

# viaSarfatti25

BOCCONI UNIVERSITY, KNOWLEDGE THAT MATTERS

Issue 6 / December 2020

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Interviews with  
✓ Marta Cartabia,  
President Emeritus  
of the Italian  
Constitutional Court  
✓ Andrea Enria,  
Alumnus  
and Chair of the ECB  
Supervisory Board



## CHECKMATE FOR Covid 19

The companies that, thanks to creativity and resilience,  
have grown in 2020. Because crises can be won over,  
as highlighted in studies by Bocconi researchers



Bocconi

# Let's get social!

@unibocconi





## Bocconi Now More Than Ever

Long before the Erasmus program, Bocconi invested in cultural exchanges with universities across Europe. You believed that by looking beyond the borders of Italy, students could learn a lot (...). Your university has brought ideas from the rest of Europe into the Italian economic debate and has brought Italy to the center of European policy making". Thus **Ursula von der Leyen**, President of the European Commission, described the essence of our University speaking at the opening of the academic year on November 28. Emerging from these few sentences are Bocconi's innovative drive, its European and international dimension, and its ability to produce and disseminate impactful knowledge. Like the more than 18.000 who followed the event live, the president's speech made me proud to be part of this community, to be Italian and Milanese (Yes Madam President, *Milan l'è un Gran Milan!*). This pride, however, is not separated from the responsibility that it entails. We are experiencing a year driven by a profound transformation. But every crisis also carries within it the seed of innovation and new growth, if you know how to guide it and if you leverage the skills, spirit of service and creativity of the entire community. At Bocconi since the beginning of the health crisis, which also quickly became an economic crisis, we have worked to ensure continuity, quality of teaching and services, and financial support for our students. And we did it relying on our students, alumni, professors and staff. The innovations

developed and introduced in times of crisis have thus become the basis of the new teaching model that Bocconi is designing for its future. This is why I would like to conclude by paraphrasing the words with which President Von der Leyen concluded her speech: "The future will be what you make of it. Europe (Bocconi) will be what you want it to be". #NowMoreThanEver.

**Gianmario Verona, Rector**



Download the Speech for the academic year opening ceremony 2020-21



Bocconi

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# VIEWPOINTS

by Paolo Tonato







# Society, Europe and Future

*November 28th saw the inauguration of the academic year, for the first time held exclusively in digital. Special guest and keynote speaker was the President of the European Commission, Ursula von der Leyen. Here are some photos from behind the scenes and the video of the whole ceremony*



# New Discoveries Be

*A researcher is forever,  
says the Dean of the Bocconi  
PhD School, Andrea Fosfuri.  
A life choice that for him began  
when he discovered  
the pleasure of making  
a contribution to universal  
knowledge*

by Emanuele Elli and Jennifer Clark @





# gin with a PhD

Some call it the “crown jewel” of the University. But it is not a foregone conclusion, because the Bocconi PhD School does not catch the eyes of companies and businesses, nor does it simply fulfill the need to train teachers for the professorships on the campus in Milan. Instead it aims to attract the best aspiring researchers to then return them to the most qualified universities in the world. Chairing this task is **Andrea Fosfuri**, Dean of the PhD School and the first witness to the commitment of resources and sensitivity that is necessary to train a researcher today. “I am not a classic example of a student with the vocation of the researcher”, the teacher admits. “Indeed, after graduating in Economics and Commerce in Urbino, I had the intention of doing an internship in a company, but then I met a professor, Alfonso Gambardella, currently at Bocconi, who saw in me the skills for an academic career and pointed me in that direction. In short, if I think back to my story, I see the result of a set of learning opportunities, personal encounters and research choices, but to which the variable of luck also contributed. Today we can no longer allow our students to proceed like this, so we try to make all these elements a constant guarantee for those who complete the PhD path. We make the best professors available to them, entrust them to an advisor who directs them towards the most relevant fields of study and we insert them in an international professional network”.

→ **What makes the PhD path different than, for example, a Master program?**

A researcher is forever, I would like to say. You never stop being one, it's not a career, it's a life choice. It is no coincidence, in fact, that research activities create relationships that last for decades. If they hadn't offered me, for example, the role of Dean of the school, this year I would have taken a sabbatical to reach three colleagues in different countries of the world and complete the research I have in progress with them. On the other hand, they say “publish or perish” ...

*ANDREA FOSFURI  
Born in Pesaro in central Italy, married, two daughters, Andrea Fosfuri graduated in Economics and Commerce from the University of Urbino and has a PhD in Economics from the Universitat Pompeu Fabra in Barcelona. For many years he was professor and department head at the Universidad Carlos III de Madrid, and he returned to Italy in 2012, called by Bocconi to fill the role of professor in the Department of Management and Technology. Since autumn 2019 he is Dean of the PhD School. “The proposal for this latest assignment came just when I was thinking of taking sabbaticals in 2020 and traveling to complete some ongoing research,” says Fosfuri. “I gave up more than willingly because the role is stimulating and rewarding. And in light of how this 2020 turned out and of the fact that I probably wouldn't even have been able to travel, I would say that I was also lucky!”*

→ **Going back to your story, how did your vocation for research mature?**

As said, I was directed to a PhD in Barcelona but after a month and a half I was dejected. I remember calling home and telling my dad I wanted to go back, I felt like the worst student and my gaps in math seemed unsurpassable to me. Then, slowly, the first results arrived but above all I met Professor Massimo Motta who fascinated me with the topic of technology transfer in multinational companies and involved me in some ongoing research. I felt then, for the first time, the pleasure of making a personal contribution to universal knowledge. Then when I was able to present the results at the first conference and I began to be recognized as an expert in a specific field of research, I realized that I had really found my way.

→ **Does it often happen today that you are the one who encourages students who are perhaps doubtful? What do you tell them?**

Yes, in my role as Dean it has happened to me a few times to find myself having to comfort students in difficulty, even if in general today they arrive better prepared and more informed to choose their PhD - less surprised by the difficulties of the path. The doubt that students often have in common is the area towards which to direct their research with greatest profit. This is why in my year as director I worked hard to stimulate greater “commitment” among the faculty in interpreting the role of the advisor. They are the ones who have to counsel and channel the research of the doctoral student towards the most innovative, most appealing areas, and towards the most effective media for their scientific communication. It is essential to be able to see and touch the results of your work as soon as possible. The course of the doctorate is very long, four or five years can pass from the first lessons to the first results of the research activity and this puts a strain on motivation. For this reason, those who are more able to

sustain the commitment without chasing immediate feedback, perhaps even enduring the initially unfavorable comparison with peers and friends who complete an MBA and immediately enter the business world, succeed better.

→ *Often, in university departments, young doctoral students also carry out teaching support activities, conduct seminars, exams, assistance to undergraduates...*

The international currency of exchange for researchers is the quality of their research, and this must remain the priority. Here at Bocconi, therefore, PhD students are not required in any way to carry out teaching activities. It is natural, however, that, once integrated into the realities of the department, they are involved in these roles, for which they are paid separately for other reasons, and from the third year it is also advisable that they acquire a little experience in teaching because that is often required by the universities that hire them.

→ *What is the current situation of the international job market for young teachers?*

Being hired by a prestigious university is very difficult, the market for researchers has become really selective. Some of our graduates have reached positions of excellence, in universities such as Insead, Harvard, London Business School, HEC Paris, National University of Singapore, but we too must work to give more consistency to these results - and the times are not favorable. Covid-19 has also had an important impact on university budgets by reducing the number of places available. Several business schools, especially in the US, have already made it known, for example, that they will not hire any new professors this year. ■



## HENOK ASMELASH

**Examining how the regulation of energy subsidies in the multilateral trading system can impact the energy transition**



Henok Asmelash earned a PhD in International Law and Economics from Bocconi in 2019.

He was attracted to Bocconi by the opportunity it offered to mix economics and law, and to study under Prof.

Giorgio Sacerdoti, who served as the European judge at the seven-member Appellate Body of the WTO from 2001 to 2009 and as its chairman from 2006 to 2007.

“My research focuses on international trade law and its implications for the achievement of public policy goals other than trade, such as the protection of the environment” says Henok.

Henok joined Birmingham Law School at the University of Birmingham as a Lecturer in January 2020, after work as a Postdoctoral Global Fellow at New York University School of Law.

In addition to teaching duties, Dr. Asmelash is continuing his research on energy subsidies and their regulation, looking at how they help or hinder the transition towards sustainable energy sources.

“If countries are serious about addressing climate change, the first step would be to reform environmentally harmful fossil fuel subsidies, which undermine the competitiveness of renewables” he says. “At the same time, we should not ignore the fact that some of these subsidies, especially in developing countries, have a social purpose as well. We need to be aware of them and find ways to mitigate the adverse effects of reforming these subsidies for poor and vulnerable households.”

## Bocconi PhD school

About 50 new students are admitted to Bocconi PhD programs every year, out of a total of over 700 applications. Only 20% of these are Bocconi graduates. “It may not sound like much, but the university does not have the desire to keep its students, on the contrary, it encourages them to travel,” Andrea Fosfuri, Dean of the [PhD School Bocconi](#) emphasizes. “This figure, on the other hand, reflects the percentage of applications, over 80%, that come from other universities”. In all the fields, with the exception of Legal studies, the doctorate is structured in two parts, a first two-year course in which the methodology is learned, and a subsequent period in which research begins and the first studies are published. “Doctoral students, as is well known, do not pay a tuition but receive a scholarship,” adds the school's Dean. “Bocconi has allocated extra resources for this purpose, in line with what happens abroad, in order to support PhD students up to five years and with a greater amount so that they can devote themselves to research without distractions”. At the end of the course, an average of 65% of graduates are expected to have an academic career, with some differences between the different specialties. “In the Legal Studies PhD, this percentage is lower”, explains the teacher. “And I expect there will also be strong demand from the private sector for the first graduates coming out of the PhD in Computer Science.”

## FRANCESCO CASTELLANETA

**Understanding organizational learning in the context of buyouts, venture capital investments, and M&As**



Francesco Castellaneta joined SKEMA Business School - University of Côte d'Azur in 2017 as Full Professor in Strategy and Entrepreneurship after leaving Bocconi in 2011 with a PhD in Business Administration and

Management. At the University of Côte d'Azur, he holds the JEDI Chair of Excellence.

His research focus is “to contribute to our



## LEO AZZOLLINI

### Examining inequality through a mix of different approaches



Leo Azzollini is currently finishing up his PhD in Public Policy and Administration, and in January 2021 will defend his dissertation on how social class, unemployment and education affect electoral participation in Europe.

He is a Postdoctoral Research Officer at University of Oxford within a joint project between Oxford, PSE, and UC Berkeley, led by Thomas Piketty.

“The focus of my work is to study inequalities from a wide set of different of social-scientific perspectives,” he says. “At Oxford now I am analyzing inequality from the perspective of demography, intersected with economics.”

Azzollini said he got interested inequality by reading Aristotle’s “Politics” in high school.

“He talked about the dangerous consequences of inequality, and I was struck by how something written 24 centuries ago could still be so current,” he said.

He has a Master’s degree in Political Science from the London School of Economics, and did his undergraduate degree at Bocconi in International Economics, Management and Science. (International Economics and Management?) This mix has given him good mix of approaches to better understand inequality, he says. Getting his PhD from Bocconi was worthwhile for several reasons, he says. The first in the interdisciplinary approach of his degree course. Secondly, Bocconi’s emphasis on methods training in his degree program was “extremely rigorous,” he says, which is not always the case. Lastly, Bocconi attracts world class scholars.

“The Social and Political Science Department has hired several top scholars, and they are shaping the program,” he says.

understanding of the factors that hinder or facilitate organizational learning and knowledge appropriability in the context of buyouts, venture capital investments, and M&As.”

“When I was doing my PhD at Bocconi, we still had a limited understanding of how investors’ experience and learning may affect value creation or destruction in their investee companies,” he said. “Given their important role in financial markets, we want to look at, for instance, how private equity firms can help owners develop new capabilities and better management.”

Working with teams of researchers he assembled at Bocconi and other universities, Francesco was able to

## MICHELA CARLANA

### An interdisciplinary approach to inequality studies at the Harvard Kennedy School



Michela Carлана received her PhD in Economics from Bocconi University in June 2018, and is currently an Assistant Professor of Public Policy at the Harvard Kennedy School.

Her doctoral work at Bocconi was on the role of how bias in education can affect inequalities in terms of gender and socioeconomic backgrounds, working with advisors Eliana La Ferrara, Alberto Alesina, Nicola Gennaioli and Paola Pinotti. She is a faculty affiliate at LEAP-Bocconi University and a research affiliate at IZA-Institute of Labor Economics and J-PAL.

Her affiliation with LEAP means she keeps part of her work strongly centered at Bocconi, and she continues to co-author papers with Pinotti and La Ferrara.

“I am currently working in Brazil, partnering with government agencies and NGOs to find ways to mitigate the gaps in education and the impact these may have on the future occupational choices of individuals,” she says. She is also preparing field work in Finland for a study called “Teachers at Work: Preventing Social Exclusion of Immigrants.”

At Harvard, she teaches a course on empirical methods for Master degree students in public policy, as well as a second course analyzing education policy.

“There is a lot of attention in the US and especially at Harvard on issues related to inequality, both racial and gender inequality,” she says. “I am an economist by training but I interact a lot with social psychologists, education experts and people from other fields. So it was a very good match for me to be at the Kennedy School because it is an interdisciplinary place where we can work with great economists and also people from other fields. This sort of interaction is really beneficial.”

cooperate with several investors to assemble a large and unique data set. He continued this project after he joined Católica Lisbon School of Business & Economics as Assistant Professor in Strategy and Entrepreneurship in 2011, where he focused on publishing his work as well as teaching. His arrival in Portugal coincided with the development of a fast-growing startup ecosystem, which dovetailed with his areas of interest.

At SKEMA, he is director of the Management Specialization of the PhD program, which he says is a very gratifying responsibility where he tries to leverage “my fantastic experience as a PhD student at Bocconi.”

## FEDERICA DE STEFANO

### Helping companies improve their ability to compete with their human resources



In the knowledge economy, it's common for companies to say their staff is "a competitive advantage." But in reality, most companies still rely on hunches and gut instincts when it comes to gauging employee performance.

Federica De Stefano's research uses HR analytics to focus on how organizations achieve competitive advantage through human capital. "My overall ambition at Bocconi and what I am doing now is to understand how organizations can compete through people by moving them around and compensating them."

She left Bocconi in 2018 with a PhD in Business Administration and Management, and is currently an Assistant Professor of Management and Human

Resources at HEC Paris. Prior to joining HEC Paris, she was a Post-Doctoral Fellow at the Wharton School of the University of Pennsylvania. One of her research findings would be of no surprise to anyone who has ever worked at a large organization: the highest contributors are not bringing home their share of what they give to the company.

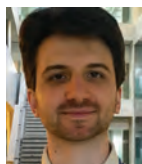
"We mainly find that companies have a hard time identifying who the highest contributors are, because of uncertainty about individuals' inputs and what is the context," she says. "And this ambiguity really messes up performance assessment and rewards."

A second strand of her research looks at how companies can enact Human Resources policies that benefit both themselves and the employee.

She says the mentorship she received at Bocconi (she cites her advisor Arnaldo Camuffo) "has made me a more complete scholar and more generous with my time, because I want to give back."

## SIMONE SANTAMARIA

### What Tinder's entrepreneurial strategy can show about successful market entry



Simone Santamaria left Bocconi in 2018 with a PhD in Management and Business Administration, and is currently an Assistant Professor at the National University of Singapore Business School, where he teaches strategy and policy to

undergraduate students and continues his research on entrepreneurship.

"Bocconi's reputation is truly international," he says. "Even here in Asia, people have heard about the University."

His current research focuses on how new entrants and incumbent companies interact in new and established markets. The dating app industry in the United States was the focus of a February 2020 article he co-authored with Niloofar Abolfathi published in the MIT Sloan Management Review called "Dating Disruption: How Tinder Gamified an Industry."

They combined detailed industry data with the text analysis of more than half a million reviews of these applications and reached some interesting conclusions. "Although emerging technologies may allow newcomers the opportunity to overthrow incumbent competitors, our research shows that altering the user experience for an overlooked market segment, not technology, is the key success driver for industry disruption," he says.

Two key factors underpinned Tinder's sudden success: focusing on young adults, an overlooked market segment; and introducing new game-like features.

"The core takeaway is that successful market entry most of the times involves the identification of a segment which has been ignored, understanding the barriers, and identifying the solution," he says.

## SENEM AYDIN

### At Cass Business School as Strategy Lecturer



Senem Aydin graduated from Bocconi in 2016 with a PhD in Business Administration and Management. She worked as a Post-doctoral Research Associate in D'Amore-McKim School of Business at Northeastern University in

Boston before joining the faculty of the Cass Business School in London as a Lecturer in Strategy in 2019.

The title of her thesis was "Three Essays on Inter-organizational Technology Transfer". To prepare for her thesis, she worked with Professors Alfonso Gambardella, Marco Giarratana and Giovanni Valentini.

Senem's research interests fall into two main streams. In the first stream, she examines inter-organizational technology transfer in diverse contexts, i.e. markets for technology and market for firms, exploring the factors influential at institutional, dyadic and technological levels. In 2016, she won the Technology and Innovation Management Division of the Academy of Management award for Best Student Paper.

In the second stream, she looks at the competitive dynamics in nascent platform ecosystems within the emergent smart home market, in a paper published in the Academy of Management Best Paper Proceedings (2019).

"Doing my PhD at Bocconi University was an excellent choice and helped me in multiple ways," she says. "I had the chance to learn from and work with management scholars who are at the top of their fields. And the University gave us a network of scholars that is essential for our academic career. Plus it has excellent job placement."



## PAOLO SURICO

### One of the first PhD candidates, snapped up by the Bank of England



Paolo Surico was one of the first Bocconi students in the PhD program. He left the University with a PhD in Economics and Finance with a thesis under Carlo Favero in 2004. Being among the first had certain advantages,

he recalls.

“All the professors had all the time in the world for me,” he says. “They wanted to nurture this new PhD program.”

Since Bocconi’s PhD program was new, Surico was among the first to test the job market. He was immediately snapped up by the Bank of England as a research economist in the Monetary and Assessment and Strategy Division and started in September 2004. He is currently a Professor of Economics at the London Business School, where he also serves as Academic Director of the Leadership Program and PhD director.

Surico is one of the first economists to pioneer the use of micro data for households and companies. For example, his latest research shows that the people with a high marginal propensity to consume are households with a mortgage, and firms with the highest propensity to invest are the younger firms that pay no dividends.

“These are the people driving the economy, so government support for them has the most impact on the economy overall,” he says.

What did you learn at Bocconi that helped you most?

“To ask the question that most interests you,” he says, “And to be self-driven.”

## SARA WADE

### Using Bayesian statistics to predict dementia and Alzheimer’s



Sara Wade left Bocconi with a PhD in Statistics in 2013, and is currently a Lecturer in Statistics and Data Science at the School of Mathematics of University of Edinburgh.

She was attracted to Bocconi because

of its strong reputation for Bayesian statistics.

Working under supervisor Sonia Petrone, she has applied her analytical skills to predicting dementia and Alzheimer’s disease.

“We were looking at diagnoses of dementia using neuroimaging data, with the hope that by using this data as opposed to just using clinical assumptions you can get more accurate diagnoses earlier in the disease stage,” she says.

She is also working with researchers who hope to eventually be able to predict the evolution of Alzheimer’s. Her work has also branched out into machine learning, which has a strong overlap with statistics.

As a Mathematics undergraduate at the University of Maryland, she says she got used to being in a minority because of her gender. During her second year of computer science courses, she was literally the only female. What would she say to other young women who are considering pursuing a career in mathematics?

“Go for it,” she says. “Now there are a lot of role models and people to talk to and look up to. I would strongly encourage them.”

## ELEANOR WOODHOUSE

### Discovering a passion for public policy in Brussels



Eleanor Woodhouse was the first to graduate from Bocconi’s “Public Policy and Administration” PhD program in 2019. She is also the first to say her academic career was unusual.

“My undergraduate degree was in

French and Italian literature at Oxford,” she says.

“And then I did a Master at University College London on European integration theory, because I specifically wanted to work at the EU, which I did for two years.”

Her love of languages and the European project led to a job as Policy Officer in the Directorate General for Education and Culture in Brussels, which in turn shaped her research agenda. She is now a Lecturer

(Assistant Professor) in Public Policy, at the Department of Political Science at the University College London, where she continues to do research. She says the quantitative skills she acquired at Bocconi are key.

“What I am interested in is trying to ask original questions about how bureaucratic processes or features of the bureaucracy itself affect fundamental outcomes of governmental processes,” she says. One of her current research projects is co-authoring a book to model the networks of public private partnerships across the world, looking at how political institutions shape the types of networks we see in these different countries.

One of the best things about her experience at Bocconi, she says, was being able to spend a year at Harvard University on a Fulbright Scholarship under the supervision of Professor Claudia Goldin, a leading labor economist and scholar of gender in the economy.

*Recently appointed Full Professor of Constitutional Law at the Department of Legal Studies, the Justice and President Emeritus of the Italian Constitutional Court talks about her vision of being an instructor and why teaching is one of the most important civil services*

by Andrea Celauro @



# Marta Cartabia's Sense for

In September - at the end of her term as Justice and President of the Italian Constitutional Court - when many people commented on Marta Cartabia's choice to return to teaching as a decision to return to private life, she objected: "Teaching is not only a public service, but it is perhaps among the most essential. The problem is that in Italy it is too underappreciated." These few words and this conception of teaching as a civil service encompass the entire vision that has motivated the jurist in her long career as a university professor. It is what has now led her to Bocconi, where she recently joined the Department of Legal Studies as Professor of Constitutional Law.

→ **What kind of professor is Marta Cartabia today, in light of your institutional experience?**

I like to recall a saying by jurist Oliver W. Holmes: "The life of the law has not been logic; it has been experience." Law is a social science that lives in its relationship with the ups and downs of life: I hope and believe that my roles as Justice and then President of the Constitutional Court have enriched my legal culture of living justice. It is an aspect that I think I can offer students now more than in the past.

→ **At Bocconi you teach Italian and European Constitutional Law and Constitutional Justice. What's the first thing you said to your students?**

I wanted to explain my methodology, so I referenced a phrase by John Henry Newman. He asked his instructors to provide "a living teaching," emphasizing that knowledge is more than passively receiving concepts in a cold classroom. The University's task is to educate the intellect to think critically in every area. What I would like to propose to my students is to participate in this shared adventure, to seek critical knowledge together. Law lends itself well to this, because it is a resolution of conflicts and disputes. The law does not ask students just to understand concepts, but to put them into practice using reason.

→ **Are there any other important messages that Constitutional Law professors must give their students today?**

That our task is not just to create professional students, but aware citizens with a strong critical spirit. What we do in the classroom is about both learning legal instruments and growing as a person. When you talk about your work with students you always talk about it in





# Teaching

MARTA CARTABIA  
Full Professor  
of Italian and European  
Constitutional Law,  
Bocconi University,  
President Emeritus  
of the Italian  
Constitutional Court

the plural. The subject of your sentences is 'we.' Teaching is always in the plural, it's a community adventure. It's an opportunity also for me to continue growing.

## → How do you set up your work?

I want to capitalize on significant aspects of two traditions that I myself experienced growing up: continental European and Anglo-American traditions. The former is that of a great conceptual and linguistic-systematic rigor which I also require from students. The latter is based on the more typically Socratic method, which aims to develop the skills that every good jurist must have in terms of problem-solving skills. In the classroom I don't give lectures, I ask students to study the material before class and then in class I ask questions to prompt them to see problems and try to find answers.

## → What is your approach with students?

I don't keep my distance from anyone, ever. Least of all with university students, who I find are in a very interesting phase of their life, a phase that I wouldn't want to miss for all the world.

## → Have you missed teaching in recent years?

Terribly. And I missed my relationship with students very much. Unfortunately, there is this very Italian rule that Justices on the Constitutional Court cannot teach. In my opinion it's a shame because I believe that education is one of the highest, most delicate and crucial public duties. Furthermore, when students actively participate, with their desire to understand and their nonjudgmental and open minds, they ask us questions that make us think, so they give a lot back to their instructors. What I have done in recent years has been to never refuse invitations to conferences at universities.

## → What's the most rewarding thing about being a university professor?

Seeing personalities and professionalism blossom. Seeing students we met at eighteen, maybe a little bewildered, become great professionals.

## → You also do research. What are your areas of study?

So far, mainly the constitutional dimension of European integration, protection of fundamental human rights and, of course, systems of constitutional justice, always in a comparative and international perspective, which is characteristic of all the lines of my research. I have also studied humanistic, cultural and legal dimensions and the topic of the aims of criminal justice. I believe that one of the areas I will focus on is an analysis of how the relationship between public and private is being reconfigured, especially in light of the pandemic.

## → Why did you choose Bocconi?

For its international scope, which has always been a characteristic of my career: I went abroad during my last year of university before the Erasmus project even existed. This opportunity is essential for me, both in teaching and in research. And then I saw a young but developing School of Law, a dynamic environment where there is room to grow, and I met colleagues who I immediately felt connected to and who I could collaborate with successfully. But there's another reason: I was invited to the 10th anniversary of the School and I was impressed with the students' high level of motivation. This is particularly fertile ground for an instructor.

## → What have these nine years at the Constitutional Court given you, with your experience as President?

Such an institutional experience gives you the enormous power to write small pieces of the legal system, a truly great responsibility because a comma or a word can change people's lives. The Constitutional Court is an environment in which we train to balance diversity: all decisions are taken with the plenum of the Court and everyone has a very strong and motivated point of view. You must learn to listen to the reasons of others, even perhaps to allow yourself to be corrected in your own approaches. It is an appreciation for cultural pluralism and mediation. This is true especially as President, whose task is to reconcile all the voices present, even when there are conflicting opinions. ■

# KNOWLEDGE THAT MATTERS.

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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.





# COVID19

Research by  
Elisa Bertolini  
Francesco Billari and Alessia Melegaro  
Italo Colantone  
Vincenzo Galasso and Paola Profeta  
Federico Ghezzi  
Elisabetta Notarnicola  
Torben Pedersen  
Alex Turrini



# The Impact of Economic Shocks on Our Minds

*A study negatively correlates mental well-being with the effects of globalization and in particular the exposure of one's sector of employment to international competition. A looming threat to our mental health that places a burden on the national health system and is fast worsening with the Covid19 crisis*

by Italo Colantone @

**M**ental health data around the world are cause of worry. According to the WHO, between 2007 and 2017 there was a 13% increase in mental disorders, and about 20% of children and adolescents now suffer from them. The economic cost of mental illness is high. The WHO estimates that anxiety and depression, the two most common mental diseases, cost alone up to \$1 trillion per year. These discouraging data are unfortunately destined to worsen due to the ongoing Covid-19 pandemic. This is occurring for several reasons. Healthcare workers are exposed to higher levels of stress, as are other categories of workers in the front line of the epidemic. The lives of students are turned upside down due to the interruption of normal activities, with serious disruption of the organization of family life. The reduction of social contact has a negative impact on individual mental well-being. In general, over society hovers a climate of great uncertainty about the future, which feeds increasing levels of anxiety and mental stress.

A look at the economic literature allows us to collect many useful elements of analysis to understand what is happening. In fact, several economists have studied over the years the relationship between socio-economic conditions and mental health. In particular, in a study recently published together with Rosario Crinò and Laura Ogliari, we analyzed the relationship between globalization and mental health in a sample of individuals residing in the United



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Kingdom. Specifically, we have related the evolution of the mental health to the exposure to international competition in one's sector of employment.

The results tell us that increased competitive pressure on the job leads to worsening mental health. The effect is greater for more vulnerable individuals, both in terms of less favorable socio-economic characteristics, and more problematic mental conditions at the start. The effect extends from workers to other family members. In particular, greater competitive pressure on men generates a worsening of the mental health of their partners, and a deterioration of the living conditions of children.

What are the channels through which an economic shock such as international competition negatively affects mental health? One is quite obvious: some individuals lose their jobs due to increased competition, perhaps because the company they work for loses market share and goes bankrupt. Job loss is clearly linked to increased stress, as are reductions in wages for those who at least keep their jobs. To these channels, less visible mechanisms must be added, linked to the extent to



## THE PAPER

**Globalization and mental distress** by Italo Colantone, Rosario Crinò and Laura Ogliari

which individuals feel satisfied with their jobs, both in terms of content and in terms of employment stability and career prospects. All these factors worsen in a situation of greater competitive pressures, which means tougher work rhythms, greater uncertainty and deteriorating expectations about the future. This leads to a worsening in the mental conditions of workers. Unfortunately, many of the dynamics I have just described can be easily extended to the conditions we have been experiencing in these months of pandemic. It is therefore essential to think about strengthening health services not only with regard to prevention and treatment directly linked to Covid-19, but also for everything concerning the mental care and well-being of individuals, a fundamental aspect of a society's quality of life. ■



ELISA BERTOLINI  
Associate Professor  
of Comparative  
Public Law,  
Bocconi University

## ELISA BERTOLINI From the US to Japan, Fifty Shades of Lockdown

Faced with the pandemic, the world fragmented into a puzzle made of different identities and sensitivities. If the introduction of lockdowns has been a common denominator in most nations, there are countries where governments have applied softer measures for containment, in accordance with local culture, current legislation or interests of the ruling class.

**Elisa Bertolini**, Professor of Comparative Public Law, has dedicated several studies to countries that have deployed alternative strategies to combat the virus. "In one in particular, we described the different shades of denial observed by presidents who have, either denied the existence of Covid or downplayed its danger, and even suggested weird remedies. Really fake news that we did not hesitate to define bullshit news when we glimpsed in them not only the desire to pass false information but also disinterest in the consequences of what was being asserted. Under the lens of the study the attitudes and motivations expressed by the presidents of US and Brazil, but also extreme cases such as Turkmenistan and North Korea, where Covid is not even mentioned publicly, to end with China, where the interventionist stance on the domestic front was accompanied by poor communication with respect to the external world. "We have neither the data nor the skills to assess the effectiveness of these different provisions and draft a historical balance sheet of the pandemic. For



### THE PAPER

Cinquanta sfumature di... Negazionismo da Coronavirus  
by Elisa Bertolini





## THE PAPER

**Il "soft lockdown" giapponese: un approccio "etico" all'emergenza sanitaria?** by Elisa Bertolini

example, how the Coronavirus issue affected the US elections, we can only speculate", clarifies the scholar. "Ours is a comparison from a legal point of view on the legislative measures put in place or not by individual governments. The aim is to raise a broader question concerning the relationship between science and politics. Who is the decision-maker in this case: the scientist who has the knowledge or the politician who has the democratic responsibility to act?".

Following the common thread of these investigations and also because of her interest in Japan, in a second research study Bertolini treated the case of the soft lockdown put in place by the Tokyo government, which affected her directly. "It was also defined as an ethical lockdown, because the Japanese juridical system does not actually provide the government with legal tools to adopt a more coercive stance vis-à-vis the population. One of the objectives of the constitution, written in the aftermath of WWII under American tutelage, was to prevent a strong executive from being recreated in the country, and therefore no special provisions were envisaged that could be activated in emergency situations, as conversely happened elsewhere, Italy in the first place. Furthermore, there is a general distrust in the population towards radically restrictive measures, and for this reason the government was unable to do otherwise than proceeding with a mild lockdown". The outcome, however, seems to have been effective given the low numbers of Covid infections under Mount Fuji. "That is true", concludes the professor, "But I suspect that the distancing from the virus was facilitated, rather than by the soft restrictions, by the fact of Japan being an island, so that geography was more decisive than politics".

## FRANCESCO BILLARI AND ALESSIA MELEGARO A Tool to Evaluate Public Perception of C

To develop an easy and reliable tool to assess public perception of governments' response to the Covid19 pandemic. This was the objective of the Covid-Score project, an international collaboration coordinated by the Barcelona Institute for Global Health (ISGlobal) and City University of New York Graduate School of Public Health (CUNY SPH), which saw the collaboration of **Alessia Melegaro**, Director of the Covid Crisis Lab at Bocconi, and **Francesco Billari**, professor of demography at Bocconi. According to an analysis of the first results, the Covid-Score questionnaire can help public health officials and other decision makers identify and correct weaknesses in key aspects of a country's response.

A key element that determines the course of a pandemic is in fact society's compliance with health and safety measures, which in turn depends on factors such as trust in government or the clarity of the information that governments provide.

The Covid-Score contains 10 items related to key aspects of the government response, rated by interviewees. The study, published in *PLOS ONE*, presents the first results from a survey in June of

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Full Professor  
Demography and Dean  
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# ARO

## Countries' Response to the Pandemic



### THE PAPER

A global survey to assess public perceptions of government responses to Covid19 (Covid-Score-10) by Lazarus, Ratzan, Palayew, Billari, Binagwaho, Kimball, Larson, Melegaro, Rabin, White, El-Mohandes

13,400 participants from 19 countries. The average score varied considerably between countries – from 35.76 out of a maximum 100 for Ecuador to 80.48 for China, the country whose response was rated most positively. The average rating of Italians on their government's performance is in the middle of the scale, 51.71, and the items with the highest score concern the government's cooperation with other countries and international organizations such as the WHO (3.58 on a scale of 1 to 5), trust in government reports on virus spread and Covid cases and mortality data (3.43) and the government's clarity in communicating information on protection and safety measures (3.36). While the item with the lowest score (2.71) concerns the provision of special protection for the most vulnerable groups (elderly, migrants, the poor).

"We know that compliance with prevention measures implemented by governments depends strongly on the level of confidence in public health experts, the health system and science," comments Melegaro. As expected, the average score for a country was strongly associated with the level of trust in government. "However, for all countries protection and assistance to the most vulnerable and fragile groups received the lowest score, which underlines the need for governments to focus greater attention on these groups and deploy the necessary resources to offer the support to which they are entitled".

ALESSIA MELEGARO  
Associate Professor of Demography and Social Statistics,  
Director of Covid Crisis Lab  
Bocconi University

## GALASSO AND PROFETA

### Covid: Women Are Less Likely to Put Themselves in Danger

The increased observance by women of Coronavirus policies may be one of the reasons for the lower vulnerability and mortality that they experienced, compared to men, in the early phase of the epidemic. "Policy makers who promote a new normality made of reduced mobility, face masks and other behavioral changes," says Vincenzo Galasso, one of the authors of a new study on gender differences in the reaction to Covid19, "should, therefore, design a gender-differentiated communication if they want to increase the compliance of men."

Two of the authors of the research, which appeared on PNAS (Proceedings of the National Academy of Sciences) are scholars of Bocconi University, **Vincenzo Galasso** and **Paola Profeta**, affiliated to Bocconi's Covid Crisis Lab.

The authors observe substantial gender differences in both attitudes and behaviors through a two-wave survey (March and April 2020), with 21,649 respondents in Australia, Austria, France, Germany, Italy, New Zealand, the UK and the US, which is part of the international project REPEAT (REpresentations, PERceptions and ATTitudes on the Covid19). Women around the world are more inclined than men to consider Covid19 a very serious health problem (59% against 48.7% in March and 39.6% against 33% in April), they are more inclined to agree with public policies that fight the pandemic, such as mobility restrictions and social distancing (54,1 against 47,7 in an index that goes from 1 to 100 in March and 42,6 against 37,4 in April) and are clearly more inclined to follow the rules concerning Covid19 (88,1% against 83,2% in March and 77,6% against 71,8% in April).

The share of individuals complying with the rules drops over time, particularly in Germany, from 85.8%



### VIDEO

A survey in 8 OECD countries shows that men are less likely than women to consider the coronavirus a serious problem, less likely to agree with public policies and more likely to disregard them. With Vincenzo Galasso and Paola Profeta.







## THE PAPER

**Panel evidence from eight countries** by Vincenzo Galasso, Vincent Pons, Paola Profeta, Michael Becher, Sylvain Brouard and Martial Foucault

of women and 81.5% of men in March to 70.5% of women and 63.7% of men in April, but the large gender gap persists.

"The biggest differences between men and women relate to behaviors that serve to protect others above all, such as coughing in the elbow, unlike those that can protect both themselves and others," says Profeta. Gender differences persist even after the study controlled a large number of sociodemographic characteristics and psychological factors. However, such differences are smaller among married couples, who live together and share their views with each other, and among individuals most directly exposed to the pandemic. They decrease over time if men and women are exposed to the same flow of information about the pandemic.



VINCENZO GALASSO  
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## FEDERICO GHEZZI Antitrust and Economic

The exceptional nature of the current crisis, linked to its non-economic origins, its violence and its impact on market dynamics, has forced all players in the economic system to seek out and head in new directions. Antitrust authorities have also had to review their policies and methods of intervention for managing investigations during the lockdown and to identify the enforcement tools suitable for protecting competition in markets that were suddenly squeezed, weak and uneven.

"In general during crises, authorities tend to adopt a softer, less rigorous approach towards businesses, in order to not exacerbate the struggles faced by companies," observes **Federico Ghezzi**, Professor of Business Law and author of two studies on the subject, written with colleague **Laura Zoboli**, a legal scholar from the University of Warsaw. "This attitude, however, has already proved counterproductive in history because, at the end of the crisis, it leads to a less competitive and dynamic market." A textbook example is the crisis of 1929, when governments removed business oversight, almost completely abandoning antitrust regulation and encouraging agreements of a collusive nature, with the result that they were much less effective in leveraging the recovery. "The purpose of our studies therefore was to verify that the mistakes of the past were not being made," continues Ghezzi. "In recent months we have observed that authorities have been balanced in their actions, continuing to apply the law but limiting interventions, taking a more flexible approach to procedures and trying to adapt them to act more quickly. Among the major changes, prompt and strong cooperation was seen

## ELISABETTA NOTARNICOLA

### The Solitude of the Nursing Home

The management of contagion in nursing homes for the elderly in Lombardy (and beyond) was among the most heated topics of debate in the chronicle of the pandemic. The study underway at the CERGAS Long Term Care Observatory coordinated by **Elisabetta Notarnicola**, Associate Professor of Practice in Government, Health and Not for Profit at SDA, also contributes to clarifying what happened or did not happen within these structures.

"Our study has two objectives", explains Notarnicola. "In a first phase, which is already published and will be expanded in the OASI 2020 report on the state of healthcare companies in Italy to be released in December, we analyzed what happened in the nursing

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Professor  
of Practice in  
Government, Health and  
Not for Profit

homes in the acute phase of the pandemic. We used data from the Istituto Superiore di Salute related to deaths in the nursing homes during the months of March-May and integrated it with the information obtained from interviews with some directors of the facilities in order to understand what the decisive critical issues and the specificities of the Italian case were". Contrary to what one can perhaps imagine, the impact of Covid in nursing homes has had similar dramatic effects across Europe in terms of infections and deaths,



## THE PAPER

**Report on Covid19 and Long-Term Care in Italy: lessons learned from an absent crisis management** by Sara Berloto, Elisabetta Notarnicola, Eleonora Perobelli, Andrea Rotolo

## Crisis, a Difficult Balance

between authorities in Europe and around the world to identify the best *modus operandi* and encourage companies to resume production in order to once again meet demand. For this reason, for example, increased information flows were allowed along the production chains for essential goods: where products were stored, where raw materials could be found, how goods could be transported... But the issue also concerned financial companies, which were able to dialogue to find an agreement through their association ASSOFIN so their members could adopt a common moratorium



FEDERICO GHEZZI  
Full Professor  
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scheme for consumer credit.”

The time is not yet ripe to be able to judge the work of the authorities. Ghezzi and Zoboli’s research therefore extends to a third study that is ongoing, questioning the long-term effects of the practices implemented in the emergency. “Competition is decreasing physiologically: some companies have gone bankrupt, the huge amount of state aid in the long term distorts the market and many governments will adopt protectionist policies in defense of national companies,” concludes the Professor. “Authorities will therefore have to monitor even more carefully so that the forms of cooperation that were necessary during the pandemic do not turn into collusive activities, shifting their action to measures of prevention and awareness in addition to sanctions.”



### THE PAPER

**L’antitrust ai tempi del coronavirus: riflessioni sulle esperienze internazionali e sulle iniziative italiane**  
by Federico Ghezzi and Laura Zoboli

as the facilities for the elderly are isolated and separate services from hospital and territorial health systems almost everywhere. “What the managers have more or less unambiguously reported is that they have been left alone in an emergency, without clear indications, without protective equipment and without test swabs”, confirms the professor. “In all nine Italian regions most affected by Covid, the attention of public policies has focused on the hospital network and the first guidelines reached the RSA sector only after March 20, a delay that allowed the virus to spread and which did not give the directors the opportunity to gear up. Only from May onwards did the situation differentiate between the regions, when different policies emerged, such as in Emilia-Romagna where additional public funding was allocated to deal



with the emergency”.

The second objective and part of the study, which will be part of the Observatory’s annual report due out in 2021, adds the considerations derived from the questionnaires addressed to a thousand families and about twenty directors of large groups in the elderly care sector. This time, the long-term effects on the sector and on the credibility of these structures are being investigated. “The first evidence tells us that families have not lost confidence in the nursing homes, but there is a request for renewal especially as regards services so that they can evolve towards better answers”, concludes the researcher. “Managers, on the other hand, express fears about the economic and financial sustainability of their companies, considering the huge losses suffered due to the long stop imposed on new entries”.



## TORBEN PEDERSEN

### Building More Resilience into Global Value Chains

Global value chains help businesses increase efficiency through offshoring and just-in-time production, and have spread prosperity to the far corners of the globe. The Covid19 pandemic has shown they are also more vulnerable than we thought.

Building more resilience into global value chains is going to be an important focus for businesses and management studies going forward, says **Torben Pedersen**, who recently co-authored the paper "Post-Pandemic Global Value Chain Resilience: The Case of Medical Supplies" with **Gary Gereffi** at Duke University and **Pavida Pananond** of the Thammasat Business School. "What is becoming obvious is that disruptions like this are becoming more and more frequent," says Torben, Full Professor at Bocconi's Department of Management and Technology, citing tsunami, fires, terrorism, trade wars, and financial crises as recent examples. "If these disruptions happen only every twenty years, the cost is bearable. If they start happening every four years, we need to rethink our global supply chains."

Pedersen said he and his co-authors chose four medical supplies as cases (looking at masks, gloves, ventilators and vaccines) to gain a more

## ALEX TURRINI

### Emotions Power Public Administration

"The reaction of public administrations to an emergency situation is one of the basic themes of my research. The fact that I was in the United States during the lockdown provided an opportunity to compare institutional behavior in two emblematic cases: the Fiera di Milano Covid hospital in Milan and the Javits Center Emergency Hospital in New York by the Hudson River".

**Alex Turrini**, professor in the Department of Political and Social Sciences, thus tells the genesis of the research study co-authored with colleagues **Daniela Cristofoli** and **Giovanni Valotti** and recently published in the American Review of Public Administration in which, at a later stage, also included the comparative analysis with the construction of the Huoshenshan emergency center in Wuhan, China. The purpose of the survey was to identify the determining factors that allowed such a rapid response from the public authorities to take place in

the various contexts. "By analyzing the articles featured in the press and thus reconstructing all the phases of the projects, we observed two different intervention models", summarizes the Bocconi professor: "In the US, the approach was almost military, with a clear definition of roles and the active participation of the New York state government and the City of New York. On the other hand, the upper level, the federal one, was almost absent, particularly after President Trump exonerated himself from the decision-making chain, further exasperating the conflict with Andrew Cuomo, NY Governor, who still had to deal with the federal government to erect the facility. In Lombardy, on the other hand, there was a strong political-entrepreneurial leadership on the part of regional governor Attilio Fontana, and this involved



## THE PAPER

**Sense or Sensibility? Different Approaches to Cope With the Covid19 Pandemic** by Alex Turrini, Daniela Cristofoli and Giovanni Valotti

## ins After Covid19: a Look at Medical Supplies



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and Management,  
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sophisticated understanding of how value chains differ from one another in order to find ways of making them more resilient. For low-cost, high volume items like masks and gloves, a global supply chain “is still the most efficient way of organizing the global supply of relatively simple products, especially when the hospitals and medical distributors who are the main customers for these products push for low prices, lean inventories, and just-in-time purchasing,” the paper says. Shortage of these items during the pandemic was a policy failure rather than a market one, and these value chains will probably revert to their pre-pandemic form.

Vaccines and ventilators are another story. The more sophisticated the global value chain, the more vulnerable it is. Given the special competencies needed for their production, firms in the chain cannot easily be replaced. Building supply chains that are optimized for resiliency rather than economic efficiency is a long term project involving re-shoring production when local suppliers become available, and build in extra capacity for key suppliers in the chain. And the role of the state is sure to be a key factor in their reconfiguration. “This does not mean we need to stop globalization,” he says. “Firms need to slowly build more regional production, stocks, and slack into their supply chains.”



### THE PAPER

**An integrative typology of global strategy and global value chains: The management and organization of cross-border activities** by Pananond, Gereffi and Pedersen

private funds and facilities and the volunteering sector. In short, the emergency has overturned two clichés in one fell swoop: in the country of private initiative, the US, the state did everything by itself, while in the country of byzantine bureaucracy, Italy, a public-private partnership for rapid intervention was quickly achieved”. Without going into the issue about whether there was an actual need for building these structures, the fact that both approaches were effective shows that one model was no better than another.

The element of greatest interest underlined by the study rather concerns the role played by emotions in accelerating processes and inspiring collaborations, a new insight uncovered by Turrini’s research. “Whereas an excessively rational attitude would have not suited the context, public authorities did not hesitate to leverage emotions to get the private sector involved”, explains the researcher. “This mechanism, perfected and made strategic, could become a new tool in the hands of public administrations to improve operations and streamline decision-making processes, not only



### THE PAPER

**Quando burocrazia è sinonimo di velocità: l’Huoshenshan di Wuhan, il Javits Center Emergency Hospital a New York e l’Ospedale Fiera di Milano** by Valotti, Cristofoli and Turrini



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in emergency situations, but also in everyday contexts, when in any case public organizations must respond to potentially unlimited needs with scarce resources. The issue of emotional intelligence applied to business had already been debated in private contexts, but in the public sector the discussion is almost completely absent. Public leadership also needs to understand how important it is to use forms of nudging and persuasion - not manipulation of course - that involve emotions.”



# Faith in the Gentle Power of Europe

*Andrea Enria, President of the Supervisory Board of the ECB, the Bocconi alumnus of the year 2020 talks about himself. From the beginnings at the Bank of Italy, to the introduction of stress tests, to the position that sees him today at the forefront to prevent the world pandemic from becoming fatal, even for banks*

by Jennifer Clark @



**A**ndrea Enria, Chair of the Supervisory Board of the ECB, has been picked by the Bocconi community as the Bocconi Alumnus of the Year for 2020. His career as a banking regulator began at the Bank of Italy in 1988 when he was fresh out of Bocconi, and he has been at the forefront of banking supervision as it evolved from a national to a European endeavor. As the first Chairman of the

European Banking Authority in 2011, he was responsible for standardizing banking regulation across Europe, and introduced the first “stress test” for European banks.

→ *As President of the ECB’s Supervisory Board, you are Europe’s top banking regulator. Were you attracted to banking regulation as a student?*



ANDREA ENRIA,  
59, graduated from Bocconi in  
1987 with a degree in  
Economics. His dissertation  
was on Piero Sraffa's  
contribution to Keynes's  
General Theory, which was the  
British economist's attempt to  
understand the Great  
Depression. "It became useful  
to me in later days," he notes  
wryly. His dissertation won him  
a scholarship at the Bank of  
Italy and a job offer. His first  
year at Bocconi "was pretty  
tough." The shy young student  
from La Spezia ended up living  
on the outskirts of Milan and  
struggled with the mathematics  
assignments that his  
humanistic education at a liceo  
classico had not prepared him  
for. "But this major challenge  
was important for me later  
on," he notes. Enria started his  
studies in 1980, "the years of  
post-breakdown of Bretton  
Woods." Oil shocks, inflation,  
and the search for a new  
international monetary order  
were the issues of the day. He  
recalls it as a very exciting time.  
"There was so much change,  
so much debate, and for Italy  
there was an opening up for  
international discussion. I  
attended Prof. Monti's courses  
and followed his seminars." Enria says Bocconi was useful  
for reasons that he considered  
a drawback at the time. "It was  
the wide background it gave  
me. At the time I thought  
studying law was boring. But  
since I became a regulator  
later in life it was very useful.  
And also doing accounting and  
business administration  
became useful as a regulator  
because I had to look at bank  
balance sheets." What advice  
to you have to someone who is  
just entering Bocconi now?  
"Study hard, as if your life  
depends on it. Because  
actually it does."

Banking regulation did not feature in universities' curricula at the time. When the Bank of Italy told me in 1988 I had been accepted in a department called "programs and authorizations," it sounded terribly bureaucratic. My god! I was more eager to focus on monetary issues and macroeconomics. But regulation turned out to be very exciting. The first Basel agreement had been finalized that year, on capital

requirements. So I spent my first weeks in the office reading all the documents, getting up to speed. After that I helped with the second European Banking Directive in 1989, the directive that created the single market in banking. These two things came together to make a new set of banking laws. I was involved in the team that worked actively on the project.

**→ You got your master's degree in economics at Cambridge in 1989, the year the Berlin Wall fell, followed the dissolution of Yugoslavia and then the creation of EU single market in 1992. What did the EU mean to you back then?**

While in Cambridge I came to know students from China (it was also the year of the Tiananmen protests), Yugoslavia and Chile. Our discussions were pretty intense. I saw new nationalisms taking shape, and new hopes of walls getting torn down. It was then that I started developing the belief that the European Union could lead to a peaceful revolution, as a "gentle power," to use Tommaso Padoa Schioppa's phrase, as an important driver for much-needed change in the whole continent. Of my most formative readings was the first volume of Altiero Spinelli's autobiography, "How I Tried to Become Wise." I was struck by how this communist who was arrested in fascist Italy and sent to confinement for ten years found the courage to detach himself from his party and become an early advocate of a federal Europe.

**→ So the EU was a way to introduce reforms in Italy that politicians could not achieve?**

I think it was a force for change in all countries, also an important instrument to bring about the change that was needed to Italy. When I left Bocconi in 1987 there was a lot of openness to new ideas. For the first time, the country was looking to understand how our neighbors in Europe were doing things. It was an important moment for change, modernizing the country, and for economic debate.

**→ Did Bocconi play a role in opening up Italy to ideas from abroad?**

I think so. The Italian economy at the time was characterized by massive government ownership of firms, including banks. There was a lack of competition. There was a need to inject dynamism into the economy. And I think Bocconi was a place where these ideas were taking shape. For the whole country.

**→ Who are your favorite economists? Who shaped your thinking?**

My thesis was on Piero Sraffa. The classics are important for me. When I was at university and at the Bank of Italy, I started admiring a lot Jean Tirole (Nobel prize winner in 2014) and his work on industrial organization and pioneering analyses of bank capital requirements, together with Mathias



Dewatripon. As to financial economists, I would say Raghuram Rajan and Luigi Zingales, who was at Bocconi around my time. Also, Claudio Borio and Hyun Song Shin at the Bank of International Settlements have developed the best analyses of the failings that led to the financial crisis, and the solutions that were needed to address them.

**→ In 1999 you left the Bank of Italy for the European Central Bank in Frankfurt just shortly after it was set up. What was the atmosphere like?**

Hyperactive, hyper exciting. When I joined, my family remained in Italy for 3-4 months. And I worked long days in the office. I would leave at 11 PM sometimes, and the offices would still be buzzing with activity. There was a lot of hard work and internal discussion. It was a really interesting place to work. And now there is the same thing with the Single Supervisory Mechanism. It was started in 2014. We had the chance to start from a blank sheet, and mix cultures and viewpoints.

**→ You always seem to be around for a start-up.**

I went to London in 2004 to set up the Committee of European Banking Supervisors as Secretary General. Then first Chairman of the European Banking Authority. I have been very lucky to be honest. I have always been in the first stages of the set up, when the work is most path-breaking.

**→ What is your outlook for Europe's Banking Union?**

Without a Europe-wide deposit insurance, it is still incomplete.

We are in a situation in which the institutional framework for banking union is not complete. Unfortunately there is a very strong divide between northern and southern countries, making an agreement very difficult to reach. I still hope that in the coming months we will find the right political momentum to complete banking union, or at least to commit to a clear roadmap.

**→ You were named ECB Supervisory Board Chair in 2018. What are your goals?**

My chairmanship here will be judged by how effectively we can respond to the pandemic in terms of its impact on European banks. This is the first time we face

a pan-European crisis after the Banking Union. We want to be fast, effective and integrated at the European level, unlike what happened during the last crisis, when we were slow, not always effective, and certainly divided. In terms of impact on the banks, my greatest concern is that if the recovery of the economy is not going to be as sharp as we hoped, we could see a large number of small businesses defaulting, which would also mean more non-performing loans at banks. So the main concern here is asset quality, and we will have to focus quite a lot of our attention on that. In order to be more effective we have recently reorganized our structure to increase collaboration across areas and to improve collaboration between the national supervisors and the ECB.

**→ For example?**

We need to be very well coordinated in allocating resources to on-site inspections, which rely significant on staff from national authorities. At the moment on-site inspections are being reshaped due to the difficulty in travelling and working on-site. But allocating appropriate resources is essential to have a good grip on certain areas of risk. For example, with the pandemic we think it would be important to look at commercial real estate exposures of banks. And we need to launch a campaign in that area, and it would be important to have strong teams, including experts from national authorities. Another example is cyber threats. To supervise them we need to coordinate our work to deploy the expertise of the entire EU area. There could be national supervisors that become centers of excellence in this area and provide services for the area as a whole. These are examples that could give you an idea of how we can work in a more integrated and collaborative way in the future.

**→ What do you like about your job?**

The dedication of my staff, and meeting young Europeans from all member states - and many from Bocconi by the way. When I hear people talking about distant European bureaucrats in their ivory towers I get very annoyed. Because I see this young generation is so passionate and does so much to promote the European public interest.

**→ What does Europe mean today?**

I can say that the driving force is the same of the origins: overcoming the resurgence of nationalism in Europe and promoting peace and a sense of community - a common destiny, in some sense. We need to rediscover that sense of the origins. After monetary union, at times we have seen a return to a very intergovernmental way of operating, member states compromising and negotiating. It would be a good thing if we could recover a little bit the community spirit at the roots of the European Union. ■



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# Stronger Th

*Resources, organizational processes capable of anticipating crises and procedures to respond to them. These are the three factors that determine the resilience of a company and make it possible not only to overcome a crisis but, in some cases, also attain post-traumatic growth*

by Carlo Salvato @ Stories by Emanuele Elli



# man Covid19



CARLO SALVATO  
Full Professor  
of Business  
Strategy,  
Bocconi University

**W**hat is a crisis for a company or an economy and what is the key to overcome it and even seize the opportunity to come out stronger? The word “crisis” comes from the Greek “kríno”: I separate, I decide, hence the Latin “cernere”, to choose. A crisis therefore separates two ways of being, one status or set of phenomena from another, thus deciding the fate of a situation and requiring strong will-power to determine it.



A crisis is therefore not a time-limited event. A crisis is a process. A process with a “before” (the incubation phase), a “during” (the triggering event or the explosion of phenomena gradually accumulated over time) and an “after” (the phase in which the outcomes of the crisis need to be faced). The vision of the crisis as a process certainly applies to crises that arise from the accumulation of phenomena over time, such as economic and financial crises or those resulting from defective products and production processes, or the lack of adequate cyber security systems. But a crisis can also be seen as a process in the case of sudden and unexpected events, such as earthquakes, fire blazes or pandemics. Even in these cases, the behavior of actors and the context in the period preceding the triggering event, are decisive in deciding the outcomes, be they disastrous or positive. Here lies the key to surviving and thriving in a crisis: to manage the entire process.

Decades of research have shown that the companies that survive and prosper in crises are the ones committed to tackling the whole process. The ability of a company or an economic agent to obtain and use resources in dealing with crisis processes is called resilience. It includes a company's ability not only to resist and find remedy to phenomena that could threaten its survival, but also the ability, in some cases, to take advantage of them by identifying new business opportunities.

What enables an economic agent (individual, company or institution) to be resilient? Numerous empirical studies have highlighted the centrality of three factors: the availability of certain resources; organizational processes aimed at anticipating, preventing and mitigating potential risks; the response to the effects and manifestations of a crisis once it has exploded.

First of all, there are the resources to face the emergence of a crisis. A first type of essential resources are obviously financial resources, the availability of substantial reserves of liquidity to cushion the effects of the crisis, but also to invest in order to seize the potential opportunities that may arise from it. But money is not enough. The companies that best navigate crisis processes are those that also have cognitive resources, such as a clear and long-term vision, strong and shared values, deep and rooted knowledge and expertise throughout the organization, not only in top management or R&D. These enterprises are also characterized by resilience-oriented organizational structures and processes, such as widespread and well-established creative and innovation processes, combined with a deep-rooted habit of cooperation and coordination between organizational units. The ability to regulate emotional responses is also an important, but often overlooked, resource for resilience. Emotional capital includes a culture of widespread optimism and hope, the presence of numerous opportunities to appropriately express and discuss one's emotions - whether positive or negative - in meetings and workshops, and tolerance for

## MARIO DANIELE AMORE

### When Resilience Runs in the Family

In some ways, the ongoing emergency did not surprise business scholars, but, on the contrary, confirmed even more clearly the scientific evidence observed previously. One of these is the study of family companies, whose resilience in times of crisis had already been observed in several other circumstances. “In 2017, for example, my colleague Alessandro Minichilli and I wanted to test the theories on the relationship between uncertainty and business investment,” says Mario Daniele Amore, professor at the Department of Management and Technology. “We were thus able to confirm that family-run companies have the antibodies needed to neutralize the harmful effect of political instability on the company's development strategies and produce profitability and growth even in adverse contexts”.

Certain structural characteristics favor this type of business, such as long-term vision, typical of entrepreneurs who interpret the company as an asset to be preserved and bequeathed to subsequent generations, but also greater cohesion between shareholders and relationships of greater quality with external stakeholders, from local institutions to the supply chain. “The winning aspects related to the governance of Italian family firms, in particular listed family companies, are the subject of another research study, currently underway with Fabio Quarato and Valerio Pelucco, and set in the context of the current pandemic”, continues Amore. “On this occasion we found that companies with family members

MARIO DANIELE AMORE  
Associate Professor  
of Family Business,  
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## THE PAPER

**Family Ownership During the Covid-19 Pandemic,**  
by Mario Daniele Amore, Valerio Pelucco, Fabio Quarato



as controlling shareholders performed better than other types of companies during the first wave of the pandemic.”

The studies therefore broaden the knowledge on the characteristics of business resilience in the course of adverse events, also including new observation topics, such as the implementation of smartworking. “On this, together with Professor Quarato, we are concluding a study on the timing of adoption of smartworking practices in listed companies, and also in this case early results point to a greater readiness in the response coming from family businesses. The close ties between shareholders and management act as a facilitators when major organizational changes need to be introduced; these companies therefore moved earlier and faster than the others, presenting themselves as better organized and more operational on the market.”



## THE PAPER

**Local Political Uncertainty, Family Control and Investment Behavior**, by Mario Daniele Amore and Alessandro Minichilli

ARIELA CAGLIO  
Associate Professor  
of Accounting,  
Bocconi University



## THE PAPER

**Corporate resilience in times of covid-19 crisis: the role of risk management, sustainability and transparency**, by Ariela Caglio in collaboration with University of Lausanne

## ARIELA CAGLIO The X-Factor? Risk Management

In a technical sense, the economy identifies resilience in terms of financial performance, or rather, the extra return a company obtains relative to a benchmark that is the average of the reference market. This is a sufficient definition in normal times, but it does not address the issue of which factors actually determine differential performance during an epochal crisis. “In our study we have chosen to examine a large global sample of companies based on three characteristics: sustainability, transparency and risk management, to assess how much each of the three has affected their current performance”, explains Ariela Caglio, Associate Professor of Management Accounting and Director of the Bocconi-ESSEC Double Degree. Already during the first wave of the pandemic, the group of researchers (which includes Gaia Melloni, Assistant Professor of Accounting and Janet Su, PhD candidate at the HEC University of Lausanne) began to assemble the dataset, by integrating the information collected by the Datamaran Covid-19 Tracker, which captures data on disclosures relating to Covid made by 1,000 firms, with the ESG performance in Refinitiv, and other, more traditional data on economic and financial variables. Thus the reference sample was created, a panel data set in which US companies, the most numerous, account for 57% of observations, and Italian ones 3%. “What we see emerging from our early analysis is that, unfortunately, past social and environmental sustainability initiatives and performance have not been the effective vaccine which many claim”, remarks the Bocconi professor. “More decisive for the resilience of companies was their ability to manage risk, which is the phase that occurs after identification and evaluation of a major risk factor. Those who promptly implemented risk-mitigation actions made a positive impact in reference markets as early as the first phase of the pandemic”. However, the research did not stop at this finding, but aimed at describing the consequences that occur in various company areas when burdened by systemic risk.

“In Datamaran’s Covid19 Tracker there are 11 areas of investigation; we have observed that when risk seriously affected three of these, namely Business Disruption, Supply Chain and Human Capital, the full impact of the crisis was unavoidable. It is as if, despite any countermeasures implemented by companies and statements released in corporate disclosures, the market considers them as more vulnerable and therefore less reliable.” Another aspect of the research concerned the tone used in disclosures by companies. “There is an interesting negative relationship between the degree of resilience found and the optimism expressed in corporate statements”, concludes Caglio. “In short, impression management no longer seems to work in times of crisis. Today, more than ever, substance and objectivity matter.”



## GABRIELLA LOJAcono Luxury: Seven Steps to Rise Again

The luxury business is a typically “V-shaped” business, in which sharp downturns are followed by equally rapid recoveries. It is to be believed that this will be the case even after this pandemic, especially for those companies, and they are many, that have been responding to pandemic difficulties by containing losses and laying the foundations for a quick restart. “Resilience is identified precisely in the ability to act quickly by identifying not only solutions to deal with the emergency, but a new medium-long term strategy as well”, summarizes Gabriella Lojaco, Professor in the Department of Management and Technology and Director of the Executive Master in Luxury Management (EMILUX) of SDA Bocconi School of Management. “In the luxury industry, this is the attitude of companies which have been able to quickly move all inventory they had for sale on Asian markets, which were the first to reopen, or which have

GABRIELLA LOJAcono  
Associate Professor  
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explored new digital strategies. In fact, it is in Asia that many have recouped the loss of turnover suffered in Western markets”.

The professor's many years of research will be distilled in a forthcoming book whose seven chapters mark the seven strategic challenges that luxury companies are called to overcome today. “The answers to these questions show the way forward for corporate resilience,” Lojaco summarizes. “One of the challenges that seems to us of particular relevance in the context of a Covid-19 shock is the one that forces companies to boost volumes to increase profitability. It is a difficult goal, but some luxury companies, such as Hermès, Ferrari or Gucci, have already overcome this dilemma by demonstrating that you can sail ahead with a larger size and new profit margins”.

Another question that the researcher poses to companies is how they strive to be timeless, that is, how they turn heritage into a strong asset rather than deadweight. Another is how to combine exclusivity with inclusiveness, by



### THE BOOK

**Resilience of Luxury Companies in Times of Change,**  
by Gabriella Lojaco and Laura Ru Yun Pan

## CARLO SALVATO Post Traumatic Business Recovery? This Is How It's Done

The idea was to study the companies that have emerged from catastrophic events and isolate the characteristics that favor post-traumatic business recovery. This was the goal of the research project begun over ten years ago by Carlo Salvato, Professor of Management, which concerned the L'Aquila area devastated by the earthquake of April 2009. The research study, developed jointly with Bocconi colleagues Alessandro Minichilli and Mario Daniele Amore and with Massimo Sargiacomo, Professor of Business Economics at D'Annunzio University of Chieti-Pescara, took into consideration the three years preceding and three years following the cataclysmic event, by looking at the performance of one hundred companies located in the area with turnover higher than €3 million. There was also a control group, a sample of companies with similar characteristics but unaffected by the earthquake.

“We were thus able to observe that some organizations have emerged stronger from the crisis, that is, they were not only able to resist, but have seized the opportunity to evolve”, summarizes Salvato. “It is a process that we see very well today with the pandemic underway and companies rapidly reconverting, undertaking new initiatives or opening new sales channels”.

In the case of the 2009 earthquake, the research study highlights what was already known but had not yet been rigorously demonstrated, namely that among resilient companies, family companies achieve better performance than other kinds of firms. “There are two characteristics that are distinctive of family companies and prove successful in crisis contexts”, explains the professor. “The first is the variety and cohesion of shareholding structures. This allows them to react more quickly by compacting themselves, animated by a strong desire to transmit the values of the brand and the family to subsequent generations. The second aspect is that of external relations, which constitute an important part of the social capital of these companies. In particular, in L'Aquila, companies in close proximity to the public sector benefited and were more easily involved in the construction of buildings, warehouses, road infrastructure.”



### THE PAPER

**Natural disasters as a source of entrepreneurial opportunity:**  
**Family business resilience after an earthquake,** by Carlo Salvato,  
Massimo Sargiacomo, Mario Daniele Amore and Alessandro Minichilli



widening and differentiating the various gradations of customer experience, and how to balance the marketing need to have an outside presence in communication with inherent scarcity in production and distribution. "The fifth step we invite companies to take is to integrate online and offline channels, also in terms of resources and investments, by developing digital channels not only for selling but also for developing contacts and conversations with customers", continues the Bocconi professor. The latter two challenges concern the ability to be extraordinary in a context in which excellence is always expected (for example by transforming points of sale into entertainment venues, or entering related sectors such as *hotellerie*) and the ability to leverage country of origin distinctiveness while expanding globally and entering the culture of destination markets.

"Luxury companies have already shown that they have the ability to overcome this crisis by finding new business models", concludes Lojacono. "I am thinking, for example, of the pre-order sales set up during the first lockdown to take advantage of continued sustained demand at a time when it was production that was having difficulties."

The ability to forge solid and long-term relationships with public administrations and local entrepreneurship has translated into a real competitive advantage, a process similar to what happens today with companies that have trusted contacts in health care administrations and hospitals. "The presence of family firms makes a country's socio-economic system stronger, as long as there are the managerial and governance skills to ground these values and potentialities", concludes Salvato. "Italy is a country that has these qualities and this bodes well for the recovery of its businesses after the Covid crisis".



CARLO SALVATO  
Full Professor  
of Business Strategy,  
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failure with respect to those who experiment and innovate. Finally, an essential resource is given by the social and relational capital of resilient companies. This is about social relations inside and outside the organization. Thanks to them, a company has access to many essential resources to tackle the crisis, including social trust.

The second resilience factor is provided by the organizational processes aimed at anticipating, preventing and mitigating potential risks in a crisis. Companies that succeed have a proactive orientation to invest in networks, and coordination techniques within and between organizations. These firms establish organizational practices that allow them to improvise and take decisions quickly in contexts characterized by ambiguity and uncertainty. These practices require that knowledge, attention and resources are distributed throughout the organization, not just at the top, to facilitate the timely recognition of the first signs of a potential crisis and the identification of the actions to counter it.

The third factor is provided by the elements that enable a response to the effects and manifestations of crises once they have exploded. The most effective answer to crises comes from companies that are able to improvise, to change spontaneously and implement constantly changing and innovative corporate behavior. These are the most innovative companies, those that even in normal times do not see the introduction of innovative business models as a threat but as an opportunity. These companies are therefore characterized by flexible decision-making processes put in place by managers linked by strong bonds of trust and operating in large and diversified networks outside the company.

The set of three factors - resources, organizational arrangements capable of anticipating, and processes to respond to crises - guarantees the resilience of a company. In some cases, the business response to the crisis leads not only to a return to the previous situation, but even to what is now called post-traumatic growth. During the Covid 19 pandemic, for example, there were companies in the pharmaceutical or healthcare sectors that doubled their sales. Their market positioning has certainly favored them, but not all competitors achieved the same results and some have gone bankrupt. The combination of resources, processes and networks has allowed them to survive and thrive in difficult and complex conditions, thanks to their level of preparedness and agile and innovation-oriented decision-making processes. In the coming months, national plans aimed at obtaining funds from the Next Generation EU program will offer many other possibilities to transform the crisis into an opportunity for recovery and growth. Again, only the most agile companies, predisposed to the new and embedded into networks of trust will be able to seize this possibility, by interacting proactively with the players in the industry and with public administrations. ■



# Three Alumni for Three Growing

by Emanuele Elli @

## ALICE ACCIARRI MORE THAN A COMPANY: A COMMUNITY

*The goal of eBay is to get new users to join the platform and persuade small and medium firms to integrate online and offline sales. The Bocconi alumna, General Manager for Italy and Spain, talks about the challenge of a world increasingly turning to e-commerce*

For the whole world of e-commerce, the last few months have been a whirlwind accelerator of opportunities that have quickened the pace of transition towards digital purchases, a step that would have probably happened naturally but, especially in Italy, with altogether different rhythms and approaches. Not all operators came out of this centrifuge with the advantage they expected, but eBay did. The e-commerce platform that gives access to many private users and SMEs was able to capitalize on the moment. In the first half of 2020, it registered a marked increase in first time users and 53% additional new sellers compared to 2019.

"In our DNA we remain a marketplace, so we do not sell directly but enable buyers to find the products they are looking for and companies find new buyers for their products", summarizes **Alice Acciarri**, former CLEACC graduate, General Manager of eBay for Italy and Spain since July. "In recent weeks, therefore, we have focused on our mission by working on both fronts: reassuring, on the one hand, less digital-savvy users that they could safely enter world of e-commerce, digital payments, customer feedback, return policies, and on the other by raising awareness among SMEs so that they open digital sales channels and to access an

audience of 6.5 million active buyers in Italy and over 183 million worldwide". Among the initiatives implemented by eBay, there is the agreement signed with Confcommercio and Unioncamere, which bring together Italian retailers and chambers of commerce, for a mass awareness-raising operation targeting the members of the two organizations and offer them a package of tools to manage digital sales channels at subsidized cost. "The involvement of large institutions in promoting e-commerce is one of the novel elements of the period", Acciarri remarks. "The other is the positive response we get from most companies when we explain to them that there is no conflict between online and offline, that eBay does not replace traditional sales channels but works in synergy with them, and that the willingness to be there is enough to start selling because ours is a ready-made environment, in which there is room for everyone".

In fact, the incredibly rich assortment of goods remains one of the strengths of the platform. "About 80% of what is sold on eBay is new and is a form of B2C commerce," concludes the general manager. "Second-hand is sold in the form of C2C, which jointly with refurbished items sold by professional sellers represents about 20% of the goods sold on the portal; however, this remains the side of our business that characterizes us the most and that contributes significantly to making the platform a community of users linked by relationships of trust, common passion, and attention to the value of the product. Elements that are all the more attractive in the eyes of those who approach electronic commerce for the first time because of the pandemic." ■

ALICE ACCIARRI  
Alumna Bocconi,  
General Manager of  
eBay for Italy and  
Spain



# Companies



## ALBERTO CALCAGNO

### RESILIENCE COMES FROM ACCUMULATED PRACTICE

*Fastweb is a profitable fiber-optic cable company that has heavily invested in data and platforms. It introduced smart working before the pandemic, something that made it more resilient during the lockdown, as its employees have kept focused and engaged on business objectives*

“In my years at Bocconi I don’t think I ever heard resilience discussed in the classroom, but this was in the early Nineties and the world seemed a lot easier: it was before full-fledged globalization, before the boom of digital,” says **Alberto Calcagno**, CEO of Fastweb since 2013 and a Bocconi Economics graduate. He goes on to describe the fundamental variables of the formula that has enabled the corporation to post positive earnings for 28 consecutive quarters, including the latest ones. Of course, ICT is one of the few industries not penalized by Covid lockdowns, however very strong competition and eroding profits are commonplace so that performance is negatively affected on average.

“Our ability to manage the new complexity started long ago,” explains the manager. “First of all we were the first to understand that the concept of infrastructure was evolving and that we could not be just an optical fiber company because fiber was only part of a nascent ecosystem. It was not enough to lay cables, you had to consider data management and therefore invest in data centers, platforms for cloud computing, advanced services for cybersecurity, and now 5G. A holistic concept of the infrastructure

ALBERTO CALCAGNO  
Alumnus Bocconi,  
CEO of Fastweb

supported by continuous investment equal to about 30% of total turnover each year, which has allowed us to position ourselves in terms of quality of the service rather than price. This way, in a scenario in which many competitors compete on rates and services, we had the opportunity to differentiate ourselves and respond to the appetite for bandwidth and reliability that was created”. In addition to this, at least two other determining factors of the Fastweb strategy deserve mention. First, they targeted the household market (which represents half of the €2.5 billion annual turnover) as well as the business market made of large companies, public administrations, SMEs, wholesalers and freelancers. Second, they adopted a less hierarchical and more collegial organizational structure, in which all levels are given the incentive to act, not just execute, thus making the company respond to emergent market opportunities more quickly.

“This approach has shown its advantages especially during the lockdown, when we all worked remotely from home”, underlines Calcagno, who recently dedicated a book to the challenge of business growth, *Get in the Game* (original title in English, published by Mondadori). “In fact, we had been practicing smart working for at least 5 years, implementing not only technologies and processes, but working on a shared culture based on trust in employees and on the achievement of corporate objectives which make work from home possible and profitable. The result has been that we have achieved greater employee involvement, engagement and commitment and have been more productive than in any other period of time. Actually, I believe that the spirit of internal cohesion that was created by the memory of very intense moments collectively experienced will remain in the company for a long time, because we can’t and most especially because we don’t want to.” ■



## CHIARA DORIGOTTI DESPITE THE LOCKDOWN, THE PRIVATE AVIATION MARKET IS TAKING OFF

*Support in the emergency, but also new anti Covid services: thus SEA Prime, of which the alumna Bocconi is CEO, has not stopped taking off*

In this dramatic crisis that has plagued airlines at all latitudes, there is a resilient segment that has been better able to withstand the elements and, indeed, find profitable margins in new market niches. We are talking about private aviation, and in particular business customers, where the aviation market is responding to the new needs of security, capillarity and privacy related to personal mobility in times of Covid. "The industry has never completely shut down, not even during the spring lockdown, when the terminals handled medical flights or so-called rescue flights bringing back citizens stranded in foreign countries by the pandemic", notes **Chiara Dorigotti**, CEO of SEA Prime, the company of the SEA Group that manages the Milanese private jet airports of Linate Prime and Malpensa Prime. "Since August, however, the sector has recovered, gaining market share in the general aviation business segment and winning new customers in the leisure segment where there is a strong growth of First-Time Flyers".

The terminals of Milano Prime, in short, which combined constitute the primary Italian destination and the fifth European one, were the first to witness the presence

CHIARA DORIGOTTI  
Alumna Bocconi,  
CEO of SEA Prime

of a new clientele who got on private jets for the first time, attracted by the easy availability of flights, a more ramified network of destinations, and above all greater guarantees in terms of prevention of Covid risk, a factor that has proved decisive also for business passengers. "We have some tools to create a trend; we are a gateway to the city and business picks up when there are major events. Our resilience is therefore expressed by responding to emergent needs with new services", comments Dorigotti, who has a degree in Business Administration from Bocconi and job experience in various sectors, ranging from investment banking to telecommunications. In addition to strict sanitation procedures and the management of flows inside terminals, fast track services for sports clubs on charter flights now exist, and a business center was made available to those who intend to organize meetings directly at the terminal. They even provide a testing station.

"We give our clients the possibility, thanks to a partnership with the San Donato Group, to be able to book a Covid test to be carried out either at our facilities, at one of the Group's hospitals with priority access, or even at home or at the hotel", explains the manager. "The result is guaranteed to be available within 24 hours and the service is also open to operators, crews or ground staff, so that the entire supply chain can be made Covid-free. We are also trying to find, together with other international players, a shared standard on this to streamline bureaucracy and make travel by private aviation even more agile". ■



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# How to Stop the She-



*In time of Covid19, it is mainly women who pay for the effects of the economic crisis. To bridge the gap and achieve the goals of the United Nations Sustainable Development Agenda of 2030, the empirical evidence points towards increasing female leadership rather than the voucher policy*

di Paola Profeta @

# Cession



To “achieve gender equality and empower all women and girls” is one of the fundamental goals of the 2030 Agenda for Sustainable Development of the United Nations. Despite the constant and continuous progress of the last decades, the achievement of gender equality remains a distant goal. According to the World Economic Forum, a 31.4% average gender gap remains to be closed in the world in 2020. Without substantial changes, gender equality will not be attained for 99.5 years. The most critical dimensions are economic opportunities and political empowerment, in which only 58% and 23% of the gap has closed, respectively.

The outbreak of Covid19 risks widening the existing gender gaps. Women are more vulnerable workers than men, they have low career prospects and weak

positions, which expose them to higher risks during economic crises. There is a general consensus that the pandemic crisis will be a “she-cession” in contrast to the “he-cession” crisis of 2008. In fact, while the pandemic hits the female dominated service sector strongly, the 2008 financial crisis hit male-dominated sectors (finance, manufacturing) more seriously, and thus it was not associated with an increase of gender gaps in employment. The risks are particularly serious in a country such



## THE PAPER

**Women's Work, Housework and Childcare, before and during COVID-19** by Daniela Del Boca, Noemi Oggero, Paola Profeta, Mariacristina Rossi



as Italy, characterized by a stable low female employment (less than one out of two women work) and by persistent, traditional gender roles and gender norms. According to ISTAT, 74% of Italian women declare to fully bear housework without any sharing with the partner. The pandemic has increased the amount of work for families. Although the distribution of this extra work between women and men in the family depends on the work arrangements of each partner during the lockdown (working from home, at the usual place, not working), in a recent study (Del Boca et al., 2020) we show that it has mainly fallen on women. This is particularly true for housework, while we have observed some increased sharing in childcare. Even in a symmetric situation of both partners working at home, 65% of women increased their housework versus 40% of men. The corresponding percentages for childcare are 77% for women and 60% for men. This unequal sharing contributes to enlarging gender gaps on the labor market, as a more balanced allocation of housework within the couple is associated with higher participation of women in the labor market (and also higher fertility rates, see Fanelli and Profeta, 2019).

In this critical scenario, policy interventions are needed to stop the “she-recession”. Countries are introducing measures such as additional periods of parental leave, baby-sitter vouchers, allowances or other supports to the family. The effectiveness of these policies will be evaluated in the future. An important contribution is expected from the use



## VIDEO

The episode of **SnackNews**, a Bocconi University and Corriere della Sera project, dedicated to the She-Cession



**PAOLA PROFETA**  
Director of AXA Lab in Gender Equality. The new lab, supported by AXA Research Fund and AXA Italia, aims to investigate the role of public policies in promoting gender equality, empowerment and female leadership

of “smart-working”, i.e. flexible place and time of work. According to our study based on the introduction of flexible work in normal times before Covid-19 (Angelici and Profeta, 2020), men who use smart-working increase by almost 50% the time they spend on housework. Thus, smart-working has the potential to rebalance the asymmetric division of labor within the couple, which in turn may drive a reduction of gender differences in the labor market. However, this result will probably become visible only in the long-run.

The presence itself of a gender balanced policy-making leadership can make the difference and help promoting successful strategies. The relationship between female leadership and public policy has attracted a strong attention in recent times.

Anecdotal evidence shows that countries led by women - Denmark, Finland, Germany, Iceland, New Zealand, Norway, Taiwan - are performing better in dealing with the Covid crisis.

Obviously, this simple correlation cannot have a causal interpretation. Yet it seems that the style of female leadership matters in dealing successfully with crises. This style includes telling the truth, a great amount of decisiveness, the use of advanced technology and innovative communication. Recent papers have tried to provide rigorous empirical support to this anecdotal evidence (see, among the others, [Garikipati and Kambhampati, 2020](#)). They argue that the positive performance of female leadership can be the result of the style of policy response adopted by men and women: women have been more proactive and coordinated with policy responses.

It is now more than ever urgent to start a virtuous process in which a gender balanced leadership promotes a gender balanced policy agenda with the final goal of promoting gender equality (Profeta, 2020), with beneficial effects on the overall economy and on society. ■



## THE BOOK

**Despite formal UN and European Commission** commitments to improve gender imbalances, progress towards gender equality in wealth and pay has progressed at a discouragingly slow pace in recent decades. In *Gender Equality and Public Policy* (Cambridge University Press, 2020), Paola Profeta offers a comparative analysis of gender-targeted policies in Europe, providing an in-depth overview of how public policy is shaping gender equality, and how the presence of women in the economy and decision-making positions is itself shaping public policy.



## THE PAPER

**Smart-working: Work flexibility without constraints**  
by Marta Angelici, Paola Profeta

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# Give me a (Fiscal) Lever, and



*The role of the State to save the economic system must be always driven by market criteria*

by Stefano Caselli @

**T**he relaunching of Italian companies must go through a decisive and widespread capitalization action. More equity allows both to have liquidity for immediate survival, but above all to have the robustness to plan relaunch and growth, with lower risks. Furthermore, the more the equity, the higher the creditworthiness becomes, and thus the ability to obtain financing from the banking system. Taking full advantage of the guarantee given by the State within the recovery actions organized in the last few months. How to capitalize businesses at large? A single recipe is not possible. Companies have different sizes, operate in different sectors and one cannot think of a generalized intervention of private equity, up to the financial markets or to the direct European intervention. Conversely, the urgency of capitalization needs to distinguish a series of successive layers, which start from a common base and which gradually concentrate on a smaller number of



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companies of larger size or potential. The recent Report by the High Level Forum on the Capital Market Union offers very clear insights into this. The common basis, which involves outfits from the smallest business to the large company, is the fiscal lever. The “Relaunch Decree” only partially addresses this aspect and it is appropriate that in the coming weeks it takes up this solicitation, taking into account the recommendations of the “Colao Commission” on this front. The fiscal lever must not only equalize the difference between debt and equity, but must encourage virtuous behavior, so that capital strengthening a recurring choice. The tax lever must act on two sides, i.e. on the company and on the shareholder. In the first case, our country has repeatedly seen an attempt to insert incentives in this direction (from the Prodi to the Monti Government, with “DIT – Dual Income Taxation” and the “ACE – Aid for Growth”) without, however, making the

# and I'll Capitalize Businesses



## THE BOOK

The Covid19 emergency has brought to the surface in Italy the idea of public intervention in the economy. But this is the great temptation we must keep away from.

This is the civic duty that drives Stefano Caselli, author of *La grande tentazione. Perché non possiamo rinunciare a banche e mercati* (UBE 2020; 208 pages; €17, in Italian) to contribute to the public debate on what is to be done so that Italy can still be an actor of social transformation and of civil and economic impact.



For larger companies and those with the highest development potential, in addition to the common base, the use of the financial market and investor intervention (private equity, venture capital, ELTIF) should be promoted. The relevant issue today is how to reconcile this need with the equally important need for the use of public resources, both national and European, i.e. through the Recovery Fund. The risk to be avoided is that of a nationalization of the intervention in equity and a crowding-out of the market. The right road, on the other hand, is to find the conditions so that the intervention of the State is fully exploited and follows the rationale of private capital.

There are three fundamental guidelines for State intervention. First, the use of the capital market is decisive, as the known advantages (visibility, access to additional resources, growth) are even more important in a crisis phase. Here, it would make a lot of sense to play the card of an additional prize on both ACE and shareholders. Secondly, investors in equity, both listed and unlisted (i.e. venture capital, private equity, ELTIF) must be valued with a clear incentive on capital gain, which is the real element that creates the market and attracts investors by generating liquidity. Thirdly, State intervention must take place either with a clear and autonomous market rationale or through the necessary support for private investors. A mechanism in this case of public-private partnership would in fact give a shock force - the presence of the State - combined with agility and orientation towards profit typical of the private sector. This last point is the real challenge: in a phase of crisis, the State is central and must design the right incentives and fiscal mechanisms. But for the revival of the economy, the presence of the State must not be confused with the use of State logic. This would mean abdicating the role to relaunch our country and a net loss for taxpayers. ■

mechanism structural.

A consolidation of ACE at an attractive rate (well above the current modest 1.3%) and calculated no longer on the variation of equity, but on the entire amount of equity, would make the issue of capitalization much more serious. In the second case, the shareholders must have an incentive to transfer part of their wealth to their company. A reduction (elimination?) of the taxation on dividends for those who hold the capital over a certain period of time and, much more courageously, a reduction in the IRES or IRPPEF rate for those who invest in an equity increase, would be a terrific turning point.



One of the fundamental drivers transforming the energy sector is changing: end users, who now have greater freedom of choice and can become producers themselves thanks to technology. For companies it represents a radical business change

di Matteo Di Castelnuovo @

# Consumers, t

**W**ho are the end consumers when it comes to energy? Their role and behavior are changing compared to the past. In a recent article, along with SDA Bocconi School of Management's Andrea Biancardi, *A New Paradigm in the Electricity Sector: Key trends and stock performance of European utilities*, published in the *European Energy and Climate Journal*, we mapped and analyzed the six main drivers that are leading the transition to a more efficient and sustainable energy system. The first, perhaps the best known, is the decarbonization of the energy sector. The second is that of decentralization, i.e. the progressive growth in the number of small-scale electricity production plants, typically based on green technologies. The third driver is represented by digitalization, a trend common to most sectors. And the fourth is that of electrification, which is perhaps the most visible even to the layman: our energy consumption is increasingly becoming

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electricity consumption. The fifth, fundamental for promoting an acceleration of the rate of innovation in the energy industry, is that of industrial convergence. This highlights how a growing number of subjects from other industries (Google, Apple, Tesla, Shell, VW, etc.) are rapidly "converging" towards the electricity sector thanks to new business opportunities that are emerging. But there is a sixth and final driver, which is defined as the activation of the final energy consumer. In this case, we are referring to the radical change in the behavior and role of consumers, mainly as a result of the recent evolution in a few key factors: these include technological innovation (e.g. smart meters), more effective regulation of incentives (e.g. dynamic fees), market information that is easier to access (e.g. supplier apps and offer comparison sites), and a greater awareness of the environmental impact caused by



# the Focus Is on You

energy production and consumption. Specifically, not very proactive or passive historically (e.g. with a very inelastic demand, to use an economics term), energy consumers are now gradually beginning to take action and interact with energy supply companies, but also with the market itself.

Regarding changes in behavior, consumers are choosing different suppliers more frequently than has historically occurred, as far as the extreme case of autoswitching apps that automatically switch to a new energy supplier based on the market price. They can also request more advanced and innovative services: from the “simple” supply of certified green energy, to the “smart” management of electrical appliances in the home and charging services for electric cars. But they can also demand greater transparency on the sustainability of a supplier’s supply chain.

Regarding changes in role, consumers can install solar panels and batteries in their home, effectively

becoming self-producers in addition to consumers (known as “prosumers”). They can also become competitors of the suppliers themselves, participating in the electricity market, either directly through platforms based on blockchain, or indirectly through aggregators, which virtually combine different micro-producers and manage them like a single production plant.

For energy supplier companies, this driver implies a radical change in technologies and business models. In fact, it is no longer enough to offer a competitive price of the commodity to the end customer because the latter will gradually request more innovative, “green” and value-added services: “If I can meet my energy needs by myself, what do I need a supplier for?” This will inevitably occur after a decoupling between turnover and volumes of electricity sold and an improvement in the sustainability indicators of all company activities. ■



# Accompanying Customers onto the Green Path

*If Generation Z is ready when it comes to sustainability, the challenge is to make the same kind of awareness blossom in older consumers, as told by alumna and President of the Enercom Group, Cristina Crotti*

di Andrea Celauro @

**A**n entrepreneurial bet that was born on the use of methane at the end of the nineteenth century and today is a firm of 300 employees with a turnover of about €170 million and areas of activity in the energy market ranging from the production and sale of green energy, to efficiency strategies for business. The Enercom Group, led by Bocconi alumna **Cristina Crotti** (Degree in Business Administration, 1990) developed attention to innovation and an attitude towards sustainability early in its corporate history. "The challenge is now to convey it to today's customers and prepare for the needs of tomorrow's customers".

**→ Ms Crotti, your company developed in the Fifties, but its roots lie in the late Nineteenth century.**

At that time, methane was produced from coal: there was public gas lighting and this was the only commercial use for methane. Then came the first utility agreements with municipalities and the first large gas works were built. Today we take these infrastructures for granted, but at the time there was nothing and methane represented a real bet for the company. Over time, we have definitely won our bet.

**→ A far-sighted strategy, seen with the eyes of today. Innovation is therefore in your DNA.**

Ours is an innovation model that starts from top management; it is not bottom-up, but involves the first and second lines of staff, while being careful to collect ideas and improvements from all employees. We are focusing on spreading the theme of innovation within the company and

*CRISTINA CROTTI  
President of the Enercom Group, graduated in Business Administration from Bocconi University with a thesis on the energy market: "I am very happy to have studied at Bocconi and I feel very connected to the University", says the alumna. "When I was studying here there were two groups of people: those who did it more for the reputation of the University, those for the deep preparation it offered. I did it for the latter". Two pluses in particular Cristina Crotti feels she got from her studies: "A mindset that stimulates reasoning and a method of approaching decisions".*



augmenting the propensity to seize its opportunities. After all, innovation is about mental and cultural openness, and the ability to grasp the evolution of our industry.

**→ What are the big bets of innovation today?**

The first is the proposition to customers. An energy service can no longer be intended as a mere commodity. However, it is not easy to make this understood in our reference community, which is composed of very traditional customers. They perhaps are not yet fully ready to look at different uses for our commodity, to fully take into account the green aspects or have a widespread attention to energy saving. It is above all the younger generations who pay attention to these aspects, but they are not yet the main energy consumers. We must therefore accompany today's customers towards acceptance of new concepts and, at the same time, prepare for the challenges of when Generation Z will be our largest demographic of consumers.

**→ And the second challenge?**

The other is to find the right investment in green energy. Nowadays it is very fashionable to talk about hydrogen in transport, but in fact R&D for it is not yet at the level for large-scale use. The green path is the right one, but we must also distinguish between what is fashionable and what has real weight in terms of the actual possibilities.

**→ How does the theme of digital innovation enter your sector?**

It is fundamental. It allows you make analyses and processes that you could not otherwise do. For example, for the commercial part, we are aiming for phygital, an approach which seamlessly mixes physical stores with features enabled by digital innovation.

**→ Innovation is closely linked with sustainability. How do you see the latter?**

In a broad sense, not just in terms of environmental sustainability. It is about the optimal and intelligent use of resources. And closeness to the territories where you operate. We have always been close to localities, and not only because historically and logistically we have more points of contact with the local territory, but because we feel part of a community.

**→ What can be done to bring end customers closer to sustainability issues?**

We need a lot of content dissemination work. Probably, this is a job for the long haul that requires multiple channels of contact. I see that there is starting to be a stronger awareness about the issue of sustainability, but I also notice that the feeling that an individual's action is irrelevant is equally widespread. We need to raise awareness about the fact that the actions of each of us have an impact. ■

# Bocconi

*If I had to describe the Bocconi experience with three words, they would be excellence, solidarity and sharing. Receiving a scholarship was very important for me: without it, I would not have been able to study at Bocconi.*

**Luca PETRONE**

THIRD-YEAR STUDENT IN BUSINESS ADMINISTRATION AND MANAGEMENT,  
BENEFICIARY OF A PARTIAL UNDERGRADUATE SCHOLARSHIP

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# Strong Policies Make Businesses Grow

*There is no “one size fits all” in competition policy, but without rigorous implementation, the scope for introducing more competition is limited in important sectors such as wholesale, retail, transport, construction and real estate*

by Nicola Limodio @

**A** central role of the state in building a market economy is to guarantee that there are benefits of competition to ensure static and dynamic efficiency. But the way that this is done varies across sectors of the economy.

Those sectors that work on international markets have natural exposure to competition when trade is liberalized. Conversely, those operating on domestic markets are more dependent on public policies to encourage entry and limit the abuse of market power.

These latter produce the so-called “non-tradable” goods to satisfy special conditions, or needs, of the country. Postal and transportation services represent a valid example of non-tradable goods. Instead, the former sectors produce “tradable goods”. A good example of a tradable sector is the car industry: exporting worldwide and subject to fierce international competition. The institutions affecting competition policy tend to have a dissimilar effect on tradable and non-tradable sectors. There is not a “one size fits all” in competition policy.

In a research with Tim Besley and Nicola Fontana, we investigate how antitrust policies vary both across and within sectors and countries. This study combines a novel dataset on antitrust compiled by legal scholars with firm-level data from more than 10 million firms operating in twenty sectors, in ninety countries across ten years. We show evidence of systematic heterogeneity in the



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relationship between antitrust policies and firms' outcomes. In countries with stronger antitrust policies, the profit margins of firms operating in non-tradable sectors are significantly lower than those operating in tradable sectors.

These results are economically meaningful suggesting, for example, that if China adopted France's antitrust index, we would expect a 19% fall in the average profit margin of its companies operating in non-tradable sectors. We also find that concentration is lower in non-tradable sectors when the antitrust policy is strong.

In contrast, changes in antitrust are associated with negligible effects on tradable sectors, in line with the hypothesis that international markets serve to discipline firms in such sectors. These findings underline the limits of trade liberalization as a means of promoting competition since, in our sample, about 82% of firms operate in non-tradable sectors. So, without rigorous competition policy, there may be limited scope to introduce more competition into important sectors such as wholesale, retail, transportation, construction, and real estate.

Our results are consistent with the idea that institutions matter, in the form of competition law and enforcement, for sectors of the economy where international competition is weak.

Moreover, the finding in our paper is specific to the antitrust measures; other measures of “good institutions” do not appear correlated with profitability in the non-tradable sectors of the economy. It, therefore, adds a new dimension to debates about how a strong institutional environment can be conducive to growth and development beyond the previous focus on such things as lowering the threat of expropriation, minimizing rent extraction, or securing legal protection and infrastructure. ■



## THE PAPER

**Antitrust policies and profitability in non-tradable sectors**, by Timothy Besley, Nicola Fontana and Nicola Limodio



*Competitive dynamics determine the business models prevalent in the television sector: Free-to-Air TV based on advertising and Pay-TV based on subscriptions. And the lockdown, by favoring consumption of streaming services, has changed market hierarchies. Probably for good*

by Michele Polo



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In recent years, the world of television has undergone a revolution which would have been unimaginable even a decade ago, with the emergence of new players and an extremely rich and varied range of content and business models. In Italy, traditional, free-to-air TV (Rai, Mediaset, La 7) based on commercials today represents a robust but obsolescent cluster facing competition from the pay-TV segment (Sky, in primis) and, more recently, the aggressive programming of streaming operators (Netflix, Amazon Prime, Disney+, Dazn, etc.).

In today's market for televised programs there is differentiation in the nature of the content, in the offer of predefined programming (TV channels and schedules) vs. content selected by the individual viewer in very rich video libraries, and the technological support for the delivery of content (digital terrestrial, satellite, Internet). But first of all, television operators can be distinguished in terms of very different business models. Traditional free-to-air televisions collect their revenues entirely from advertisers and distribute content for free, as opposed to pay operators who generate their revenues from viewers' subscriptions, with little or no contribution from advertising.

In a recent work with Emilio Calvano (*Strategic Differentiation by Business Models: Free-to-Air vs. Pay-TV*, Economic Journal, 2020) we analyzed

# The Market Sign

the competition models in the television market, characterized by the competition between multi-channel platforms that bring into relation viewers and advertisers. It is the same competitive dynamics that pushes various operators to pursue different business models. If a television channel opts for a Free-to-Air model by financing itself with advertising revenues, a competitor will avoid competing for the same resources, instead offering paid content free from commercials to the segment of viewers more bothered by commercial interruptions. The choice of a paid business model, on the other hand, reinforces the convenience of the former operator in their choice of a Free-to-Air model, since the lack of competition from rivals in the market for TV commercials increases the advertising revenues derived from this business model. The push to limit competition through differentiation of supply also extends to the characterization of the content of individual channels or program libraries according to large market segments (sports,

entertainment, films, TV series) and within each one of them. In conclusion, the vast richness and variety of today's television offer is the result of intense competitive pressures, which pushes media companies to explore new business models and new forms of content and content delivery. The pandemic that has been raging for nine months now has altered the ways people work, study and entertain themselves, and has made a deep impact on the TV industry as well. During the lockdown period, the consumption of video content grew markedly (a +32% increase in consumption of TV and video content occurred in Italy in March 2020). Many users were forced to get acquainted with digital media and the Internet, and consequently the time spent watching streamed video doubled globally between March 2019 and March 2020. The sharp drop in advertising spending also reduced the funding abilities of television networks to the advantage of paid operators, foreshadowing a permanent change in market hierarchies that will be consolidated in future years. Finally, the increasingly important role of the Internet as channel for disseminating content has strengthened the trend towards convergence between content companies and telecommunications operators that had already been signaled by mergers such as ATT-TimeWarner or Sky-Comcast. ■



## THE PAPER

Strategic Differentiation by Business Models: Free-to-Air vs. Pay-TV, by Emilio Calvano and Michele Polo

# als of Television



*While there is unanimity in considering ICT as a green growth factor, the same cannot be said about its impact on sustainability. We need to increase the use of renewable energy for production and extend the life of devices. Including that of smartphones*

by Nicoletta Corrocher @

# Not All That Glitters

ICTs, i.e. the application of ICTs to create environmental benefits, have the potential to decouple economic growth from environmental degradation, generating important socio-economic impacts. Direct impacts concern the design, manufacture, distribution, usage, maintenance and disposal of ICT goods and services by the ICT sector - the so-called 'greening ICT'. At a second level, the impact occurs through the application of green ICTs across sectors, organizations and society - the so-called 'greening by ICT'. Systemic impacts refer to the economic and social structures and behavioral changes based on the large-scale availability and use of green ICT goods and services.

The ICT industry has transformed the way we interact, communicate and work, uncovering opportunities to reduce the human impact on nature. E-commerce, tele/smart-working, and video conferencing have reduced the need for travelling and hence the emission of greenhouse gases. Similarly, wireless sensors and monitoring technologies have allowed the development of



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smart grids, smart homes and smart buildings that optimize energy management. Other examples of environmental benefits from green ICTs concern the improved energy efficiency in the manufacturing, distribution and use of ICT products; the reduced carbon emissions from renewable energy for production and use; a more efficient manufacturing and waste disposal or life-cycle management; new ways of managing firm processes throughout the value chain; and the development of new business models. However, not all that glitters is gold. Despite the positive view of ICTs as enablers of green growth, there is still no consensus about the real impact of these technologies on sustainability. While some scholars highlight the ability of ICTs to improve energy efficiency and reduce renewable energy costs, others focus on the strong connection between the diffusion of ICTs and economic growth, which might even increase energy use and carbon emissions. ICTs reduce carbon emissions through the reduction in energy intensity or through the increased production of renewable

# s is Gold

energies. Recent evidence shows that the net positive outcome is not large, because of a rebound effect: the reduction in energy prices increases energy demand and therefore enhances the competition of carbon-based fuels with new renewables. Since developed and developing economies increasingly rely on ICT devices and services, the need for energy to manufacture and electricity to power the devices increases. As such, ICT can contribute to sustainability only in combination with some form of carbon pricing. From a policy and managerial perspective, there is the need to tackle the most important sources of CO2 emissions: data centers (45% of total ICT CO2 emissions), communication networks (24%) and ICT devices (smartphones in particular: 11%).

Data centers are perfectly suited to operate with solar and/or wind energy combined with a large energy storage for backup and after-hours, since they are centralized infrastructures with a very steady and predictable energy consumption and can be developed in open land and remote areas. The greening of communication networks is more complex, since they are scattered and diverse in their characteristics and energy consumption. A device's footprint depends on its energy production (material extraction and energy consumed during the manufacturing process) and its short usage life, which is particularly problematic for smartphones. Mitigating actions should focus on the use of renewable energies for the production and on the extension of usage life. In this context, managers have the opportunity to play a major role in fostering the greening of the ICT industry, favouring cloud service providers and renewable-powered data centers. At the same time, they should migrate their employees towards high-performance, low-power devices with a relatively long lifetime. ■



## THE PAPER

Green technological diversification of European ICT firms: a patent-based analysis, by Nicoletta Corrocher and Muge Ozman





# The New Face of State Capitalism

*In Western Europe, the experience of state-controlled companies has not ended but has undergone a transformation that presents greater internationalization, increased managerial importance and a change in the ownership structure. But the danger of dirigiste behavior in countries with nationalist and populist traction remains around the corner*

by Andrea Colli @



**T**he multi-decade experience of Western Europe's State Capitalism seemed to come to a definitive end by the end of the 1990s, after a prolonged agony which lasted for more than a decade. In reality, West-European State Capitalism is still very much in place. According to a 2011 OECD research, State-Owned enterprises (SOEs) are still relevant constituencies in the "Old Europe's" corporate landscape, employing around 2.5 million people for a total value of more than 750 billions of USD. Including subsidiaries of whichever nature, European companies 'owned by an ultimate owner' which fall in the category of 'Public authorities, States and Governments' today number around 20 thousand. In addition to this, as an effect of the Covid-19 crisis and of its economic impact, in several countries of the area episodes of re-nationalization of former privatized companies are becoming more and more frequent.

SOEs have however been evolving in terms of ownership and governance structures, organization, degree of internationalization and market strategies.

State-ownership can still be found among companies of every dimension, and almost in every industry. Some are very large employers: Deutsche Bahn, the German railway company, in 2018 had more than 318.000 employees, followed by SNCF, its French counterpart, with 270 thousand employees.

Governments tend to keep a close control over companies considered strategic, with ownership quotas which frequently exceed the 50% of the share capital, normally at the level of the main pyramidal holdings. For instance Airbus, the leader in the production of aircrafts and helicopters for civil and military use, is controlled by a shareholder agreement formed



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of three holdings each one emanation of the governments of Germany, France and Spain. Governments take recourse to public agencies, ministries, and financial and non-financial holdings, banks, or even a mix of them, in order to exert their control together with a variety of control enhancing mechanisms such as shareholders' agreements and pyramidal structures.

Frequently, companies under the control of their Governments are listed too, on the domestic but also on foreign stock exchanges. In both listed and non-listed companies State holdings coexist with a crowd of institutional investors, which include private entities but also, in some cases, sovereign wealth funds and other financial institutions held by foreign governments. This "coexistence" has an impact on the strategic behavior of modern SOEs, which display a much higher degree of internationalization than in the past. Together with the presence of global institutional investors the internationalization of activities is the other consequence of the impact of globalization on the operations of former national champions, which have been progressively transformed into global companies or State-Owned Multi-National Enterprises.

Another crucial area in which deep changes have been and are under way is the nature of top management, far less appointed thanks to (only) political connections and expertise. Professional skills are the norm among Presidents and CEOs, frequently outsiders hired on the job market.

Of course, this situation is not immune to risks, some (as for instance those deriving from operations in areas characterized by high geopolitical instability) common to private companies, some more specific to entities in which governments keep direct, or even indirect, ownership. So far, liberal ideologies allowed companies still under the control of the State to act, to some extent, sheltered from the influence of governments. The persistence of this orientation, however, is not to be taken for granted any longer. The increasing populist and nationalist orientation of Western European governments may be conducive to a comeback of more 'dirigiste' behavior of politicians towards domestic, and also internationalized, SOEs. ■



## THE BOOK

**An innovative country** "We need an innovative country and a state that supports businesses, citizens and associations in promoting innovation, at the service of the development and wellbeing of all of us". This is the thesis that Alfonso Fuggetta places at the centre of *Il paese Innovatore* (Egea, 2020, 200 pages, €20, in Italian), arguing that we must not expect the State itself to manage the issues of innovation, growth and development, as an economic operator.





# If You Don't Follow It



# Seriously, CSR Punishes You

*Changing the financial data communicated in the past, common practice in the US, puts companies that have invested in social responsibility at risk: if it was not an involuntary error, the market will not forgive you*

by Antonio Marra @

The pandemic caused by Covid-19 has led to a more sudden and committed change of pace in terms of corporate social responsibility (CSR), as shown by some recent research in the United States, with more than 60% of Americans hoping for an economy that is socially oriented and attentive to the environment. Globally, 9 out of 10 citizens wish to live in a more sustainable and equitable world after Covid-19, and expect a transformation in their lifestyle rather than a return to the past. This is a strong message, which the top management of large multinationals seem - at least in intentions - to share. The chief executive officers of large multinational companies, including Cisco Systems, IBM, Apple, Amazon, Walmart, JP Morgan Chase, General Motors, Boeing, have already demonstrated with a public declaration of intent that "there is no business if there is no ethics", clarifying that the value produced cannot remain only for the benefit of the shareholders, but must be shared with the subjects who contribute to producing it: employees and customers, together with the whole company and the territory - that is, all the stakeholders. As often happens in the presence of "shocks", the premises now seem to exist in favor of a profound change towards a business vision oriented towards sharing the value generated by business with civil society, individuals and the environment, as a key strategy for giving new life to an economy sorely



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tested by the pandemic. Government institutions at both national and international level also seem to go in this direction, and have identified - in the aid and recovery programs they are launching in recent months - "Green" and sustainable development as a fundamental pillar for investment policies.

We are therefore certainly facing a great opportunity: social, ethical and "environmentally friendly" businesses are an extraordinary challenge, the equally significant risks of which should not be forgotten. Evaluating the CSR and the real "dedication" of a company - beyond mere marketing activities - is not an easy task and hides many pitfalls, even for the companies themselves. Opportunistic and unethical behavior risks having a profound impact on the company as a whole, creating reputational damage.

In this sense, a useful indication comes from the economic-financial literature that has described, in general, corporate social responsibility (CSR) as a factor capable of improving the perception of the company on the market, thus considering it a driver of value. This is a hard-earned reputation premium that, if not respected, investors are no longer willing to pay.

Of interest is what happens on the capital market in the case of communication by the companies of c.d. restatements - a fairly common event in American practice which consists in retrospectively "modifying" the financial data communicated in previous years. Such changes may be due to involuntary errors - or fraudulent managerial behavior. In the case of changes due to involuntary errors, companies with higher levels of CSR are penalized less by the market (CSR protects the company).

If, however, the change to the financial data is substantiated by the effect of fraudulent managerial attitudes, the loss of trust generates a negative effect of greater intensity. These companies betray their ethical mandate and the very essence of CSR and are punished by the market which essentially sees an implicit pact with the company being broken: that of setting a good example. ■



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*A responsible nationalism, stripped of right-wing dialectic, can also serve the progressive cause, writes Yael Tamir in her latest volume. Let's not forget that this was the basis of the social welfare state*



# Nationalism Is Here to Stay, and Can Solve Problems Instead of Causing Them

by Jennifer Clark @

**N**ationalism is back on the political stage, exploited by populists and authoritarian governments. But in reality it never went away. It underpins our democracies and helped create the welfare state. In *Why Nationalism*, Israeli activist, politician and Adjunct Professor at Oxford's Blavatnik School of Government Yael Tamir explains why and how progressive parties can re-claim nationalism from the right and harness it for the sort of shared solutions governments need right now.

→ *Let's take a step back to look at understanding nationalism, which has been responsible for some of the worst events of the 20th century. How do you define it?*

Nationalism is a very complex cluster of ideas that is not easy to define. This family of ideas gives great importance to the fact that people gain meaning in their lives by being affiliated with their cultural and identity group, and feel they have an obligation towards that group. Political theorists are interested in nationalism because it has underpinned the modern state and therefore it became a political ideology, and not only an ideology about personal identities. An ideology about how to run political institutions.

→ *Your book *Why Nationalism* argues that modern democracies need nationalism, and that nationalism can be used for progressive ends. You write that "nationalism is here to stay." How can we "tame" it against some of its more dangerous aspects?*

I think it is possible. Joe Biden is doing it right now beautifully by waving a sign saying "Buy American." That is certainly not something a globalist would say! This is economic nationalism, and it's gaining popularity all over the place. And I think this is a good sign. It means that progressive forces are now taking a nationalist stand. It's a kind of responsible patriotism. There is also growing interest in national social

Yael Tamir is president of Shenkar College of Engineering and Design and adjunct professor at the Blavatnik School of Government at the University of Oxford. A founder of the Israeli peace movement, she is a former Labor Party member of the Knesset and formerly served as Israel's minister of education and minister of immigration absorption

services: like health, education, emergency system.

→ *You write that "liberalism lacks the tools" to challenge or meet nationalism. What do you mean by that?*

One of Barak Obama's last speeches said with pride that "we have lifted billions out of poverty," which is true. But he wasn't able to see that many frustrated middle class Americans were saying: "but what about us?" I am not saying we should forget about the poor outside our countries. But directing attention internationally without expressing understanding to the suffering and needs of your own people makes them feel forgotten. In advocating for the worst off around the globe, you may forget about the worst off in your own country. If you don't want to see them, they don't want to see you.

→ *What can governments do to sort of "take back" nationalism from the right?*

They can do what Biden is doing, what Macron is doing, all the Nordic states are doing, and New Zealand. Don't forget that nationalism was one of the bases of the welfare state. A welfare connected with caring for whoever is a member of our community, together with caring about the future. We are seeing a very interesting move towards governments paying attention to the things we care about, and the people we care about. And those who do it well will control the pandemic better, and gain public trust because of that.

→ *You write that "Liberals would like us to believe that nationalists are morally inferior to globalists. They currently ignore the strong correlation between social class and political preferences." Why are people reluctant to talk about social class now?*

First of all I think the reluctance to talk about social class has a lot to do with the individualization of identity. You are poor, but you are not part of a class. You are a woman, but you are not part of a gender. I



think it is a way of dismantling the power of individuals. Individualization is a weakening strategy. And I think this is what nationalists understand very well. They understand the fact that being together, under one umbrella, is an empowering act. And I think that's why nationalism is also important for democratic purposes. Unless we are able to work together, we are unable to gather the power of the group to achieve some of our goals.

→ **What do you make of the Covid-19 pandemic? Does it have any impact on the way that the right is using nationalist arguments?**

Covid-19 has emphasized the importance of the nation state. It doesn't matter if you are a socialist or a libertarian, a Euro-centrist or a Eurosceptic - every state around the globe took the national stand, closed its borders and took care of its own citizens. Who are "we" and who are the "others" became very clear. The "others" are the people who live outside our borders, even if it is not the most logical way of dividing the political map. This shows that when there is a crisis, it is very easy for nation states to recapture their power and become very significant again. The Coronavirus pandemic may trigger a social and political change; encourage the formation of civic collaboration and a cross-class coalition and strengthen state intervention for the common good.

→ **Is populism still on the rise, or is it a spent force?** "Populism" was the Cambridge Dictionary's Word of the Year in 2017. But I am wary of that word. We use it to define something we don't like. When Trump won the election in 2016, a group of people that had felt silenced were heard. That's not populism - the demand to be heard is a decent democratic demand. When someone wants to discredit that, it is easy to say "they are narrow minded, they are bigots, this is populism." I don't think it is effective. I think actually the populism terminology blocked the political dialogue because it was just a way of dismissing people. For me, the growing public involvement of people taking to the streets like we have seen in Israel and in the US is a kind of populism. People are saying "I have to do something about it." And they fight for the political sphere and they want to be influential.

→ **What if Trump had won this election? What does his thinking say about nationalism and our world today?**

I disagree with everything he says, but I think Trump has great intuition about those people who are lacking a voice. He realizes that while progressive forces did so much to empower or make minorities be heard, the majorities lost their confidence. And that is an important lesson from Trump and what we see in Israel and everywhere. Majorities took it for granted they are going to govern. And when they start losing that power, nobody represented that fear. Some of that fear is unjustified, because you can't expect to be dominant all



## THE BOOK

### The reasons for nationalism

Nationalism has today resurfaced all over the world, often showing its most alarming face. In *Le ragioni del nazionalismo* (Egea, 2020, 208 pages, €20, in Italian) Yael Tamir presents us with a passionate argument in favour of a nationalism made up of participatory, creative and egalitarian virtues, capable of responding to many of the problems generated by neoliberalism and globalisation and of positioning itself as an essential element for a modern democracy.



of your life. But some of this fear is justified when related to losing your livelihood or the ability to take care of your children. Even though Trump has lost, the lesson is that there are many people in America, Israel, and elsewhere who still feel a discomfort that is not being answered by democratic progressives.

→ **In what way can this more moderate nationalism you argue for help ease the sense of helplessness or frustration created by the effects of globalization?**

We are seeing a major change in economic policies around the world. I was in government for many years and I remember the most important criteria for economic success was the debt-to-GDP ratio. This has now changed. The state now needs to invest in its citizens. That's the criteria for a successful state. Questions like social justice, social economic gaps, and all these things are now on the table. This offers a language for a new dialogue. So I don't think we have seen the end of it. We are in the middle of the virus crisis. The EU is allowing member states to increase their debt.

→ **Now states can start asking, "where do we spend?"**

Health, education, emergency systems, closing the gaps. The "we have no money" era is over, and also the invisible hand is over. And now it's about distribution. Distribution calls for political participation.

→ **So you think the "invisible hand" of the market is over?**

I think it's totally over. States will protect themselves, communities will protect themselves. Nobody will trust the market. This is clear from the response to Covid-19. To recover from this crisis, market forces cannot govern the day, because that means that 30-40% of the population will not survive the crisis. Maybe I am going too far, but I don't think market forces will be part of the dialogue now. It will be about the welfare state. ■



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