objective is to hopefully show roads and avenues, or narrow streets, that governments may not have considered. And we also want to increase the awareness in broad public opinion of certain phenomenon. It's forward-looking, and not about making country-specific recommendations about what was done well or not.

→ **What issues will the Commission be looking at in addition to improving international coordination?**

We want to look at how the concept of a healthy development should be increasingly integrated into a notion of sustainable development. Not only placing more emphasis on health in defining development, but also in examining a number of mutual relationships between these two things. For

MARIO MONTI  
President of Bocconi  
University and the  
Pan-european  
Commission on Health  
and Sustainable  
Development

# ons from a Pandemic oordination in the Future



## Bocconi and me

→ ***We're at the start of a very unusual academic year. What do you remember about your first day at Bocconi?***

My elder sister was a second-year student at the Foreign Language and Literatures Department, and she brought me to the administration office to collect my forms. I was extremely shy at entering that august and austere place. And the process for me was obviously much harder and tougher than I could ever imagine. Because I entered in 1961 and I haven't been able to leave yet!

→ ***What was your thesis?***

It was on my first love, which proved unexpectedly resilient and stubborn. Europe. To do my research, I did an internship at the European Commission in Brussels. To give you an idea, there were only six member states at the time. My thesis was on economic integration in Europe.

→ ***What advice would you give first-year students as they enter the classroom this year?***

First-year students might reasonably fear that their experience of personal growth could be undermined by the limitations Covid19 has brought. I would like to reassure them that Bocconi is well aware of how important it is to have a social experience to build a network of friends and colleagues as a beginning of a new and more mature way to be a citizen in this world. Then, I would like to point out that life is all about uncertainties and our capacity to withstand pressures and shocks and to adapt to unforeseen consequences. These past months have been a fertile time to explore this aspect, which had recently been forgotten or underestimated. I'm sure this is a somewhat different experience from the one they imagined when they were thinking or dreaming about their first day at university!



### The Commission

The work of the Pan-European Commission on Health and Sustainable Development kicked off at the end August. Convened by the WHO Regional Office for Europe, and chaired by **Mario Monti**, President of Bocconi, assisted in the role of Special Advisor by **Aleksandra Torbica**, Director of [CERGAS Bocconi](#), its aim is to rethink policy priorities in light of pandemics. The 20 members of the Commission, including Elias Mossialos in the role of Scientific Coordinator (Head of the Department of Health Policy at the London School of Economics), will review priorities in economic and social policies, learning from the Covid-19 crisis. «Covid-19 has painfully highlighted that healthcare systems play an essential role in societies,» says Torbica. «However, being able to put the health of the population and the proper functioning of healthcare systems at the top of governments' agendas has always encountered obstacles. The Commission offers a concrete opportunity to design a more effective approach to health, as a basis for sustainable development.»

example, what are the consequences for sustainable development from this health crisis? They may be huge. This pandemic is also shaking the foundations of people's confidence in the future. Are spending plans of families, of individuals and in the business sector going to be unchanged? Or have we been injected with a sort of "negative vaccine" which increases our perception of weakness, fragility and unpredictability that will slow spending and investment for years to come? Therefore it is crucial to identify policies in countries, at the European level and at the global level that can, first of all, reduce the probability of new pandemics in the future; and second, help find ways for society and politics to deal with them in a better, prompter and more coordinated manner the next time (and there may well be a next time) so as to reduce the impact not only in terms of human lives, but also to the economy and the prospects for growth. The subtitle of the commission is "Rethinking policy priorities in

## AASSVE AND MENCARINI

### Fertility is likely to decline in the wake of the Covid19 pandemic

Throughout history, spikes in mortality due to wars and famines were followed by increased births, while the Spanish Flu resulted in a temporary drop in fertility before recovering during a baby boom. Contrary to this historic trend, the Covid19 health emergency will plausibly cause a decline in fertility, without the factors that have brought on a baby boom in the past, according to *The Covid19 pandemic and human fertility* published on *Science Magazine*, the peer-reviewed journal of the American Association for the Advancement of Science, by Bocconi University's **Arnstein Aassve**, **Nicolò Cavalli**, **Letizia Mencarini** and **Samuel Plach**, and **Massimo Livi Bacci** from University of Florence.

The authors emphasize differences in populations' development and their stage in the demographic transition to accurately draw conclusions from the existing research.

«Although it is difficult to make precise predictions, a likely scenario is that fertility will fall, at least in high-income countries and in the short run,» says Arnstein Aassve, Professor at the Department of Social and Political Sciences at Bocconi and at the Carlo F. Dondena Centre for Research on Social Dynamics and Public Policy.

In high-income countries, disruption in the organization of family life due to prolonged lockdowns, the reinternalization of childcare within the couple following school closures, and deteriorating economic outlooks are likely to lead to postponements in childbearing. A further fertility fall in high-income countries will accelerate

population ageing and population decline, with implications for public policy.

In low- and middle-income countries the fertility decline observed in recent decades from trends such as urbanization, economic development and female occupation is unlikely to be fundamentally reversed by economic setbacks. Difficulties, though, in accessing family planning services might result in a short-run spike in unintended pregnancies and worsening neonatal and reproductive health.

ARNSTEIN AASSVE  
Full Professor  
of Population Dynamics  
and Economics,  
Bocconi University



## THE PAPER

### *The Covid19 pandemic and human fertility*

by Arnstein Aassve, Nicolò Cavalli, Letizia Mencarini and Samuel Plach, and Massimo Livi Bacci



## DEVILLANOVA AND MELEGARO

### The immigrant factor for public health: let the data speak

Despite all the concerns that, apparently, the issue of immigrants also raises regarding the spread of Covid-19, quantitative data and research on the subject are very rare. The work of **Carlo Devillanova**, professor of Public Economics, who has always been involved in the study of the integration of immigrants in the Italian socio-economic context, tries to remedy this. «The pandemic was an opportunity for us to evaluate new aspects», explains the professor, «first of all the differences in access to health care of different nationalities and how these are explained by institutional, logistical, linguistic or administrative variables».

The research, shared, among others, with colleague **Alessia Melegaro**, Director of [Covid Crisis Lab](#), was able to count on a rich database relating to a large Italian geographical area and in which information on the number of swabs carried out is included, the positives found and the clinical outcomes on complications or recoveries. «We thus have the possibility of correlating health outcomes with different nationalities and with the average socio-economic conditions of the areas of residence. Furthermore, even if we do not have income data, we can reason on some determinants, for example the average population density or the

CARLO DEVILLANOVA  
Associate Professor  
of Public Economics,  
Bocconi University

characteristics of homes, in order to understand which variables affect the spread of the virus and which don't».

In this study, which is still underway, there is no way to differentiate legal or illegal immigrants, as opposed to what was done by the same professor few months ago for another study which instead specifically concerned illegal immigrants. «In that case, the starting database was that of Naga, a voluntary association that deals with providing health care to immigrants who, for example in Lombardy, do not have access to basic care», continues Devillanova. «Theirs is the largest database in the world on irregular immigration and allows you to have a constant flow of information on the health of these people.

From these data we were able to note first of all that during the lockdown access to the Naga clinic significantly decreased, especially due to the intensification of checks across the territory, but that among these people there was an important number, about 16.2%, who had respiratory symptoms compatible with Covid. This element obviously represents a critical factor for public health policies, but it must not be misunderstood. In fact, the study aims to highlight the importance for the public health system of monitoring these members of the population that lives in its territory, aiming to make them emerge and not, on the contrary, pushing them to isolate themselves and hide».



## THE BOOK

The 20s will be a time and place of cultural rebirth and social innovation, if we can face the challenge with courage - leveraging those values of service and sharing, trust, sustainability, negotiation, uniqueness and universality that are the authentic qualities of Italy, writes **Francesco Morace** in *La rinascita dell'Italia* (Egea, 2020, 128 pages, €16, in Italian).





the light of pandemics.” The role of health, but also the role of trying to safeguard the environment. There might be a link between deterioration of the environment and the eruption of pandemics. That’s why the Commission is so multidisciplinary. It is crucial to recognize the importance of strong health and social care systems in making this all happen, and that they not be taken for granted amid competing policy priorities.

→ *The virus moved faster than the World Health Organization could, making the WHO vulnerable to criticism that it could have done more. As a person with experience in international institutions, what do you think are the flaws in our global health governance system?*

The fact that viruses travel unimpeded shows that globalization can bring both positives and negatives. Like all human phenomena, globalization needs to be governed. In the last several decades, mechanisms have been created to manage events in a multilateral system: the WTO, the IMF, the World Bank, and the WHO. Global health management, in our view, is largely insufficient and not fully effective. But still there are people who say that the effort to govern phenomenon with a multilateral governance has gone wrong. We have seen, particularly in the last four years in the U.S., a very critical reconsideration of this semi-finished global governance. We are at an extremely critical and delicate juncture. What some people think is too little coordinated governance, far too little, is seen as excessive by others. This is an even more fundamental problem than Covid. It concerns the whole concept of whether this globalized world can be managed in a cooperative manner or not. ■

## NICOLA GENNAIOLI

### The Young Perceive Higher Risk than the Old. And Are More Cautious

Allegations of underestimating the Covid19 risk and hence inadvertently pushing its spread are often made against young people. Recent research by **Nicola Gennaioli** (Bocconi University) and colleagues from Harvard and Oxford casts doubt on these arguments. On the contrary, according to a survey of over 1,500 Americans, younger people perceive dramatically higher risks of infection and risks of hospitalization and death after contacting Covid19 than older people do. They assess higher risk both for themselves and for others.

Furthermore, Covid19 policy preferences and self-reported behavior are consistent with such beliefs. Individuals who perceive higher risks for others are supportive of stay at home orders and are less likely to be willing to resume their normal activities. Individuals who perceive greater mortality risk for themselves indicate going out less frequently, being more reluctant to go to an emergency room if they had a medical emergency, and avoiding more routine medical care.

People appear to be aware of the age gradient of Covid19 risks: assessed mortality risk increases with age according to everyone, but young people's assessments are consistently higher than old people's.

On average, respondents' median belief about the fatality rate lies between 1% and 2% of the infected, and thus moderately exceeds average published estimates in the medical literature, but the age gradient is striking. The 18-34 group reports a median believed fatality rate of 2%, ten

NICOLA GENNAIOLI  
Full Professor  
of Finance,  
Bocconi University



## VIDEO

People under 35 believe that the fatality rate in their age group is ten times larger than reality. People over 70 think it is ten times lower, Nicola Gennaioli and co-authors explain.





## THE PAPER

**Older People Are Less Pessimistic About the Health Risks of Covid19**, NBER Working Paper 27494, by Pedro Bordalo, Katherine B. Coffman, Nicola Gennaioli and Andrei Shleifer

times the available data for their age. In contrast, the respondents in the 70 years or older group report a median death rate of about 1%, between 5 and 10 times lower than available epidemiological estimates.

Young people are also more pessimistic about other health risks, but not about the economic risk attached to the Covid19 crisis.

«One possible explanation», Professor Gennaioli says, «is that the Covid19 experience is much more salient for young than for old people. Since acute health risk is a relatively rare experience for young people, the Covid19 outbreak strikes them as new and meaningful. It also seems to render all health risks salient, increasing their assessment across the board». In fact, data shows that the self-assessment of other health risks is strongly associated to Covid19 beliefs. The perception of a non-health risk such as the economic risk is, on the contrary, associated to several demographic characteristics, such as gender, race, location and education, but not age.

## CHIARA GRAZIANI Powers in Search of Balance

In recent months, the legal system has been severely tested: the predominance of the executive power in coping with the emergency has stirred a debate around the balance of powers and the effectiveness of constitutions in regulating a this kind of situation. These aspects will be analyzed by **Chiara Graziani**, academic fellow at Bocconi's Department of Legal Studies, who together with two other promoters (Oran Doyle, Trinity College Dublin, and Juliano Zaiden Benvindo, Universidade de Brasilia) founded a research group Public Law Responses to Public Health Emergencies, launched by the International Association of Constitutional Law (IACL-AIDC).

Graziani and colleagues will initially focus the group's work on two research lines. The first is precisely the balance of powers, at a time when governments around the world seem to marginalize parliaments, and central and local powers are often in conflict over the measures to be taken. The second is the use of technologies in an emergency, with all its implications in terms of privacy, data

protection and other fundamental rights. Graziani studies the legal framework for disaster response and emergency management, a topic widely discussed with regard to the threat of international terrorism. «The pandemic poses serious challenges to governments and constitutions», she says, «and some of the measures adopted in the fight on Covid raise legal issues that are similar to those deriving from counter-terrorism tools». The group is not only open to scholars of emergency law: in its first steps, it has already attracted the attention of law scholars studying devolution or technologies. «An emergency always calls for an interdisciplinary approach», Chiara Graziani concludes.



## THE BOOK

Our societies express extraordinary possibilities for growth, thanks to advances in science and technology, but they are more sensitive than ever to fractures, changes, unexpected effects, as shown by the Covid19 pandemic and the resulting recession. We must relaunch the economy and work, thinking about environmental and social sustainability, writes **Antonio Calabro** in *Oltre la fragilità* (Egea, 2020, 208 pages, €17, in Italian).



## KERIM KAVAKLI

## Populist governments lagged behind in fight on Covid

Ideology is among the main determinants of a government's reaction to Covid19, according to new research for the [Covid Crisis Lab](#) by **Kerim Can Kavakli**, Professor at Bocconi University's Department of Social and Political Sciences,

analyzing 94 countries. Strongly populist governments, he finds, implemented fewer health measures at the onset of the pandemic (February 2020) and fewer mobility restrictions soon after (March 2020). Economic ideology also seems to matter: rightwing governments were slower to respond to Covid19, but this effect is weaker than populism. All the differences are stronger in high-income countries and tend to decrease over time. When all countries began to record large numbers of infections, policy responses converged.

Populist distrust towards elites and expert advice, Prof. Kavakli argues, led populist

governments to resist calls to take strong and costly measures. «At the initial stages of a crisis the costs of preventive measures are real, but the damage and deaths that will be



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## THE PAPER

**Did Populist Leaders Respond to the Covid19 Pandemic More Slowly? Evidence from a Global Sample** by Kerim Can Kavakli

prevented are based on experts' projections. Governments that do not trust experts are more likely to refrain from action», he explains. The behavior of, for example, Trump in the US and Bolsonaro in Brazil confirm the hypothesis, whilst there are some exceptions like the swift reaction of Erdogan in Turkey and Orban in Hungary. In an effort to overcome anecdotal evidence, Prof. Kavakli collected information on the governments in power and their party affiliations in 94 countries and combined it with party ideology data from the Global Party Survey. Data on state responses to the Covid19 pandemic come from the Oxford Covid19 Government Response Tracker and are rearranged in two indices: closures and mobility restrictions, on the one hand, and health measures such as contact tracing or testing, on the other. Both indices range from 0 to 100 points.

The level of health measures implemented by strongly populist governments lagged other countries by 10 points in February, with a similar gap in closures in mid-March. In high-income countries, though, strongly populist governments' health measures lagged other governments' by an estimated 30 points in February. To put these into context, among high-income countries, the average level of health measures in February was 32.

Rightwing parties, with their emphasis on economic growth and their opposition to state involvement in the economy, were slower at embracing economy-disrupting measures such as closures and mobility restraints, at least in high-income countries. In mid-March, they lagged behind by 20 points, with a dramatic reversal in May, when they recorded more closures than the rest. In fact, they probably had to maintain closures for longer while governments that acted earlier began to lift their restrictions.

Professor Kavakli's study does not only interpret the past, but can also be used for understanding the future. «Although populist governments' Covid19 measures have caught up to other governments' eventually», he concludes, «the next task is to reopen the economy safely. In phase two populist governments may relax restrictions too quickly despite experts' warnings, which will put more lives and economic stability at risk».



## VIDEO

According to research by Kerim Can Kavakli, at the outbreak of the Covid19 pandemic, populist distrust in expert advice may have caused delays in the implementation of health measures, closures and mobility restrictions.



## ELIANA LA FERRARA

### Online Tutoring Improves Performance of Disadvantaged Students in Lockdown

**Eliana La Ferrara** (Bocconi University's LEAP, Laboratory for Effective Anti-poverty Policies) and **Michela Carlana** (Harvard Kennedy School) succeeded in improving the academic performance, aspirations, well-being, and socio-emotional skills of disadvantaged Italian high-school students during the Covid19 lockdown through a simple, low-cost online homework tutoring program (TOP – Tutoring Online Program) with university students as tutors.

Three hours of online tutoring per week proved to be enough to produce strong and significant effects on middle school students' performance (+4.7%), aspirations (+ 39.7% in a composite index), well-being (+26%) and socio-emotional skills (+21.1%). An intensive, six-hours-a-week program doubled the improvement in academic performance. In a psychologically hard time as the lockdown, participant students not only improved their marks, but also displayed significantly higher happiness and less signals of depression. They were also less likely to plan to abandon studies after middle-school.

«The Covid pandemic emphasized educational inequalities across the world», La Ferrara says, «but the educational gap based on family background is a persistent feature of school systems at any time and we found an effective way to address it». Now, they are planning to scale-up the program, which involved 520 students from 78 middle schools all around Italy and 520 tutors, in the next school-year and possibly in other countries. The results are soon to become a scholarly paper.

Italian schools closed, due to the Covid emergency, on 5 March, 2020 and moved to distance learning, never to reopen again. International surveys show that online learning disproportionately penalized disadvantaged students. Before school closure in Italy, for example, 12.8% of the students in the TOP sample used to resort to help from people who were not parents or siblings (for example, other family members or after school programs) for their homework; after the closure, the share dropped to 2.9%. Those doing homework on their own passed



## THE BOOK

Coronavirus times requires non-linear marketing: opportunistic when needed and strategic when necessary, neither slow nor fast, but on time. Being in the right place at the right time: this is the point, explain **David Jarach** and **Davide Reina** in *Il marketing al tempo del Coronavirus* (Egea, 2020, 156 pages, e.pub, €9.99, in Italian). The challenge is to know how to interpret and immediately translate the new normality into business opportunities.

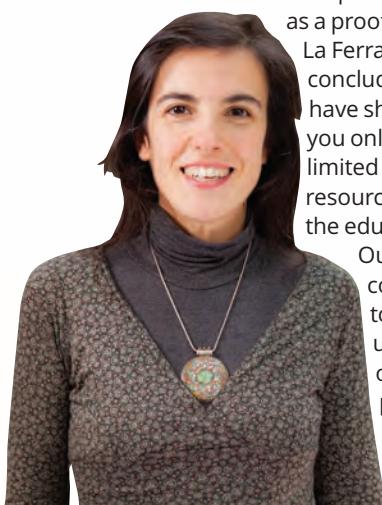


from 55.3% to 62.1%.

Professors La Ferrara and Carlana, starting on March 20, recruited university students as tutors who were trained and their services (in Maths, Italian and English) then offered to middle schools who were asked to identify the students most in need because of family background, language barriers or learning disorders. The program ran from 10 April to the end of the school-year.

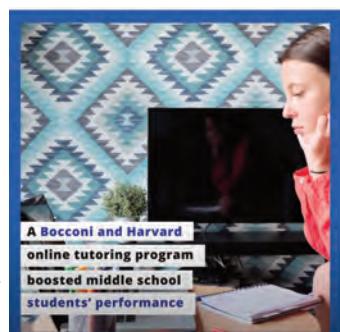
«The experiment worked as a proof of concept», La Ferrara concludes. «We have shown that you only need a limited amount of resources to contain the educational gap. Our experience could turn out to be very useful in case of new or persistent lockdowns».

ELIANA LA FERRARA  
Full Professor,  
Fondazione Romeo  
and Enrica Invernizzi  
Chair in Development  
Economics,  
Bocconi University



## VIDEO

Eliana La Ferrara coordinated a Bocconi-Harvard online tutoring program which boosted middle school students' academic performance and raised their aspirations, happiness and socio-emotional skills.



## MASSIMO MORELLI

### Warning: Epidemics Are Often Followed by Unrest

If you have not been hearing much of the French Gilets Jaunes or of the Italian Sardines in the last few months, it's because «the social and psychological unrest arising from the epidemic tends to crowd-out the conflicts of the pre-epidemic period, but, at the same time it constitutes the fertile ground on which global protest may return more aggressively once the epidemic is over», writes **Massimo Morelli**, Professor of Political Science at Bocconi, in a paper recently published in *Peace Economics, Peace Science and Public Policy*. Professor Morelli and **Roberto Censolo** (University of Ferrara) argue that we can get an informed opinion



about the possible effects of Covid19 on protest and future social unrest by looking at the great plagues of the past, so they analyze 57 epidemic episodes between the Black Death (1346–1353) and the Spanish Flu (1919–1920). They state that while the epidemic lasts the status quo and incumbent governments tend to consolidate, but warn that a sharp increase in social instability in the aftermath of the epidemic should be expected. Revolts not evidently connected with the disease are infrequent within an epidemic period, but epidemics can sow

other seeds of conflict. Government conspiracy, «the filth of the poor», foreigners and immigrants have often been singled out as the cause of an epidemic. «Overall, the historical evidence shows that the epidemics display a potential disarranging effect on civil society along three dimensions», the authors write. «First, the policy measures tend to conflict with the interest of people, generating a dangerous friction between society and institutions. Second, to the extent that an epidemic impacts differently on society in terms of mortality and economic welfare, it may exacerbate inequality. Third, the psychological shock can induce irrational narratives on the causes and the spread of the disease, which may result in social or racial discrimination and even xenophobia.» Focusing on five cholera epidemics, Morelli and Censolo count 39 rebellions in the 10 years preceding an epidemic and 71 rebellions in the 10 years following it. On the other hand, the authors note that, in the short-term, the necessary restrictions of freedom during an epidemic may be strategically exploited by governments to reinforce power.



### THE PAPER

**Covid19 and the Potential Consequences for Social Stability** by Censolo and Morelli, in *Peace Economics, Peace Science and Public Policy*, published online ahead of print

## NASI AND BORLINI

### In a Changed World, Services also Need to Change

Now that the worst of the health emergency has passed, the challenge for institutions is to rethink the way they work, redesigning structures and services. The *Redesign Municipal Services to Create City Value in the Aftermath of Covid19* project aims to redesign some local public services so that they are not only more suitable for addressing emergency needs due to the pandemic, but transform them for a permanent improvement for citizens and the administration. The project was developed by **Greta Nasi**, Associate Professor of Public administration economics at Bocconi and Research Director for government of SDA Bocconi School of Management, and **Leonardo Borlini**, Assistant Professor at the Bocconi Department of Legal Studies, in collaboration with the City of Milan.

The two Bocconi scholars have focused their project on the services offered by the municipality to individuals as citizens and potential entrepreneurs. They believe that a de-bureaucratization of the procedures for starting up autonomous activities cannot only make it easier for those affected by the Covid crisis to recover productivity, but can also turn into a permanent competitive advantage.

In a first phase Nasi and Borlini will try to understand how citizens think that the Municipality can create value.

«Research immediately preceding the pandemic indicated the breadth of the training offer, waiting times for specialist medical examinations and air quality as three critical factors», says Nasi, «but we will have to understand how Covid has changed the perceptions of citizens».

Subsequently, through focus groups that will involve citizens and representatives of the administration, the two scholars will design the new services, so that they meet the needs of citizens, are practically deliverable and compatible with the different levels of legislation.

For this project, Nasi and Borlini received research funding from the American Embassy in Italy, as part of the Alumni Small Grant Program 2020.

The embassy program, reserved for scholars who have previously participated in an exchange program of the American government (Nasi and Borlini have both benefited from Fulbright scholarships), aims to involve alumni in the activities of the American mission in Italy and to strengthen cultural contacts on topics of mutual interest. This year's theme was the stimulus for post Covid recovery. The funding will cover approximately two thirds of the research program costs, which amount to € 29,000.



# STUCKLER AND GHISLANDI

## Understanding the Consequences of the Covid19 Lockdown for Older People



Covid19 puts older people in harm's way, not just from the virus itself, but also from severe 'lockdown' measures to curb the epidemic. There are widespread concerns that older persons with diabetes and cancer were unable to attain medical care they needed. Others report social isolation from confinement, triggering depressions and suicides. But just how severe were these consequences for older persons? A new epidemiological study will attempt to quantify the real health impacts of Italy's Covid19 lockdown measures on older people. It will collect new data from Italy's Lombardy region, one of the first - and worst - hit regions in Europe, accounting for >50% of all Covid19 deaths in Italy.

«Healthy ageing in the wake of Covid19 pandemic: impact evaluation of Covid19 containment measures on physical, mental and social wellbeing of elder and fragile populations» is being led by **Gianluca Serafini**, Associate Professor at the University of Genoa, Italy working with a team of 11 academics and doctors in Italy including Bocconi University's **David Stuckler**, Full Professor of Policy Analysis and Public Management at the Department of Social and Political Sciences and **Simone Ghislandi**, Associate Professor at the Department of Social and Political Sciences.

«How to protect the weak during epidemics is one of Europe's

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Full Professor  
of Policy Analysis  
and Public Management,  
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biggest challenges. Lockdown was a necessary evil. To better prepare for the future, we must urgently understand the full consequences these policies, for better and for worse,» says Professor Stuckler. The study will generate evidence-based recommendations for how to mitigate potential harms to older persons while 'shielding' them from Covid. To do so the study will look in-depth at the effects of the pandemic and related public health measures on mental health, behaviours and lifestyles on the elderly and chronic patients. The team will create a large cross-sectional survey on the population aged 65 or over in the Lombardy Italian region and carry out an estimated 3,000 phone interviews over a period of three months, supported by DOXA, a partner in Italy of the Worldwide Independent Network and the Gallup International Association, one of the most important Italian market and social research institutes. It will also have access to administrative data from the Lombardy Regional Health Service. The questionnaire will include detailed sections on nutrition, dietary habits, smoking habit, alcohol consumption, and physical activity to try to understand the impact of the Covid19 emergency on all these habits. The elderly and chronically ill patients may benefit from such protective actions like regular telephonic counselling sessions, contact with family, appropriate and updated information, caring for the general medical and psychological needs. «We are really convinced that the appropriate management of the elderly and chronic patients represents a major challenge in the actual period of Covid19 outbreak and social crisis,» says Professor Ghislandi.

## MARCO VENTORUZZO

### We'd Better Listen to Cassandra

A rule that banned short-selling on the stock exchanges of France, Italy, Spain, Austria, Greece and Belgium at the height of the COVID-19 pandemic in Europe backfired, according to research by **Marco Ventoruzzo** (Bocconi Department of Legal Studies) and **Gianfranco Siciliano** (China Europe International Business School) across 15 European countries. «Banning short-selling is associated with lower stock liquidity, higher information asymmetry, and lower abnormal returns as compared with not banning short-selling, thus leading to the exact outcome that these restrictions aim to prevent,» Professor Ventoruzzo summarizes. Short-selling is a widespread practice for investors with bearish expectations. They borrow a security they don't own and sell it on the market, planning to buy it back later, hopefully at a lower price. «On average, in most markets,» the authors write, «short-sellers account for roughly more than 20% of trading volume and are generally regarded as traders with access to value-relevant information. This quantitative data suggests that they play an important role in price formation, and according to some analyses they contribute to price discovery by improving information efficiency and possibly market liquidity, while decreasing information asymmetry.» On the other hand, when combined with the fast diffusion of information and with the automatic reactions triggered by trading algorithms based on price movements, short-selling could spark a downward feedback loop, working as a self-fulfilling



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## THE PAPER

**Banning Cassandra from the Market? An Empirical Analysis of Short-Selling Bans during the C19 Crisis** by Siciliano and Ventoruzzo *ECGI Working Paper Series in Law*, N. 532/2020



prophecy. Thus, bans are common in times of crisis. «Bans have been viewed by some as a necessary regulatory intervention to ensure financial stability,» Professor Ventoruzzo says. During the financial crisis that followed the outbreak of Covid19, authorities banned short-selling in 6 EU countries for 2 months (March 18-May 18), plus a couple of one-day bans for a few stocks. This allows for a comparison both between the behavior of the same stock in normal and banned times and between the markets of countries that did or did not implement the ban. Analyzing the markets of 14 EU countries plus the UK from 24 January until 18 May, Ventoruzzo and Siciliano find that information asymmetry is higher during the ban period, that banned stocks are subject to more intense downward pressures, and that market liquidity is slightly lower on banned days. In particular, the bid-ask spread, a measure of information asymmetry, increases by 16% on banning days, banned stocks underperform non-banned ones by 0.1% per day, and the liquidity of banned stocks decreases by 0.1%. The effects are more intense for financial vs. non-financial stocks. The results add to mounting evidence of short-selling bans' ineffectiveness and suggest that their implementation could be mainly due to political pressures to «do something» in times of crisis.



# Long live the King?

*Political scientists and analysts have long been trying to understand which conditions have guaranteed the survival of a handful of absolute monarchies in Asia, Africa and above all the Arabian Peninsula. The least imperfect explanation is linked to the size of the country they govern*

by Marlène Jugl @

**A**nd the King and Queen lived happily ever after. This phrase comes from the world of fairy tales, obviously. Not least because there are hardly any «real» Kings or Queens left. The few monarchies that we find in the world today seem anachronistic, remnants of the past. While Kings, Sultans and Emirs used to govern large parts of the world, today we observe only a handful of truly monarchic regimes. Countries where hereditary monarchs are not limited to simple representative tasks but still rule and reign are spread across Asia (Brunei) and Africa (Morocco and Swaziland) but most are concentrated on the Arab peninsula (Bahrain, Jordan, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates).

For decades, scholars and foreign policy analysts have tried to explain why these monarchies have remained more or less stable until today, while others such as the monarchies in Egypt, Ethiopia, Iran or Nepal have fallen. None of the existing explanations for the survival or breakdown of monarchies can perfectly explain all



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cases. A popular explanation is the economic or military support from foreign powers. However, whereas US support to Oman fostered the stability of the Omani Sultanate, similar support did not prevent the overthrow of the Shah and his monarchy in Iran. Oil rents are often mentioned as another stabilizing factor and while they are a significant source of income and stability for the Gulf monarchies, the monarchies in Jordan and Swaziland have found ways to survive without them. One point has been overlooked in such debates, though. It seems that today's monarchies are mostly located in small countries. Indeed, authoritarian monarchies that survived since World War Two have an average population size around 10 million, while those that have broken down since then count more than 30 million on average. Could small country size increase a monarchy's survival chances?

A comparison between Jordan and Egypt in the years after World War Two offers some insights. At the time, they did not differ much, except for their size. Among



other similarities, both had no significant oil reserves but did enjoy foreign support. Notably, Jordan's tiny population made it easier for the Hashemite Kings to keep the country in check. The small country's social fabric was simple and the monarchs knew exactly which elite groups to invite to court in exchange for their loyalty. This is not to say that there was no opposition in Jordan at the time, but the Kings had a clear overview of who to keep an eye on. The small size allowed especially King Hussein to travel to virtually all towns in the kingdom, which boosted his personal popularity and the regime's legitimization. Large parts of the population perceived him as a rock who guaranteed

the unity and survival of the country in a sea of regional wars and trouble. The external circumstances were largely the same for Egypt, but the large size of the country and the number and diversity of societal and political groups undermined the monarchies' grip to power. In the end, Egypt's King Farouk was overthrown in 1952 by the Free Officers, one out of many anti-regime groups. The Egyptian monarchy was simply overwhelmed by the task of monitoring and co-opting or repressing them all.

As other explanations before, the size argument is imperfect. It cannot explain why monarchies are still in power in Morocco and Saudi Arabia, both with populations above 30 million. But evidence suggests that small size has prevented the violent overthrow of monarchies. From this perspective, it looks easier for Kings (there are no truly powerful Queens) in small states to live as Kings ever after. Whether they live happily is a whole different question. ■



## THE PAPER

Country size and the survival of authoritarian monarchies: developing a new argument, by Marlene Jugl

# The Legacy of Protest Mo

*Whether they win or lose, activist groups can still act as triggers for new and more generalized disputes or become a model of organization and participation to fight for other causes*

by Fabrizio Perretti @



# vements

Social movements and related protest actions often develop locally and then spread nationally and internationally. A single episode, such as the 1969 riot at the Stonewall gay club in New York, may turn out to be the initial spark for a new type of activism (in this case, the modern LGBT liberation movement). In other cases, it is the opposition to a specific local project that determines the emergence of a new movement. In 1958, Pacific Gas & Electric (PG&E) released their plans to build the first commercial nuclear power plant north of San Francisco. Although the area chosen for construction had no history of activism, a new and diverse group of local activists (students, local ranchers, residents, workers, a marine biologist, etc.) soon formed. After a six-year battle, the activists forced PG&E to cancel plans for the power plant. The early success of these activists is widely recognized as fundamental in supporting the national spread of the anti-nuclear movement. Many other activist groups took inspiration from this victory and began protest actions to stop construction of nuclear plants in several other locations.

But what happens in case of an activist defeat? If in fact a "victory" increases participation, mobilizes new actors and paves the way for further protest, should we expect the opposite effect in a situation of defeat?



## THE PAPER

Firm behavior and the evolution of activism: Strategic decisions and the emergence of protest in US communities, by Alessandro Piazza and Fabrizio Perretti



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Market & Business  
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In 1976, when the Nuclear Regulatory Commission (NRC) issued a building permit for a new nuclear power plant in Seabrook, New Hampshire, a group of anti-nuclear activists also formed. Despite widespread mobilization and strong public opposition across New England, activists were only able to delay, but unable to stop, construction of the plant. However defeated, those people did not simply return to their previous lives, but continued to be activists, shifting their commitment to other causes.

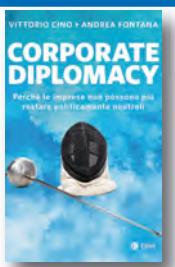
Despite the failure to achieve the stated goal, the Seabrook protests in fact created links with other activists across the nation and the model of direct organization adopted was a source of inspiration for many other groups that advocated large-scale action on a range of different issues (including activists of the ACT UP group who organized numerous protests in the United States and around the world in the 1980s and 1990s, to pressure governments to take stronger action against AIDS).

Within a larger study on the effects of mobilization related to the outcome of local protests against nuclear power plants in the United States between 1960 and 1995, these two cases highlight how - once it has come into being - mobilization does not simply die out or run out of steam: either it expands within the same realm (in the case of an activist victory) or it transforms and moves onto different realms (in the case of a defeat). And what may seem like a victory from the point of view of companies or those carrying out controversial projects in a given local area, when seen from a broader perspective can lead to defeats in other contexts. In fact, solving a local problem for some companies or projects often only means shifting the burden of the problem onto other places, or even extending it to the national level, at the expense of other actors. Also in Italy we have seen several infrastructural projects - think of the TAV train link in Piedmont or the TAP gas pipeline in Apulia - which have generated and continue to generate strong opposition from activists and local populations. Also in this case, taking a broader perspective on the consequences and repercussions in terms of further mobilization and future protest actions could be useful for researchers and policy-makers alike. ■



## THE BOOK

With globalization, roles that were the responsibility of governments enter the sphere of corporate responsibility and today companies take an active role in the system of international relations, explain Andrea Fontana and Vittorio Cino in **Corporate Diplomacy** (Egea, 2019, 128 pages, €16, in Italian).





*The foreign policy of the United States, on which the president has ample decision-making power, determine international relations. Even when, as in the case of Donald Trump, it is guided by a*

by Massimo Morelli @

**E**ven though foreign policy is not at all a salient topic in the political campaigns and debates in any Presidential elections, and priority is always given to economic policies, the order of importance is reversed when we focus on the consequences of who wins: the President has in fact much more freedom in foreign policy decisions than he can ever obtain

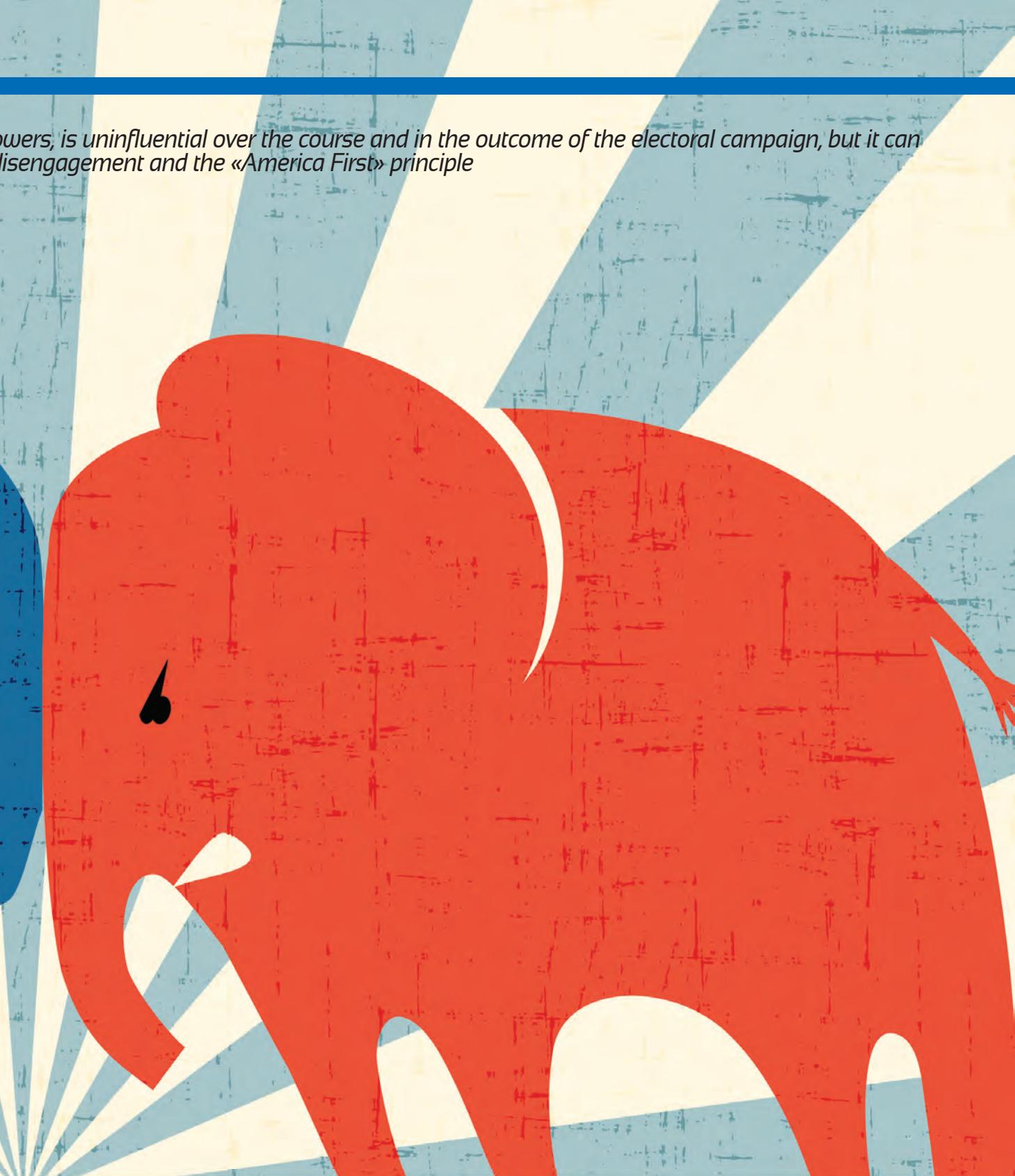


MASSIMO MORELLI  
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in terms of domestic policies, where Congress reigns.

The US being a superpower (and the dominant one after the end of the cold war) it is obvious that foreign policy doctrine changes by a new American President matter for international relations. However, the direct exercise of American power is not what should concern us

# American Elections: How Much T



*owers, is uninfluential over the course and in the outcome of the electoral campaign, but it can  
disengagement and the «America First» principle*

# They Count in International Politics

the most: I will argue that international and national security can be affected in all forms even when direct exercise of power is actually lower than expected.

President Trump's foreign policy stands out from that of previous presidents in two main ways, both connected to the populist «America first» principle:

First of all, Trump's foreign policy has aggressively used economic statecraft, which means protectionism together with economic coercion and sanctions, to pursue foreign policy goals (Drezner, 2019).

The trade war is the most often discussed component of this strategy.

The second important component that characterizes President Trump's foreign policy is «strategic disengagement» (aka Pulling back, Posen, 2013), which creates security vacuums and threatens regional stabilities.

In my *Populism and War* article with Mattozzi and Nakaguma we analyze the terrible consequences of the two above components of current US foreign policy for conflict and inequality around the world.

We show that the statecraft component determines an increase in civil war risk in all ethnically divided countries, together with an increase in inequality, both within and between countries.

Moreover, strategic disengagement always increases at least one of these two effects, depending on the side the disengagement happens on. The effects on interstate conflict risk are more nuanced:

protectionism may increase the risk of conflict in bilateral disputes where one country is open and militarily strong while the other is closed and militarily weak. We find that a reduction in global trade makes the open and militarily strong country more aggressive. The greater aggressiveness of Turkey in all bilateral and multilateral disputes observed recently is therefore not a surprise given our findings. Furthermore, it is true in general that US disengagement from the side of a weaker country increases the risk of conflict.

Bernie Sanders seemed to share the disengagement strategy in part, mostly due to the proposal to scale down defense spending to make space for welfare policies, but the expectation was that his more cooperative



## THE PAPER

**Populism and War**, by Andrea Mattozzi (EUI), Massimo Morelli (Bocconi), Marcos Y. Nakaguma (EESP – FGV)

attitude on environmental issues could have compensated. Moreover, nobody would have expected Sanders to continue on the path of aggressive statecraft. Biden is also expected to make large changes in the direction of free trade and international cooperation. Thus the election of a challenger in November would have very large consequences for international relations.

In terms of domestic policy, on the other hand, Biden will constitute a discontinuity especially on social and cultural policies. But in general domestic policy changes depend much more on which party has the majority in House and Senate than on the President.

As we know, even Obama-care did little to change the power of private health insurance companies, and Wall Street is equally happy with Trump or Biden. Main Street would definitely benefit from a change in the White House, but only if in conjunction with a significant democratic majority in the Senate. However, the inefficient form of redistribution in place today through protectionism and closed borders would likely be replaced by more healthy redistributive policies that would have less negative spillovers on efficiency and equality worldwide. ■



## THE BOOK

The story of Donald Trump is a unique parable. The ostentation of his personality and the populist construction of his figure are summed up in Trump's inclination to move everything to the private, emphasizes **Giovanni Borgognone** in *House of Trump* (Bocconi Editore, 2020, 168 pages, €17, in Italian)



## GIUSEPPE BERTA

# The Midwest Will Decide the Presidential Battle

In the 2016 elections, the US Midwest proved decisive in the race for the White House, handing Donald Trump an astonishing number of electoral votes, considering that states like Indiana, Wisconsin or Michigan traditionally vote for the Democrats. At the time, the prevailing interpretation was that Republicans would interpret the mood of the forgotten men and women of the manufacturing heartlands emptied out by the deindustrialization in the wake of globalization. «It didn't go exactly like that, as I explained by analyzing the emblematic case of Motown, in my recent book *Detroit. Viaggio nella città degli estremi* (*Detroit. A Journey into the City of Extremes*),» says Giuseppe Berta, who teaches history of the 20th century at Bocconi.

«Today things have not changed much; the plea of the Rust Belt still goes unanswered and neither Trump nor the Democrats have so far been able to provide the answers that people expect from them. I don't know what the final electoral outcome will be, but I'm sure that the presidential race will again be decided there». The Midwest, and in particular the car-making area, which according to the current president would be revitalized, is still suffering from economic and employment crisis while the beating heart of the US economy has moved to the West Coast.

«The hi-tech boom, however, is not something that Trump can take credit for; it is a completely independent phenomenon,» comments Berta.

«California is not a red state, and Silicon Valley doesn't think Republican. The President will therefore still have to rely on the Midwestern votes and exploit the

yawning gap that exists between rural areas and urban centers». In fact, already in 2016 Indianapolis, Milwaukee, Cleveland remained solid blue; in Detroit, where African-Americans are over 80% of the total population, Hillary Clinton won 67% of the vote. But in the white suburbs and the countryside, the vote was in favor of Trump. «Although some polls indicate that, for example, in Michigan this kind of geographical and social stratification could still favor Trump because the US electoral system has historically been influenced by the desire to give greater representation to rural areas seen as carriers of most cherished political traditions», continues the academic. «The Democrats, moreover, have so far shown little personality; in dealing with either the Covid emergency or the Black Lives Matter protests, Congress has looked less active than the presidency.

In this too, Trump has shown himself to be more unscrupulous, adopting a stance typical of Modern Monetary Theory whereby money is always printed to cover deficits, regardless of inflation. This injection of liquidity favors Big State and pours money into the pockets of citizens, cushioning unemployment and boosting Wall Street which, in fact, keeps rising and breaking records, in spite of the fact that the number of companies is shrinking. Sooner or later somebody will have to pick up the tab, but in the meantime fiscal expansion could play in his favor, at least for this election cycle».



GIUSEPPE BERTA  
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# Trump's Diversion Game

*Shift public attention away from managing the pandemic and its economic consequences onto social issues that inflame public opinion, such as the Black Lives Matter movement. This is the strategy of the American President during this election campaign, a strategy that he carries out by firing off tweets*

by Catherine E. De Vries @

The start of the presidential election campaign in the United States was beset by conflict. As the Republican incumbent president Donald Trump and his Democratic competitor Joe Biden accepted their candidacies at their respective party's conventions, images of violent clashes between Black Lives Matter (BLM) demonstrators and members of white militias in several major American cities dominated the news. The BLM movement advocating against police brutality began in 2013 after the acquittal of George Zimmerman in the shooting death of African-American teen Trayvon Martin. It gained renewed momentum this summer in the aftermath of the brutal killing of George Floyd by a Minneapolis police officer. Previous American presidents of both parties, for example Barack Obama and George W. Bush, strongly condemned the violence. In his first reaction to the national unrest surrounding the police killing of George Floyd, former Republican President Bush stated to be «anguished by the brutal suffocation of George Floyd», disturbed by the injustice and fear that suffocate our country and called for the country to «examine our tragic failures.»

Former president's Bush's message contrasted sharply with president Trump's public statements. Rather than condemning the police officer's actions and calling for national unity, he fuelled the conflict by stoking racial tensions through a series of controversial tweets. Most notably he evoked the phrase «when the looting starts, the shooting starts» historically tied to the brutal civil rights-era police tactics. The law and order theme dominated the kick-off of the Trump campaign at the Republican National Convention. Much can still change between now and November, but what is clear is that the incumbent president is attempting



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to divert attention away from his administration's sluggish response to the Covid19 pandemic and the pandemic-induced economic downturn.

While the actions of president Trump in playing up a law and order message are controversial, especially because of its racist undertones, attempts by incumbents to divert attention away from bad economic news to non-economic issues is not. In a recent study, my co-author, Hector Solaz, and I argue that when faced with deteriorating economic conditions incumbent governments have an incentive to redirect attention away from the economic to the non-economic dimension, usually centred around liberal versus authoritarian values. We compiled data on both the emphasis that government versus opposition parties place on various political topics in 28 European countries and connected it with public opinion data. Our analysis revealed two important patterns. First, government parties shift attention to the non-economic dimension when economic conditions deteriorate. Second, in contexts where government parties have shifted attention, voters overall attach less importance to the economy and attribute less responsibility to the government for the state of the economy. These findings are important as it implies that while the societal demand for certain policies are certainly shaped by worsening economic conditions, the activities of political elites in shaping demand also matters.

Other political science work supports this idea. Focusing on rising inequality, political scientists Margit Tavits and Joshua Potter for example show that especially right-wing parties will shift their emphasis to non-economic issues. Left-wing parties place more emphasis on the economic vis-à-vis the non-economic dimension when inequality rises. Inequality increases the proportion of the



## THE PAPER

**Sweeping it under the rug: How government parties deal with deteriorating economic conditions**, by Catherine E. De Vries and Hector Solaz

population falling in lower socio-economic strata thus expanding the share of voters who could be receptive to the economic message of left-wing parties. As inequality rises, the constituency favouring less market intervention in the economy as espoused in right-wing party platforms is likely to shrink, and right-wing parties are likely to shift their emphasis to non-economic issues in response. President Trump's actions are no doubt exceptional in tone and chosen medium (tweets), but his strategy of trying to divert attention away from his handling of the pandemic and the associated economic downturn by framing the elections as a matter of law and order is by no means new. If it will be successful is a whole different question. ■



## THE PAPER

Autocratic Stability in the Shadow of Foreign Threats,  
by Livio Di Lonardo, Jessica S. Sun and Scott A. Tyson

## LIVIO DI LONARDO

### Why Deterrence Theory May Not Work

Iraq, Afghanistan, Libya: recent American history is full of examples in which direct intervention in a conflict has produced worse consequences than the very facts that generated it. For the US presidency, however, a declaration is sometimes enough to change the balance of forces in the field. «Even the threat of US intervention in a context of war produces risky effects», confirms Livio Di Lonardo, professor of Political Science.

«In the event that this will to intervene is intended as a support to the opposition of a regime, it immediately offers the opportunity to intensify repressive actions. In the opposite case, that is, when possible entrance into the field is directed against the opposition, it ends up becoming an instrument in their hands to further delegitimize the government».

But there are also more complex scenarios, such as Syria for example, in which none of the warring factions is particularly pleasing to the US and declarations of war are thus exploited by both sides. «Assad himself did not repress ISIS as long as this enemy was useful to him to be credited as a bulwark of defense against the Islamic advance, but at the same time he has always used American threats to threaten the rebel militias with the prospect of a government even less welcome than his», summarizes Di Lonardo. Despite the slogan «America first» had led many to believe that the current American presidency wanted to launch a partial disengagement from international politics, Trump has always proved a great supporter of the strategy of deterrence, summarized, since the 1980s, in «peace through strength» and for this reason in recent years he has alternated diplomatic actions with incendiary declarations.

«This strategy might have made sense during the Cold War, because the USSR was the ideal enemy to support it, and in fact they managed to avoid a nuclear war,» says the professor. «Today, however, this theory shows limitations, especially when dealing with authoritarian regimes that act on internal pressures we cannot predict, like in North Korea, or that operate through armed militias financed from outside and not entirely controllable, as in Iran. These are scenarios that present unpredictable internal dynamics and the manifestations of force, or even just declarations, have the risk of leading to war scenarios that no one really would have wanted.»



# GIUSEPPE FRANCO FERRARI

## President and Congress, a Difficult Relationship

As happened already during the two terms of Barack Obama, the Trump presidency lost the mid-term elections with the House switching majority, thus inaugurating the phase of so-called divided government. A division, between the two halves of Trump's term, which is also reflected in the studies of Giuseppe Ferrari, Professor of Constitutional Law, who has recently penned the volume *The American Presidency Under Trump: The First Two Years*. In particular, in the first chapter the essay analyzes the ways in which the President used the powers linking the executive and legislative bodies, with a specific focus on the environment, pharma and health.

«Political science is unanimous in believing that a radical polarization has been underway since Obama, both within the two parties and in relations between the two sides. The current administration has certainly not helped to alleviate this conflict, indeed, Trump's lack of aptitude for dialogue and his habit of souring relations even with his own collaborators have often made the news», comments the professor. «Suffice to say that in the first two years of his mandate he seems to have never met Dem leaders in Congress and very few GOP leaders in the Senate or even the former Republican speaker of the House. All this has produced tense relations with Congress, a climate where calls for impeachment found space to grow». Political manners can make the difference even more than substance. It is true that Trump's predecessor, President Obama, also pursued the We Can't Wait campaign by repeatedly signing executive orders. On the contrary, there were Republican presidents like Reagan who were champions of so-called log-rolling, and Kennedy's successor, Lyndon B. Johnson, was capable of having demanding programs passed by legislators while maintaining excellent relations with both political parties.

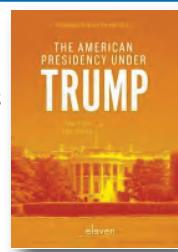
«Trump claims to be the President who got most bills through Congress», continues Professor Ferrari. «In reality, the free press has already pointed out that these are often secondary provisions, short documents of a few pages. The truth is that the current presidency continues on the line of conduct based on the frequent use of administrative acts and regulations, intervention in regulatory agencies, and the appointment of people with markedly ideological positions at the top of judicial bodies. In this context, it seems almost strange that Trump never used veto powers before last March, when he intervened to block a resolution, also voted by several Republicans, which would have put an end to the national state of emergency declared for the US-Mexico border.»

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### THE BOOK

Gallons of ink have been spilled on Trump's use of social networks. Yet, less attention has been devoted to the impact the Trump administration had on constitutional and administrative law doctrines. *The American Presidency under Trump*, (Eleven International Publishing, 2019, Editorial board: Giuseppe Franco Ferrari) fills this gap.



## GRAZIELLA ROMEO

### How Trump is Changing the Country's Legal Culture

The tug-of-war between President Trump and the country's political and administrative structures has been at the center of US politics since his entry into the White House and is one of the lines of observation and research conducted by Graziella Romeo, Professor of Comparative Constitutional Law. This is a phenomenon that can also be found in the context of the pandemic emergency «as evidenced by the presidential provision by which Trump authorized federal agencies to lift certain regulations to protect workers and the environment for emergency reasons».

More generally, «Trump has never made a secret of his idea that federal agencies had to be curbed as responsible for altering, if not actually misdirecting, the fundamental decisions of executive power. And in effect he has been true to his promise both by soliciting the approval of laws in Congress, and by appointing a judge to the Supreme Court who



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thinks like him on many aspects». This course of action has proved controversial; in some cases, the presidency itself called for the intervention of the Department of Justice, invoking the adoption of a secondary rule that effectively distorts the law passed by Congress. «This is the case of the rule recently introduced to limit asylum applications made by citizens coming from the southern border of the United States, a right enshrined in a law of Congress,» continues the professor. «The broader goal of my research, however, is to look at how the Trump presidency is influencing the country's legal culture.» This is an area where the appointment of the two justices Brett Kavanaugh and Neil Gorsuch to the Supreme Court appears particularly significant. «The choice of two judges, above all Gorsuch, proponents of the so-called originalism, which interprets the Constitution in a literal fashion, is not neutral», underlines the jurist. «This approach, which had already been embraced by Bush or, much earlier, by Reagan, is dictated by the desire to limit the activism of judges, or their power to interpret the norms, calling for a more faithful and originalist reading of the US Constitution. Unlike his two Republican predecessors, however, Trump does this by resorting to themes typical of populism, citing his determination to protect the will expressed by the people in the American Constitution».

But on the judicial level what are going to be the first effects of these new appointments? «In my opinion, the first relapse will be on the issue of civil rights», concludes Romeo, "and, in particular, on the right of abortion. A strong anti-abortion movement already exists in the US, but now it finds backing in the presence of a Supreme Court Justice, Gorsuch, who has already expressed himself in a very critical way on Roe v. Wade and therefore I would not be surprised if the Supreme Court showed itself to be leaning towards limiting this right».



## THE PAPER

Who Fears the Big Government? A Coordinated Attempt to Downsize Federal Agencies' Power in the United States,  
by Graziella Romeo and Nausica Palazzo

## DAVIDE ZECCA

### Labor Policy, the Real Trump Agenda Has Yet to Start

«Up to now, Trump's labor policy, understood in the sense of union relations and industrial policy, has not been dictated by any agenda, but rather by the desire to cut back on what Obama had done». Davide Zecca, Professor of Public Law and Constitutional Law, reinforces the analysis by recalling some of the cases in which the presidency has intervened in relations between employers and employees, either soliciting measures from the Department of Labor or shaping the composition of federal courts and agencies with his own appointments.

«Through an administrative regulation, for example, Trump has reformed the Overtime Rule, the norm that regulates overtime pay and indicates the wage threshold beyond which it is not due: in 2004 Bush had set it at \$455 a week, Obama had increased it to \$913 in his first term, but his decision was brought to courts and now the threshold is set at \$684. As for Trump's direct influence on the Supreme Court, I am thinking of the *Janus v. AFSCME* ruling in which the justice appointed by the White House, Neil Gorsuch, was decisive in defining for public employees the non-legitimacy of deductions on wages to pay for

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union dues in the case of unregistered members». There are also cases of interventions to reshape quasi-judicial bodies, such as the NLRB, the National Labor Relations Board. «We can recall, in recent times, the SuperShuttle case that has reclassified workers in the gig economy as contractors, thus depriving them of the protections afforded by status of employees», continues the academic. The current job crisis falls into this context; Congress has responded by approving the CARES Act, which includes various measures to support the unemployed (for example, the duration of unemployment benefits has been extended to 39 weeks). «The behavior of the Trump administration in recent weeks has alternated popular interventions, such as the \$600 federal weekly subsidy paid to a large swath of the population, and more questionable ones, such as the decision to suspend the visa program for foreign workers until the end of December», explains Zecca. «All this acting mainly in an indirect manner rather than with explicit Congressional provisions, also in order not to compromise too much the relationship with the many voters among the blue collars. If he were to be re-elected, however, I expect Trump's action to become more proactive and take the form of a real agenda».



# Retailoring



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*Acquiring a historic brand with the aim of relaunching does not mean distorting its history. It means creating a new storytelling that projects it into a different future around a new community of consumers to be won over using every channel available*

by Emanuela Prandelli @

**T**he success of operations to relaunch historic brands, in the context of acquisitions by large groups and single investors alike, passes through the ability to combine the brand's heritage and legacy coming from the past with a contemporary reinterpretation of communication codes, often through collaborations with artists and other brands, characterized by different modes of expression and distribution networks. The opening of museums conceived as immersive experiences, capable of enhancing both the historical origins and evolution of the brand's



# Your Brand Legacy

sources of inspiration, is often useful to convey the relaunch message to the minds of end consumers.

Customer engagement initiatives supported by social media marketing strategies are also fundamental: they give a new voice to the brand insofar as they know how to speak to a new target, which is especially essential for historic brands that have grown together with their chosen segment and are called to interact with a new audience accustomed to different, and more conversational, ways of communicating. The identification of appropriate macro- and micro-influencers is often crucial to give an initial boost to the relaunch of the brand.

The importance of choosing the right price point according to the priority audience you want to reach, while respecting the legacy of the brand, should not be underestimated. And the same applies to selecting and developing the most appropriate retail channel: the so-called "retail tsunami", caused by e-commerce and accentuated by COVID19, has hit the wholesale channel with particular violence, so that many companies aiming to relaunch brands choose

the path of investing in a limited number of owned stores in strategically identified cities, something that remains key for brands that have limited global recognition and reputational equity, while simultaneously focusing on the digital channel, thus embracing the omnichannel approach. Omnichannel is often key for the design of new forms of experience, capable of engaging the user through a plurality of touchpoints that are increasingly becoming intertwined in the purchasing process from the perspective of the individual customer.

In essence, the key principle of an effective brand revitalization strategy lies in the ability to question oneself without altering oneself, to move forward without forgetting your original path, which remains the real driver of differentiation in the increasingly crowded world of direct-to-consumer brands, which in turn arise as natural responses to communities of users steadily built around shared values. If many brands are, therefore, the emanation of communities today, the real challenge lies in being capable of nurturing a community around the brand in need of being revitalized. This implies using all the brand's possible access doors to the world in synergy, and above all developing new content relevant to the target, spinning the essential storytelling that makes one's product talk, meaning capable of carving out its own market space not only because it is aspirational, as it has traditionally been the case with luxury goods, but also because it is inspirational, i.e. capable of conveying strong and characterizing values, so that a well-defined segment of consumers can identify with them and feel they belong there. ■



## THE BOOK

Today only a small number of brands have managed, through digital, to build a different brand, open to external contributions and able to adapt to the requirements of specific targets. **Branding by Design**, by Giuseppe Mayer (Egea, 2020, 192 pp, €24, in Italian) identifies the traits of brands that have created and captured value in a complex system.



## Looking Back to Glance Ahead

*At the end of 2019, Alumnus Rodolfo Zambelli took over historic fashion brand Les Copains and relaunched it. Then the health emergency forced his team to restart everything shortly after having just started*

by Emanuele Elli @

**T**he presentation of the Fall/Winter collection, the first of the new course at Les Copains, was among the last to take place during Milan Fashion Week in February 2020, just days before the general lockdown. «The presentation went well in our showroom, but the repercussions of the health emergency soon emerged: sales for the collection ended about two weeks ahead of schedule, since foreign buyers stopped traveling and placing orders.»



# MANAGEMENT

Rodolfo Zambelli, a Bologna native with a Law degree and a Master's from SDA Bocconi in Organization and Personnel, is the new CEO of the clothing brand, but did not have time to enjoy the start of the new course for the historic fashion brand, acquired by BVM SpA through the family newco Super at the end of 2019, since he was immediately thrown into the quagmire of the Covid emergency. «In a few days we reorganized creative activities in remote working mode and reconverted our tailoring establishments for the manufacturing of face masks which we donated to the Municipality of Bologna in part, and the rest we sold at cost as contractors. It served more than anything else to keep the company active and to keep employee morale high, but we now are in a difficult predicament, with customers who want to defer payments for goods that have remained unsold because stores had to shut down, and suppliers who ask us to pay them advances in order to restart production».

→ *No one had been trained to deal with such an unprecedented situation. As a manager, what kind of knowledge and certainties have you clung to in recent months?*

As far as the financial situation is concerned, just a bit of extra help from the banking system would have been more than enough, but banks have largely proved insensitive. Our applications for loans are put on hold with the justification that clothing is a high-risk industry. Haven't we been hearing for years that the Made in Italy needed to be assisted and protected? Now don't be surprised if foreign investment funds go on a shopping spree targeting Italian fashion companies. And I am not talking only of the big brands but of all of the actors along the supply chain, like yarn, fabric and clothing firms which constitute the backbone of our sector and are changing hands without anybody saying anything about it. For the rest, I believe we have all done a great exercise in flexibility

**RODOLFO ZAMBELLI**  
«My family always pushed me to do something that I liked and that, one day, might bring value to the family business. For this reason, after graduating in law in Bologna, I chose to specialize in business organization, an area that has always attracted me because it offers the possibility of deciding the structure of a company and checking day by day how you work is faring». Rodolfo Zambelli, today CEO of *Les Copains*, thus arrives at SDA Bocconi for the Master's Degree in Organization and Personnel, a degree that lands him a job at Parmalat and other structured multinationals before taking the role of business partner at Maccaferri for EMEA and North America. «It was a beautiful period, which lasted four years, because I traveled a lot, lived for several months abroad, in the United States, Russia and South Africa. However, when in the summer of 2019 the negotiations for the acquisition of *Les Copains* by my family came to life, I realized that it was time to head back home and manage the newco personally».

and a leap forward in innovation. For example, we quickly set up a virtual showroom to allow clients to appreciate the quality of our creations and products also remotely. However, the ability to predict the knock-on effects of this situation remains crucial; it is not enough to react to the emergency, you need to understand what awaits you further down the road.

→ *To glance ahead, it is sometimes useful to look back. Is having such an heritage a limit or an inspiration for a company needing to make a turnaround?*

It is a responsibility. And therefore it requires a lot of attention and a lot of respect to understand what needs to be kept and reworked and what needs to be left in the past. This is why we looked for a fashion stylist, Yossi Cohen, who not only met the criterion of being consistent with the style of the brand, but also had already worked with *Les Copains* and knew well its past.

→ *With your sister Camilla, who is brand manager, how did you apportion positions and tasks?*

It ended up being easy, even though we had never worked together. She has always been in the fashion industry and close to product manufacturing and marketing, while I am passionate about business organization, so the perimeters of our respective tasks were almost spontaneously marked. In addition, there is always our father, Alberto, who gives us precious advice but also leaves us free to decide. Of course, every family lunch can soon turn into a mini-board meeting, but constant interaction is one of the good things of a family firm.

→ *Besides style and creativity, who is the first manager you have brought on board to strengthen the executive team?*

A commercial director, because our sales network absolutely needed to be reorganized. Italy is our first market where we initially aimed to get the same numbers in terms of sales as the previous management, but wanted to reposition the product at a higher price range. Europe, on the other hand, is our growth market and we are focusing on the DACH area (Germany, Austria and Switzerland) in particular, where organized retailing was completely lacking.

→ *What approach do you think is right to have with licenses for a historic but recently modernized brand?*

Licensing is important for brand awareness, in order to offer brand aficionados a bubble world in which, in addition to the total look, they also find accessories, from bags to eyewear, from perfume to luggage. And I do not deny that licenses are useful to increase turnover. However, they must be managed carefully, with scrupulous control over final output, because the name of the brand is what matters and the style must represent us. We do not want to rush down this path or be enticed into signing a licensing agreement today which we could later regret. I believe it is wise, when starting a new course, to take the time to choose well your partners among those who already work with the best in the industry. ■



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# How Many Seats Does Your Party Have? It Depends on the Type of Voter

*In parliamentary systems with coalition governments, bargaining is the norm. Each party tries to achieve the most visible result in the eyes of its (unwitting) electorate. And to do so it must compromise on other fronts*



by Lanny Martin @

In most democracies, particularly in parliamentary systems like Italy, multiparty government is the norm. One of the central characteristics of this type of government is that it requires bargaining and compromise among parties with distinct electoral platforms. Coalition partners must agree on a common policy and must distribute important ministries and other perquisites of office. What is the nature of these bargains? How successful are parties in securing what they (and their voters) value, and what factors shape their ability to do so? These questions are important not only for academics and political analysts, but also for citizens as they make voting decisions, gauge the performance of their elected representatives, and evaluate the quality of governance.

In a recent study, *What You See is Not Always What You Get: Bargaining Before an Audience Under Multiparty Government*, I and my coauthor Georg Vanberg (Duke University) contend that what parties achieve in coalition bargaining is partly a function of the political sophistication of their supporters. Party elites naturally worry about how any bargain they agree to will be perceived, and they are especially concerned about receiving payoffs from bargaining that are less than what supporters would see as the party's *fair share*. Some of these supporters (like highly interested voters and lobby groups) follow politics closely, and are aware of the details of coalition negotiations. Others (including the majority of voters) are politically less knowledgeable, and are only aware of the most salient and easily observable aspects of coalition bargains.



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We argue that - since most party supporters are not politically knowledgeable - parties face incentives to negotiate outcomes that reflect supporter expectations primarily on the most visible goods distributed in a bargain. One example of a visible good is the share of cabinet ministries received by parties. Recent work in political science has shown that voters are generally aware of this bargaining outcome and that they expect that each coalition party will receive a share of ministries that is roughly proportional to the number of legislative seats they contribute to the coalition. Thus, we predict that, since this good is visible to the bulk of voters and is easily compared against their *yardstick* expectations, parties will insist on receiving a share of ministries that is proportional to their relative size.

At the same time, such an outcome will typically not align with the underlying bargaining strength of the parties. As a result, we argue, party elites will use *side payments* of less visible goods to reconcile the overall coalition bargain with relative bargaining power. That is, parties that are *undercompensated* (relative to their bargaining strength) with respect to the numerical share of ministries will be remunerated by their *overcompensated* partners through concessions on more complex aspects of the bargain. We develop an empirical measure of a complex bargaining outcome that corresponds to the *policy risk* associated with a particular allocation of ministries. This risk arises because ministers can use their considerable agenda powers to implement policies in their jurisdictions that violate the coalition agreement.

The policy risk for a party goes up if the ministries that are not under its control go to coalition partners with very different policy positions in issue areas the party cares a lot about. Our findings, based on an analysis of 308 bargaining situations in 16 democracies, provide support for our argument. To attain the numerical proportionality expected by politically unsophisticated supporters, an *overcompensated* party is generally willing to allow its *undercompensated* partners to control ministries on important dimensions on which the preferences of the parties significantly diverge. ■



## THE PAPER

Coalition Government, Legislative Institutions, and Public Policy in Parliamentary Democracies,  
by Lanny W. Martin and Georg Vanberg



## THE BOOK

Democracies all have the possibility of learning and (self)correction, explains Gianfranco Pasquino in *Deficit democratici* (Egea, 2018, 192 pages, €16.50). Leaders will be forced to explain and justify what they have done, not done, done wrong and this will happen more often if citizens overcome their deficits of interest and participation in the vote.







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# Tracing the Threads of Complexity

*Expressing the complexity of human societies in a sustainable way is one of the challenges of the United Nations 2030 Agenda. A challenge that can be won by creating urban regeneration projects that address the interconnected economic, social, environmental, institutional and physical issues of each specific area*

by Aura Bertoni @

Complex systems are a fascinating field of research: their study started in physics but today they are also employed in biology, chemistry, economics and other social sciences. In complex systems, individual elements interact with each other, determining an overall behavior of the system that is different from the behavior of the individual elements constituting it. The United Nations 2030 Agenda for Sustainable Development, comprising 17 Sustainable Development Goals (SDGs) recognizes the complex nature of human societies. It does so first of all by attributing a fundamental role to the economic, environmental, social and cultural dimensions of development, and then by aggregating these four pillars into the concept of sustainable development. This way, the 2030 Agenda offers an alternative to reductionist approaches that look at the agents of development according to mere cause-effect relationships. The science of complexity gives us a particularly interesting interpretation of the sustainable development of cities as environments increasingly characterized by differentiation and interdependence. In other words, cities are complex systems where we recognize the presence of numerous interacting elements, the non-linearity of their interactions, and emergent behavior at the macro level which finds no analogue at the micro level, not least the capacity for self-organization. If, therefore, some of the aspects of urban sustainability can be evaluated according to the identification of an international system of indicators, others are by their nature more localized and context-dependent. The latter include urban regeneration programs.

Urban regeneration refers to plans dealing with the interconnected economic, social, environmental, institutional and infrastructural issues of a specific urban



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area. Each initiative of urban renewal is part of a complex micro-system populated by multiple social actors with differing interests, which in turn interacts with other complex systems, both inside and outside the city, nationally and internationally.

Goal no. 11 of the 2030 Agenda promotes operations, such as urban renewal, aimed at the growth of sustainable cities and communities, but none of these actions can be considered truly sustainable unless it recognizes and interprets the complexity of the urban context of reference. But complexity is itself a complex question. Acknowledging complexity means, on the one hand, ascertaining dynamic relationships between the various dimensions of territorial development, where sustainability is to be understood not as a static vision, but rather as a continuous process, and, on the other hand, assessing the interdependence between the four pillars of development, both at the micro level and at the different macro levels, thus laying the foundations for a systemic approach to related policies and practices.

Interpreting complexity means understanding what is really happening on the ground – no easy task – and how complexity can be treated in contexts where uncertainty cannot be eliminated. In response to this paralyzing difficulty, complex systems theorists give us tools to learn how to move forward. The first consists in creating strategies capable of learning from prior events and contingencies, which depart from illusory certainties to enable the redefinition of opportunities and problems. The second seeks to activate and multiply the spaces for the participation of social actors in a process capable of reflecting the complexity of the actual system of reference, in order to better imagine the urban future through mutual learning. This also means that the complexity of the urban problem requires posing the right questions, and creating mechanisms that add value to the precious polyphony of interests, conditions and experiences that characterize contemporary living in cities.



## THE BOOK

With globalization, today it is communities, neighborhoods and suburbs that are the places for experimenting social innovations that give impulses for development and wellbeing. The regeneration of places enriches economies and relationships explain Paolo Venturi and Flaviano Zandonai in *Dove* (Egea, 2019, 208 pp, €22, in Italian).







# From Mean Streets to Music: Bogotá's Bronx Creative District Sends a Strong Message

*Alumna Monica Ramirez Hartmann talks about her experience as Project Manager of an instance of urban renewal in Colombia*

by Jennifer Clark @

In 2016, 2,000 police officers swept through the mean streets in central Bogotá known as the Bronx. They arrested drug dealers and gangs, clearing the way for buildings to then be demolished. From 2018, the city-funded Bronx Creative District developed a plan to transform the area into a concert and event destination. The city now plans a mixed-use development of shops and offices that will host creative industries.

Bocconi alumna **Monica Ramirez Hartmann**, former Project Manager of the Bronx Creative District, shares her experience as a change leader.

### → **How can culture help rejuvenate a city?**

Once the area was cleared, the city could have opted to build offices or a school there. But culture involves attracting people to participate in making change. It's not «what government can do for me.» It's what can we do together.

### → **What sort of conditions need to be in place for cultural renewal to work?**

The first thing definitely is the will. Bogotá Mayor Enrique Peñalosa really pushed the project. Second, working together. Every big project needs help from a lot of different agencies. The only way something like this can happen is when you all row in the same direction. Lastly, at this scale, good communication. We needed to convince citizens that this change was important for the long-term outlook for the city.

### → **How did you overcome skepticism and people saying it can't be done?**

Everybody said that! Part of the challenge was to prove that it could be done. But if we keep doing the same things, we will get the same results. We really needed something different in this place. The gap between where we were and what we wanted was so large. We studied projects around the world, especially in Europe in downtown historic districts. We knew we weren't crazy and knew it had worked.

### → **What were the other projects you studied?**

We studied 17 creative districts. The one in Lisbon was really interesting for us. Lisbon is not one of Europe's biggest capitals. But the city really has

MONICA RAMIREZ HARTMANN received an MBA from Bocconi in 2001. In addition to her Bocconi diploma, she completed the Global Change Agents program at Harvard's John F. Kennedy School of Government in 2016. She is currently the General Director of Corporación Colombia Crea Talento, Colombia's newly-created National Agency for the development of the Creative Economy, after serving as Director of Colombia's Culture Ministry from February to July 2020. She started working on the Bronx Creative District Project in 2017 after a career in marketing and business development. *«When the mayor of Bogotá called me to join his cabinet, I told him I was not an expert on cities. He said I don't need an expert, I need a manager. It was so simple and clear. Bocconi gave me a broad view of how things can come together in an organization. It helps you see how things work separately, and how to connect them to make a whole.»*

become interesting and sexy precisely because of what they did. It was very interesting for us to see that shift. And Bogotá is a super creative city, we are full of talent. Everything moves around street art. So, it made sense.

### → **How did you attract people to come to the area?**

I convinced the mayor to open the street again. Then, once we sent the message that the street was open, I decided to hold a concert there. The message was «come, it belongs to the city, be part of the new vision we have for this area.» We were expecting 500-1000 people, and we got almost 6,000. We were the first to be surprised!

### → **What is the status of the project now?**

The first year, 2018, was a launch and positioning phase. Getting the idea off the ground, and getting the message out. Last year we got \$60 million in funding from the Treasury and the city. We opened a bidding process for the private sector, but we received no offers. The market wasn't ready. The city will now develop it as a mixed-use area, and will then decide whether to operate it directly or in public private partnership.

You have just been named General Director of the newly-created Corporación Colombia Crea Talento, the National

### → **Agency for the development of the Creative Economy in Colombia. What are your plans going forward?**

I have the responsibility to raise funds through private investors who will receive a 165% tax deduction when they invest in projects related to cultural and the creative industries. Our goal is to generate growth and contribute to socio-economic development for stakeholders of the creative economy throughout the country. ■





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# Non-performing credit makes healthy credit vanish

*The amount of non-performing loans held by European banks must be contained and reduced because it induces a credit crunch. Especially now that the economic situation is getting difficult*

by Brunella Bruno @

One of the most debated topics in the banking sector in recent years has been that of non-performing loans (NPLs). At the center of the institutional debate is the question of how to dispose of the enormous amount of NPLs accumulated by European banks since the global financial crisis of 2008. To get an idea of the extent of the phenomenon, in September 2016 the stock of NPLs in large European banks exceeded € 900 billion, equal to over 9% of euro area GDP. One third of this amount was held by Italian banks. The pandemic and the ensuing economic recession has made the problem even more urgent, as operators and regulators expect an increase in the volumes of problem loans in the coming months. The extent of the phenomenon, current and prospective, has transformed a typically micro-economic issue (managing credit risk is, so to speak, in the DNA of each bank) into an important topic from a macro-economic perspective. In other words, what worried the European central authorities (legislative and banking supervisory bodies) were the potential negative externalities of an excess of NPLs, primarily the threat to the ability of banks to provide credit to the economy. This fear has given rise to a series of different types of measures aimed both at «disposing» of impaired loans already present in the balance sheets of banks, and at reducing the accumulation of new NPLs. The results have so far been encouraging, since the stock of NPLs, in June 2019, was reduced to less than 600 billion euros. However, the forecasts for the near future, marked by the results of the restrictions imposed by



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Covid-19, have made the picture decidedly bleaker. Despite the considerable number of institutional studies on the issue of deterioration in credit quality and its effects, it is still not clear whether there really is a causal relationship (and therefore not just a simple correlation) between NPLs and credit supply. To what extent, that is, does an increase in non-performing loans cause a reduction in credit? For example, some argue that only the weakest banks (the least capitalized or the least profitable) would contract credit if they had a bad loan portfolio. What if, on the other hand, larger NPLs favored an increase in credit, but in the perverse mode of zombie lending? This possibility contemplates that some banks (again, the more fragile ones) may react to higher NPLs by increasing the supply of credit to unprofitable and highly indebted companies, with a view to keeping them alive in order to avoid further erosions of their assets.

My work with Immacolata Marino contributes to the debate on NPLs by trying to answer these questions. To this end, we compare the reaction of a sample of banks that had a sudden increase in NPLs with the behavior of a control sample, made up of banks as similar as possible to those belonging to the first group. The sudden increase in NPLs in the first group compared to



the second resulted from the application of a more stringent criterion for the classification of non-performing loans and a stricter scrutiny that the European Central Bank imposed, in 2014, only against a hundred of European banks (precisely those which, at the end of 2014, would have been subject to the single supervision mechanism for the first time). Our main result is that, compared to the control sample, the

sudden increase in NPLs led the «treated» banks to reduce the size of their balance sheets to the detriment of the loan portfolio. The reduction was more marked for banks that belonged to countries characterized by higher average levels of non-performing loans (and this regardless of country factors such as the trend of the economic cycle or aggregate credit demand), especially if less capitalized and less profitable. In light of our results, for the future we expect that the foreseeable increase in the flow of new bad debts induced by the difficult economic situation could translate into a credit crunch. However, this tightening should be contained for more solid (more capitalized) banks or for those that have in the meantime managed to set aside reserves to cover probable higher credit losses. ■



## THE PAPER

How Do Banks Respond to Non-Performing Loans? by Bruno nella Bruno and Immacolata Marino

# When Food Is an Icon

*Quality, experience, service: three moves to successfully export (and import) food & beverage brands in Italy*

di Guia Beatrice Pirotti @

Italians like to eat well without giving up domestic specialties such as pasta, pizza or coffee: this is a fact. Italians also like to discover and immerse themselves in the spirit of other nations. How can you put the two together? The brands imported from other countries, and in particular those in food & beverage and restaurant chains, posed themselves the question when they decided to open shop in Italy. Think, for example, of Starbucks, Domino's Pizza or McDonald's. One thus wonders about the mix of strategies and ingredients enabling such a move, that is, to import into Italy - home of traditional recipes and good food - brands conceived in countries having different tastes and flavors while still managing to make them iconic. There are three basic steps.

First of all, quality and adaptation of the product. There are certain critical success factors which cannot be ignored. In Italy, quality counts: a coffee must be a good coffee and a pizza a good pizza. This means that, very often, it is necessary to make product adaptations that take into account the specific preferences of the country's customers. At Starbucks Italia we find traditional espresso coffee, while the starred mermaid's partnership with Princi makes it possible to associate typical Italian pastry and bakery products with coffee. In the case of Domino's, the pizza recipe was designed specifically for the Italian market, with a product in line with tradition and ingredients including mother yeast made from durum wheat flour used in the Altamura bread from Apulia. Even McDonald's, the brand considered an emblem of globalization, has worked on local adaptations.

Adjustments have been made through the years to adapt to local tastes: from the collaboration with chef Gualtiero Marchesi to the introduction of pasta salads, up to the most recent inclusion of Nutella spread over bread. On the website there is also a section with the indication of all the Italian products used in the recipes listed under Italian quality.

Secondly, the experience linked to food is important, so consumers embrace representative international products. If a certain adaptation of the product becomes necessary, it is also true that certain representative



GUIA BEATRICE PIROTTI  
SDA Associate Professor  
of Practice



products international brands allow the consumer to have a fun experience. For example, Domino's legends such as pizza with Pepperoni or Hawaiian pizza are so representative of the brand of origin, and linked to its American context, that they cannot be missing from the menu. Seeking the true American experience, when we enter the Starbucks in Cordusio Square in Milan, we expect to find the real Frappuccino. This is a transformation which turns food from a functional element - having to feed oneself - into an experiential moment, capable of bringing people together and making us think of distant countries.



Finally, service and technology are crucial factors to strengthen the strategy in every country. Making service and technology distinctive resources and being able to replicate them across different countries, allows companies to export their strengths and standardize many procedures. Domino's, for example, has made service and technology its strong points and this remains valid in every nation, something which can only strengthen its internationalization strategy. Think about the possibility of creating your own pizza and seeing it come to life on the screen with Pizza Builder, or the possibility of ordering online, paying online or at delivery, and following the

status of orders in real time. Service and technology are winning cards to be played at the global table.

These three steps enable food chains to meet local tastes, offering an experience that brings people together while leveraging their organizational assets. In other words, these are the key moves that make international brands iconic within national borders.

These three steps enable food chains to meet local tastes, offering an experience that brings people together while leveraging their organizational assets. In other words, these are the key moves that make international brands iconic within national borders. ■



# American-Style Pizza in Italy



*Digital services, resilience and contactless delivery in the Covid era: This is how Domino's Pizza Italia, with Bocconi's Alessandro Lazzaroni as CEO, can reach the hearts of Italians. Even during the health emergency*

di Emanuele Elli @

**S**elling American pizza to Italians? «Not a risky business venture in the least. Anyone would have done the same after evaluating the company, market and opportunities,» says **Alessandro Lazzaroni**, an Economics and Finance graduate and today CEO of Domino's Pizza Italia and Master Franchisee, i.e. the first entrepreneur of the chain for the Italian market. «In 2015, when there was a chance to import the most important pizza delivery brand worldwide, market research suggested that Italians were very dissatisfied with the quality of home delivery pizza. But Domino's customers were extremely satisfied. We also knew that the trend of food delivery was growing rapidly, along with solid expertise in every country where it is located (Domino's Pizza has more turnover outside the US than domestically). After all these assessments, there was only one question: Are there any weaknesses?»

→ **Have you found any yet?**

The only difficulty, now as then, is to increase recognition and convince the consumer to give us a try. From the moment a new location opens, the retention rate is high because people like the Domino's service and it boasts features that traditional home delivery pizzerias cannot: the possibility of ordering online, paying by credit card, monitoring the order, pizzas delivered at a temperature of at least 70°C and specific delivery times.

→ **How has the organization handled the impact of Covid?**

The consequences of the lockdown had relatively little impact on our operations. With our business model, we were ready to respond proactively. We were the first in Italy to activate a contactless delivery service (delivery without any contact with drivers) and adopted all safety regulations before the first decree was issued on March 9. In addition to having all the necessary know-how, skills and technology, another element that has differentiated us is that of always managing an internal fleet of drivers, thus being able to guarantee high safety standards right up to the customer's home. To date, although carry outs and on location consumption are possible again, the home delivery service represents 80% of our sales.

→ **As a manager and entrepreneur, what tools and knowledge did you draw on to deal with this phase, and what will you take away from managing this emergency?**

Every crisis, no matter how serious, can be faced in two ways: submissively or with a spirit of resilience. The second way is the right one. To do this, you need to be clear-headed, able to analyze the situation and identify possible solutions and have the collaboration of the entire team to come up with

**ALESSANDRO LAZZARONI**  
«I was attracted to international finance and large investment banks, but my graduation grade initially prevented me from entering that field.» Closed doors, however, did not stop Alessandro Lazzaroni, CEO of Domino's Pizza Italia. «After graduation, I participated in McDonald's internal growth and training program, a wonderful experience that allowed me to learn all the mechanisms of a company from the inside. In the meantime, he enrolled in SDA for

an evening Master in Administration and Control and, not satisfied, continued seamlessly with an MBA. «I knew it would have been better to gain professional experience before starting my postgraduate studies, but that way I was able to return to the doors of the companies that had rejected me at 29 with an MBA in my back pocket.» The first to let him in was Bain & Company, followed by Galbusera, where Lazzaroni was Retail Director and Commercial Director for the Tre Marie brand. Until 2015, when, to start his Domino's Pizza adventure, he became an entrepreneur and bought the rights for Italy.

a real action plan. I have learned a lot in recent months. For example, to persevere in achieving goals by reinventing yourself and adapting to evolving situations that are often beyond our direct control.

→ **Considering the restaurant crisis, is the pizza business anticyclical?**

Almost all traditional pizzerias in Italy focus on table service as their main offer. This emergency must push the whole sector to reinvent itself and find new ways to adapt. In my opinion, the combination of pizza and home delivery remains a winning alliance because it combines a product with an ever-increasing demand and an effective service even during the crisis.

→ **You have been defined as a Digital Company Selling Pizza. What's the added value of being digital?**

At Domino's over 70% of our sales are from our app and website. This also allows us to collect and manage data with all the most modern tools, including geolocalized targeting, knowledge of the customer and analysis of customized offers. In this regard, however, I must say that we also focus a lot on personal contact and proximity, encouraging dialogue between store managers and the local community, schools, oratories, neighborhood organizations.

→ **What's the difference in approach to the Italian market between Domino's and, for example, McDonald's or Starbucks?**

If we're talking about the product, for years McDonald's has focused on its standard offer to make inroads with consumers and has only recently added more Italian products to its historical line. Domino's, on the other hand, immediately combined local demands and tastes. I admire what Starbucks is doing, but it is still too early to make analyses.

→ **Is franchising the most effective tool for expansion in Italy?**

I think so. For the first two years we opened stores with direct ownership to acquire more know-how and experience. After establishing reference KPIs, we opened up to local entrepreneurs with franchising because we needed their commercial drive and their energy.

→ **Domino's has built a multinational around pizza with a strong brand. Isn't this a bit of a missed opportunity for Italy?**

Yes, but there are so many missed opportunities in food, large-scale distribution, clothing... We Italians are good at creating business around excellent craftsmanship but not as good at building industrial systems. Conversely, Italy is not an easy place to win over, in food as well as other sectors, as the Italian consumer is used to high quality standards. ■





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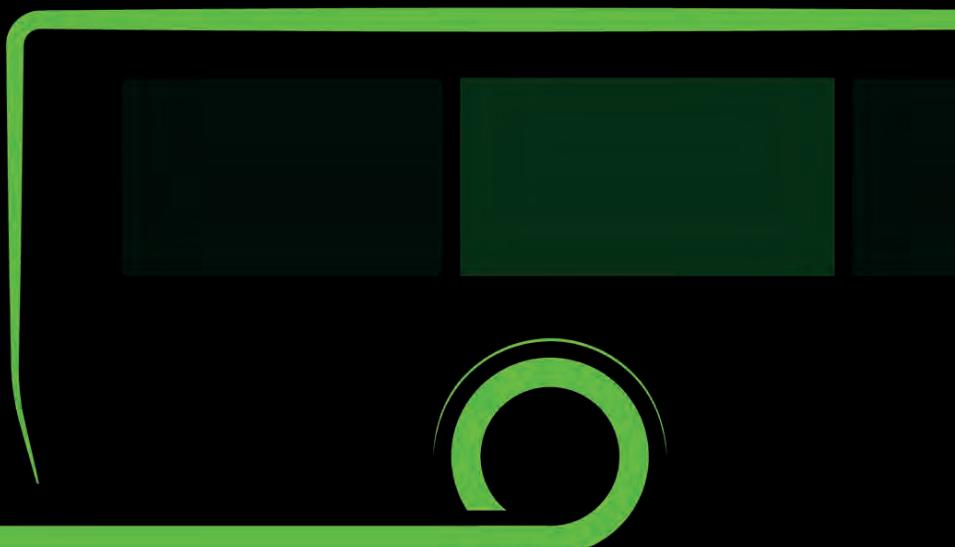


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# The Electric Mobility

*Innovation and sustainability are at the heart of new initiatives in public transport. Focusing on services as well*



by Oliviero Bacelli @

**T**he restrictions imposed by the social distancing required to limit the spread of the Covid 19 pandemic have significantly impacted the urban mobility market in Europe. Until February, public transit was undergoing a phase of rapid technological and organizational evolution, highlighted by the recovery of market shares with respect to private mobility, which were abruptly interrupted by the effects of a widespread perception that buses and subways can be risky environments.

Public transport was seen as undergoing a veritable renaissance until a few months ago, as officially declared by the UITP, the world organization of public transit firm. This was due to several factors, some of which are effects of the new EU regulatory framework. This eliminated the numerous authorization barriers, completed the liberalization of medium-to-long-distance bus services, and



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introduced more stringent tenders for the procurement of local services. Another factor was the growing attention to the larger issue of ecological sustainability on the part of all economic operators.

Collective mobility does more than making the sector more efficient from the point of view of reducing emissions that alter the climate and pollute locally. It also addresses issues of equity in accessing economic opportunities, thus positioning itself at the center of strategies for relaunching large cities on a global scale. In particular, the C40 association of world cities, which sees among its members the mayors of Milan and Rome, has highlighted in all its strategic policy documents the role of public transport as a fundamental tool for the environmental, social and economic sustainability of urban areas, and has strongly endorsed the transition to electric motors instead of combustion engines in urban

# ty Revolution



mobility. Following in the footsteps of these guidelines, the Municipality of Milan and ATM, the local public transport company, have launched the complete electrification of a fleet of more than 1,200 buses, in order to enable service everywhere in the metropolitan area, which is one of the founding elements of mobility strategies for Milan from here to 2030.

The electrification of bus fleets has led to the entry of new investors and operators in the sector, attracted by the possibility of activating new business models based on the enhancement of the role of batteries in complementing electricity grids. For example the energy company ENEL X has been operating the urban bus network of Santiago, Chile since 2019.

These technological innovations, capable of improving not only on-board comfort thanks to the fact that electric vehicles are quieter

and produce less vibrations, but also on the entire industrial process, since the management methods of bus depots, maintenance and supplies are completely different, are also accompanied by innovations in ticket marketing models and in the integration between services. The possibility of new forms of work and entertainment while traveling, thanks to the spread of wi-fi routers on buses and stations, is one of the elements that contributes to the changing perception of the value of time dedicated to travel and this has favored passengers' demand growth. Pending the vaccine for Covid 19, the ability of public transportation companies to introduce forms of innovation that make commuters and tourists travel in perfect safety from the point of view of sanitary conditions will be a key component in any return to the growth of public mobility in Italy and Europe at large. ■



# The Health Emergency Has Accelerated Innovation

*The need to limit personal contacts and the start of the school year have given a further boost to the digitization of the relationship with users, says Arrigo Giana, General Manager of ATM and Bocconi alumnus*

di Emanuele Elli @

**A**fter the first day of school, a real baptism of fire in the Covid era also for ATM, the Milan public transportation company, the voice of Arrigo Giana, general manager and Bocconi alumnus, betrays a certain satisfaction (and understandable relief) for the smooth unrolling of operations. "In the months of the emergency, like everyone else we had to completely review our objectives, organization, plans, procedures: a real revolution in short, also for business management. We immediately focused on day-by-day operativity to accompany the city towards a new normal, momentarily reviewing our growth, development and investment targets to address the needs dictated by the health emergency.

→ **Which points did you stress to involve all staff and management in this complicated transformation?**

It was not necessary to request the utmost commitment because in this company there is very strong pride and identity on the part of our staff and a great sense of responsibility in providing a service that meets the expectations of the city. The concept of public service is deeply rooted, anyone who works here knows that public transit directly affects people's daily lives and this makes a great difference compared to many other environments.

→ **Does the Milanese context make ATM different from other similar companies?**

ATM has actually always been unique in Italian local public transportation. Since the 1990s it has taken its own path, following an industrial approach, different from the typical municipal company, just think of the experiences of ATM managing public transit networks abroad, such as in Copenhagen. This DNA has always given a strong impetus to innovation and this showed also during the management of the Covid emergency during which we accelerated on some projects, including digitization.

→ **On which technological innovations has the context of**

**ARRIGO GIANA**  
Milanese 54, Arrigo Giana is the General Manager of ATM. Bocconi graduate in Business Administration with a specialization in Industrial Companies, he is in his second experience at the Milanese public transportation company, after moving from consulting to positions of increasing responsibility in transport companies, among others, DHL International and Crotal, the transport company of the Lazio region where he held the position of Chief Executive Officer. «When I was a student there were very cool specializations, such as finance and marketing», says the manager.

«I initially chose the path of consulting but I soon realized I was more interested in working in companies instead. It was a time when those who left Bocconi felt capable of doing anything. The university gave you a boost of enthusiasm and conviction in your own means that remained imprinted in young graduates for a long time and induced a positive approach to work and great desire for personal growth»

**the pandemic acted as an accelerator?**  
Especially in terms of relationships with users. We tried to transfer online all the operations that required physical contact with customers, from ticket payments, to customer care. We also remotely managed all reimbursement procedures to guarantee pass holders compensation for the months of March and April not used because of the lockdown. Now, on the other hand, we are studying new control systems to ensure reliable people counting, even for trams and buses, and so monitor that the level of crowding of vehicles stays acceptable, as already the case for the subway.

→ **What is the relationship between ATM and the Municipality of Milan in sharing business decisions, whether ordinary or extraordinary?**

The relationship is one that binds a company to its main shareholder, with the difference that in our case the shareholder is a local government. The Municipality expects a return from ATM in terms of high quality of service. Added to this is the request to balance economic and financial accounts but on this, I am proud to say, ATM has a long history of economic independence from the shareholder.

→ **When do you imagine being able to stop thinking about extraordinary emergency management to start planning again for the long term and resume interrupted network development projects?**

We have never given up on long-term development projects. Construction sites have resumed at full speed; deliveries, for example, of new electric or hybrid buses, should meet the deadlines stipulated in the contract signed before the pandemic. Rather, today we are committed to understanding whether the European Recovery Fund can act as an accelerator for large development projects linked to sustainability that we have started or assisting further growth of the hinterland area, while respecting the objectives of the Green Deal. ■

# The Flexible Bus Line Restarts Engines After Lockdown

*Andrea Incondi, Managing Director of Flixbus Italy and Bocconi alumnus, talks about how the firm is restarting operations after the forced stop caused by the pandemic*

di Emnuele Elli @

**T**hanks to digital technology and an aggressive marketing policy, Flixbus has been able to transform long-haul bus travel from a product graying with time into a modern and successful service. «The ability to access a wide-ranging offer of travels anywhere and anytime through a practical and free app, in a regime of total flexibility powered by a dynamic pricing system, has proved a winning strategy», summarizes Andrea Incondi, managing director for Italy of what until recently was a European start-up and Bocconi alumnus with a Bachelor and Master's from via Sarfatti.

→ *A combination of elements that has made inroads especially among the new generations.*

Yes, the pricing model, similar to the one used by major airlines, and the implementation of a multi-platform booking system have played a crucial role in attracting a young public and, in particular, out-of-town students and young workers who have jobs far from where they live and have come to appreciate affordability and reliability of Flixbus. Added to this are certain marketing innovations, such as the availability of electrical plugs and Wi-Fi on board, which are now imperative in today's hyper-connected society. Among projects that are being tested, there is also the distribution of 3D glasses on board, because we plan to bring augmented reality to travelers on our buses.

→ *The pandemic has hit the industry hard, however. What kind of countermoves have you put in place to cushion the shock?*

Bus transportation has been more heavily affected by the health emergency than other modes of transport, due to absence of economic aid from the government, which has ignored the sector's plea for help in spite of its importance (in 2019, Flixbus transported 10 million people throughout Italy), especially for thousands of Italians residing in areas linked exclusively by bus routes. During the March-April lockdown, we had to hibernate the entire Italian network, but have gradually reactivated bus connections since. The number of cities we currently serve is about 280, compared to over 500 before the pandemic.

→ *Before all this, the Italian market was growing faster than the global average, although we are not a very digitized country. How do you explain that?*

A determining factor is the Italians'

**ANDREA INCONDI**  
«My training at Bocconi was crucial to being capable of interpreting constantly evolving market scenarios and cultivate that spirit of entrepreneurship which should be an indispensable prerequisite for every manager». This is how Andrea Incondi reads his past at Bocconi in terms of his professional career, which took off after he graduated from the BSc in Business Administration in 2004 and completed his MSc in Management in 2008. Before taking his current position as Managing Director of Flixbus in Italy, he first worked for Henkel in HR and then took the position of Trade Marketing Manager at Fater (a joint venture between Procter&Gamble and the Angelini Group). If I take a look at my career as a whole, I think that having to juggle different business units and functions made a strong impact on my formation as a person and as a manager» comments the young top executive. «Such diversification of skills has enabled me to understand the business potential of corporate systems and identify those synergies that can make the most of them».

widespread desire to travel, which is however frustrated by a lack of transport infrastructure penalizing those who move around for business or pleasure. Many Italian regions are still poorly connected, with entire territories left uncovered and largely disconnected. The Flixbus service also has great social value: it links small and medium-sized towns to the country's major cities and strategic nodes. In this delicate period of economic reopening, bus transport is called upon to play a significant role for the many out-of-towners who are now returning to the cities where they study or work, as well as for the revival of tourism.

→ *What are the fundamental drivers of global growth for Flixbus today?*

Among the fundamental objectives guiding the operations of Flixbus is intermodality, i.e. the implementation of an integrated mobility system combining several forms of collective transport progressively replacing private motorized vehicles. The company values underlying this modus operandi, which contemplates, for example, the expansion of Flixbus interconnections between hubs of collective mobility such as railway stations and airports, are environmental sustainability and attention to the needs of users demanding ever greater practicality from transport carriers.

→ *The electric mobility revolution is already a reality in urban transport. To what extent does it affect you?*

We consider ourselves pioneers in the implementation of green solutions in medium- and long-distance bus travel, not only with regard to electric mobility but also in the use of alternatives to diesel fuel. In addition to being the first to introduce a 100% electric long-distance service in France, we entered into an agreement in Germany to launch the first fully hydrogen-powered long-distance bus, and most recently we have implemented a new feature on the Dortmund-London route, by installing the first solar panels on our buses: an experiment that has enabled us to reduce fuel consumption by 7% with a consequent reduction in CO2 emissions. We

are eager to uncover the many benefits science and research can bring to this sector, because we want an industry traditionally considered static to be able to live up to its commitments in terms of social and environmental responsibility. ■





*Measuring the corporate impact on communities and employees is part of a company's innovation process. Starting from this, Sarah Kaplan with «The 360 ° Corporation» offers CEOs and managers a guide to navigate among the inevitable compromises that each decision entails. And to turn them into strategic opportunities*

# Know Your Stakeholders

by Jennifer Clark @

**B**usinesses are under increasing pressure from regulators and investors to deal with their impact on the environment, employees and consumers. *The 360° Corporation* by Sarah Kaplan is a realistic guide for CEOs to identify and navigate these often seemingly intractable trade-offs between creating value for stakeholders and shareholders, going beyond win-win thinking to turn these complex situations into strategic opportunities.

→ **Your book is a guide for managers to better understand and deal with the trade-offs that necessarily arise when balancing the needs of different stakeholders. What is the message of 360° Corporation?**

Companies often don't see how their operations are creating trade-offs that affect their social impact as well as their bottom line. My first message is that companies should be developing mechanisms and procedures for understanding the trade-offs that are created in their business. Once they understand this, the second message is: they have an opportunity to innovate in ways that take care of other stakeholders besides the shareholder.

→ **The book grows out of your course at the University of Toronto's Rotman School of Management and your observation that business schools study companies as series of disciplines. What is the disadvantage of this approach?**

On some level, it does make sense for business schools to teach using different disciplinary areas like finance and strategy and accounting, because there is expertise and specialist knowledge that is useful. But this siloed approach means that students can lose the ability to understand a company's broader social impact on employees, the community, the environment and others who might be affected by its operations. What I hoped to accomplish by creating the course and writing the book is to get people to understand how interconnected every decision is, and that you are always making trade-offs when you make decisions. For example, when Amazon offers same-day or next-day delivery of products, it's great for consumers, great for Amazon, but not so great for the delivery people, the warehouse workers, or road congestion and pollution in cities.

SARAH KAPLAN  
Director of Institute for  
Gender and the Economy,  
Distinguished Professor  
of Gender & the Economy  
and Professor of Strategic  
Management at Rotman  
School of Management

→ **Let's take a step back to look at understanding stakeholder needs. Companies carry out dialogue with stakeholders, they do a matrix, and they put it in their sustainability report. Any ideas guidelines or tips on how to make this listening process better? What should they do with the feedback?**

More and more companies are either required to produce sustainability reports by law, or there is a lot of social pressure to do so. These reports are a productive exercise for companies to measure their impact and consult stakeholders. But if all they do is write a sustainability report, and don't actually do anything about it, it is a waste of energy. The more productive way to operate is to treat that efforts to understand stakeholders and measure impact as part of an innovation process. If you take that information and embed it in innovative activities, you could try to solve some of the challenges that the stakeholder listening process has highlighted. The most powerful innovations can occur when you are working with (not only for) your stakeholders to come up with new solutions.

→ **ESG issues have come into the forefront in 2020 as a leading priority for shareholders and management. Everyone agrees we need to act, but progress is slow. What are the main obstacles for companies and what can managers do about them?**

We have to keep in mind that corporations are tools to get things done. One challenge is that most managers get so obsessed with the bottom-line process that they forget that the organization can be mobilized to accomplish other things in society. Another obstacle is that these challenges are simply very hard. Many companies look at dealing with climate change or diversity or sustainability as an add-on. What I am trying to say is that these challenges have to be integrated into your day-to-day business. If you think about them as central to what you do, you will come up with more transformational ideas than if you treat them as an add-on.

→ **Let's talk about the four modes that you lay out to help managers deal with trade-offs**

# Leaders and Innovate



**between stakeholders and become 360° corporations. The first one is to know their trade-offs. I imagine many managers think they already know them. Is that true?**

Managers may think they are nailing this, but my observation is that very few are. They often think about this question very narrowly, as only about strategic trade-offs such as whether to invest in marketing or R&D. But they may not have thought rigorously enough about the trade-offs that are created across the wide variety of stakeholders they have. I suggest in the book that leaders can do this both from the inside out, and outside in. The inside-out process is the internal analyses that are often done as part of producing sustainability reports. The outside-in process is sometimes emotionally harder. The example I give is Walmart. When they decided to pay more attention to social issues that came after hurricane Katrina, one of the first things they did was to bring in some of the environmental activists who had been the most critical to talk to the CEO. This was an outside-in process where the company consulted with and worked with its harshest critics.

→ **The second mode is creating a win-win business case to meet stakeholder needs. You say that this approach is sometimes no longer sufficient for companies in the 21st century.**

**Why is that?**

One of the things that has really motivated companies over the past decade or so is the notion of shared value, or win-wins. But following this idea means that companies only do things that are good for stakeholders if it also is good for the bottom line and has a business case associated with it. That's the source of the whole conversation around, say, the business case for diversity. I argue that most of the things that people do in a shared value framework are incremental and not radical or transformational. If you only go after win-win, if you always have to have a business case before you do anything, you will miss out on the opportunity to do something that is truly transformational.

→ **So this is the trap of the business case. How can companies get beyond this model?**

My argument is not that there isn't eventually a business case to be had when innovating around trade-offs. But, often, you just have to invest and see where it comes out. That's very similar to the way companies think about R&D investing. They can have a broad sense of the potential areas or domains they are pursuing, but you don't always know what the outcome will be. You have to accept the uncertainty. You have to accept that if you are doing something big, you won't really know what the outcome is going to be. You will be iterating along the way to get to something good for your business.

→ **The third mode addresses what happens**



## THE BOOK

**Sarah Kaplan** moves the conversation about corporate social responsibility forward by looking at the thorny issues surrounding difficult trade-offs between stakeholders and shareholders in a realistic way. The author uses case studies to explain how to transform trade-offs into opportunities for resilience and organizational change. She offers managers a four-mode model to use as a roadmap. (*Impresa a 360°: Dai compromessi con gli stakeholder alla trasformazione organizzativa*, Egea, 256 pp.; €29,50, in Italian with a preface by **Gianmario Verona**).



**when the trade-off requires companies to rethink their business models. Do you have any suggestions to make it easier?**

My first suggestion is to frame it as an innovation challenge. Put your best and brightest on this as you would with any other innovation challenge. Instead of a compliance mindset, create an innovation mindset around these challenges. Even with innovation, we know that organizations naturally resist change. So, we have to think of this also as requiring change management competencies. Understand that doing this will require the same skills that any major transformational change in an organization will require.

→ **The fourth is about thriving and prospering, even if these trade-offs don't get resolved, and there are no easy fixes to the business model. Can you give any advice or pointers on how to do this?**

One thing I observed in talking to managers and also in my research is the temptation to say "we just can't deal with that, there is no way to resolve that tradeoff," and then put it to the side. This is precisely the moment when you should be doubling down on those ideas. Take Nike Air shoes, for example. Their signature product turned out to use a terrible greenhouse gas. They didn't have a solution right away. But instead of giving up, they invested a lot in R&D and in thinking about alternative solutions. They ended up over a period of years in coming up with another gas that they could use to put air in the soles of their shoes. They then had to redesign the shoes to accommodate the new properties of that substitute, and, in fact, it gave them some new product ideas. Nike ended up innovating in the product so that they could actually market this gas in a new way. And that took a number of years for them to do. In other words, leaders should not give up on these seemingly intractable challenges, but instead should use them as opportunities for experimentation. ■

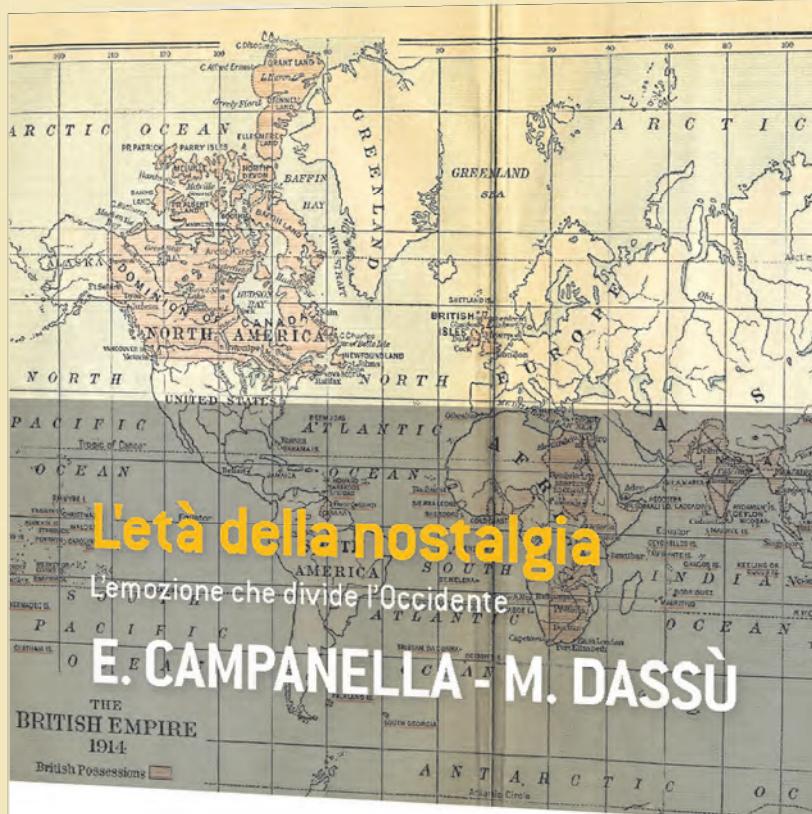
# YOUR BRAND-NEW STORY



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