

**EUROPE**  
Between Power  
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Places and People:  
Who Benefits

**ADAM SMITH**  
What We Have Learnt  
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**STEVE JOBS**  
Diego Piacentini Tells the  
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BOCCONI UNIVERSITY, KNOWLEDGE THAT MATTERS

ISSUE 2 - 2026



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The kintsugi effect: why imperfection drives better decisions



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## Bocconi: the European choice for the UK's top students



There's one indicator, less conspicuous than others but often more reliable, that measures a university's reputation: the ability to attract students from all over the world who have every option at their disposal. An indicator that for Bocconi is now summed up in a single number: two-thirds of applications for the 2026/27 academic year are from international students, with French students retaining top spot and with students from the UK or those who have studied in British schools now representing the third largest group of applicants after Turkey. In recent years, in fact, undergraduate applications have risen by 43%, with a 111% increase in international students and, notably, a 175% rise in applicants from the UK. This is not a spike: it is a trajectory.

According to the Independent Schools Council's 2025 Census, 7% of pupils at British independent schools now choose to study abroad, and Bocconi is the leading non-UK university destination. This figure does not signal a decline for Oxbridge — which still attracts around 4% of students— but rather confirms that mobility has become a structural element of higher education. The British system remains rock-solid. The 'British Ivy League' — the Russell Group — continues to be a global benchmark, as do Oxford, Cambridge, LSE and Warwick. But the behavior of a segment of the top students is changing: they are more mobile, more aware, more strategic. In this context, Bocconi has established itself as a strong and coherent choice. Programs with a solid quantitative foundation, clear academic paths, strong links with the job market, and a truly international environment. Studying in English outside an Anglo-Saxon context now means acquiring distinctive skills.

Milan also matters, as it is increasingly perceived as a European hub closely connected to the other main economic hubs. And value matters too: in the UK, costs and student debt have made the relationship between investment and return more explicit.

The result is clear: the presence of British students is growing and, above all, the quality of demand is rising. This is not a substitution, but an expansion of choice. And it is in this space that Bocconi has clearly found its place.

*Francesco Billari, Rector*

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# When Jobs Returned to Apple

*From the crisis of the mid-1990s to the founder's return home: in the preface to Geoffrey Cain's book Exile, Diego Piacentini offers an inside look at Apple's most fragile and decisive moment*

by **Diego Piacentini**



**P**aris, 1996. I think it was spring. Gil Amelio had become CEO of Apple a few months earlier and was making the rounds of its global headquarters. I had accompanied some Apple Center owners and a couple of Italian corporate clients. I remember it well: Amelio entered the meeting room in a suit and tie, probably

**DIEGO  
PIACENTINI**  
*Founder View  
Different,  
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**STEVE JOBS**  
*Founder of Apple*

to reassure European enterprise clients of his seriousness. No one had ever seen Apple executives in suits and ties. But it was the content of the two meetings (one with European dealers and one with enterprise clients) that really worried me. Amelio was trying to reposition Apple as a middleware technology company. A strategy that,

frankly, was incomprehensible. Amelio managed in one fell swoop to disappoint enterprise customers by communicating an inconsistent strategy and disorienting the sales channel. Apple, the company that had invented the modern personal computer, created desktop publishing, brought color and sound to computers when others still ran DOS, was trying to sell itself as a middleware supplier?

## **CHANGE OF DIRECTION**

This is the strategic confusion that Cain accurately describes in the book: a CEO perhaps technically competent in the world of microprocessors, capable of cutting costs, but totally incapable of understanding the core identity of Apple, both internally and for its customers.

I was so ashamed of that meeting that I didn't know how to justify it to the Apple resellers I had brought to Paris. For the first time in almost ten years, I decided to look around for another job. It was an irrational decision, almost entirely emotional. Frustration had taken precedence over judgment. A few weeks after that meeting, I accepted the offer to become General Manager of Olivetti Italy.

## **APPLE'S COUNTEROFFER**

Fate and my wife Monica saved me from what would have probably been the worst career move of my life. After I accepted the position at Olivetti, Apple made a counteroffer: George Scalise (then Executive Vice President and Chief Administrative Officer, Amelio's right-hand man) came from Cupertino specifically to convince me to change my mind, proposing me a promotion to a European role. The day after that meeting, Monica showed up for breakfast wearing a hat with a multicolored apple. She kept it on all day. She didn't say anything. It wasn't necessary. I didn't leave Apple. Confirmation that I had made the right

choice came a few weeks later: the CEO of Olivetti, the man who would have been my direct boss, announced his resignation. I recount these episodes to give you a sense of how desperate the situation was at the time. I was on the verge of becoming a manager at an Italian IT company that, that same year, would sell its entire PC division: the descendant of that Olivetti, which, in 1965, had invented the world's first personal computer, but thirty years later was no longer economically and technologically competitive with the US and Asia. Or I could have ended up absorbed into an acquisition by IBM.

## **I WAS ON THE VERGE OF BECOMING A MANAGER AT AN ITALIAN IT COMPANY THAT, THAT SAME YEAR, WOULD SELL ITS ENTIRE PC DIVISION**

## **MANAGING DOWNSIZING IN EUROPE**

In my new role as Head of Sales Europe, while still leading Apple Italy, I reported directly to Jan Gesmar-Larsen, the General Manager of Apple EMEA. It was 1996, and the company was in free fall. One of my main tasks, among the most difficult I had ever faced, was managing a significant downsizing of European sales operations. There's no elegant way to describe what it means to tell competent and passionate people that their job is no longer there. Especially when those people had believed in Apple at a time when trust in Apple was far from a given.

It was during that period that I began to witness firsthand the conversations that would shape the future of Apple—and, unbeknownst to anyone at the time, the tech industry as a whole.

The first deal we were informed about involved Jean-Louis Gassée and his company Be Inc. Gassée had left Apple in 1990 after a clash with Sculley. Through Be, he had built BeOS, a modern and technically elegant operating system. Amelio was desperately looking for a new operating system for Apple: MacOS had become obsolete, it wasn't multitasking, and was full of bugs; users had to reboot their Macs multiple times a day. MacOS, after years of technological supremacy and ease of use,

**JOBS HAD LITTLE PATIENCE FOR PEOPLE WHO TOLD HIM WHAT THEY WOULD LIKE TO HEAR. PERHAPS I HAD PASSED HIS FIRST TEST WITHOUT KNOWING IT**

was unable to compete with a new product, albeit riddled with flaws, like Windows 95. Gassée knew he had something valuable, and asked for a sum that Amelio wasn't willing to pay. The deal fell through on price. Then Steve showed up one day.

## THE RETURN OF STEVE JOBS

[...] I followed that deal from afar, through internal channels, in the rumors circulating in the European offices, and in phone calls with colleagues in Cupertino. I remember the clear feeling that something extraordinary was about to happen, not so much for the financial value of the operation, but for its symbolic significance. Steve Jobs was about to return to the home from which he had been kicked out eleven years earlier. And he was doing so by bringing NeXTSTEP with him: the operating system that, as Cain documents in the chapter "Foundations," had been born precisely from the frustration of not being able to realize within Apple that radically new machine he had in mind. There was something fascinating about all this. The man Apple had exiled was returning with the solution to the problem Apple had been unable to solve without him.

[...] Jobs's return was inevitably brutal. In a few weeks, he laid off around 4,000 people, 30% of the entire organization. The entire C-suite was wiped out. The only exception was Fred Anderson, the CFO: one of the very few survivors, who remained because Jobs recognized in him the financial nous needed to keep the company afloat while he was rebuilding it. The board was almost entirely replaced. Out went the old directors from the Amelio era, and in came people handpicked by Jobs: Larry Ellison of Oracle, Bill Campbell of Intuit, Jerry York, former CFO of IBM and Chrysler.

[...] In Europe, it fell to me to carry out the second part of that restructuring: the

**JOBS'S RETURN WAS INEVITABLY BRUTAL. IN A FEW WEEKS, HE LAID OFF AROUND 4,000 PEOPLE, 30% OF THE ENTIRE ORGANIZATION. THE ENTIRE C-SUITE WAS WIPED OUT**

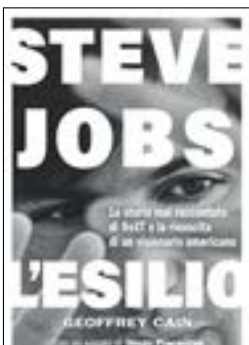
downsizing as General Manager of the whole of Apple EMEA, on an even larger scale than what I had already done as Head of Sales. But there was a more personal problem I needed to address.

## HOW I MET STEVE

[...] I decided not to wait. Toward the end of September 1997, Steve had convened the first Top 100 Managers Meeting in Cupertino, bringing together the company's most important executives from around the world. I asked his assistant to meet with him, and to my surprise, Steve agreed to meet with me for fifteen minutes. I confronted him directly, without preamble: I wanted to know if he had already decided whether I was a problem to be done with or someone who could contribute to the solution. Jobs looked at me and replied with equal honesty: "I don't know yet. I only know you are a finance guy."

It wasn't a compliment. But it wasn't an excommunication, either.

I had the feeling, in that moment, that he liked my direct style, perhaps a little disrespectful according to anyone else's standards. Jobs had little patience for people who told him what they would like to hear. Perhaps I had passed his first test without knowing it.



**THE BOOK.** Drawing on previously unpublished material and interviewing some of the key players and collaborators, **Geoffrey Cain** reveals the untold story of Steve Jobs's "lost decade"—the formative years that shaped the icon we thought we knew. Cain offers the definitive account of how failure transformed a bold young prodigy into the genius who would revolutionize people's relationship with technology (and our everyday lives). The Italian edition of the book (*L'esilio, Steve Jobs: The Exile, Egea, 2026*) includes an introductory preface by **Diego Piacentini**.

**[BALANCE OF POWER]**



# **The Myth of Perfect Proportionality**

*A Bocconi study challenges the "law" governing the distribution of power in coalition governments*

**by Barbara Orlando**

In European parliamentary democracies, the scene has repeated itself for decades: after elections, parties negotiate the formation of a government and divide up ministerial posts. It is a dynamic that, at least on paper, seemed to follow a simple, almost mathematical rule: the more seats you have, the more power you get. Yet what has long been considered a "law" of politics for over half a century may be far less solid than previously thought.

Calling into question one of the pillars of political science is a new study published in *Political Analysis*, titled "*Refining Gamson: The Isometric Log-Ratio Transformation and Portfolio Proportionality in Multiparty Governments*," by **Lanny Martin** (Bocconi University) and **Georg Vanberg** (Duke University). The conclusion is clear: the distribution of power in coalition governments is less proportional than commonly believed, more unstable and far more influenced by political context.

## THE "LAW" THAT WASN'T A LAW

Since 1961, when American sociologist William Gamson formulated his theory, the so-called Gamson's Law has dominated the study of coalitions: parties receive cabinet ministries in proportion to the seats they hold in



**LANNY MARTIN**  
Full Professor of Political Science, Bocconi University

parliament. This intuitive, almost self-evident idea has been confirmed over the years by dozens of empirical analyses.

But according to the authors, the problem lies precisely in how those analyses were conducted. "For years, we took for granted that the relationship was linear and stable," explains Lanny Martin, Professor of Political Science at Bocconi University. "In reality, we were using statistical tools that are not suited to the type of data we are analyzing. "The issue is technical but crucial: both seats and ministries are "shares," parts of a whole that must always add up to 100%. This means they are not independent of one another, but interconnected. Ignoring this — as is often done — leads to distorted results.

## A METHODOLOGICAL ERROR THAT CHANGES EVERYTHING

The study introduces a new approach based on the so-called ILR (isometric log-ratio) transformation, already used in other fields but never before applied to political science. Put simply, traditional models treat the data as if each party were independent.

But in a coalition government, this is not the case: if one party gains a ministry, another must lose one.

"It's a zero-sum system," Martin says. "If you don't model it correctly, you end up seeing regularities that are actually statistical artifacts."

The authors' simulations show that traditional methods produce systematic errors: they overestimate proportionality and fail to capture differences across governments.

**BOTH SEATS AND MINISTRIES ARE "SHARES," PARTS OF A WHOLE THAT MUST ALWAYS ADD UP TO 100%. THIS MEANS THEY ARE NOT INDEPENDENT OF ONE ANOTHER, BUT INTERCONNECTED**

## [BALANCE OF POWER]

### WHAT HAPPENS IN REALITY

Applying the new method to a large dataset — 910 parties in 308 governments across 16 parliamentary democracies — reveals a very different picture.

The most striking result concerns proportionality: instead of the near “perfect” ratio estimated in the past, the relationship between seats and ministries is weaker. In practical terms, a 4% increase in seat share corresponds, on average, to only about a 3% increase in ministerial posts. And that’s not all.

The presumed stability of the relationship disappears. “There is no universal rule that always holds,” Martin notes. “What we find is substantial variation: some governments are almost perfectly proportional, others much less so.” In numerical terms: of the 308 governments analyzed, 148 show significantly lower proportionality than traditional estimates, while only 17 appear more proportional.

### THE HIDDEN ADVANTAGE OF SMALL PARTIES

One of the most interesting implications concerns smaller parties. In the past, scholars had already identified a “bonus” for small parties in coalition bargaining. The new study suggests that this effect is even stronger than previously thought. With weaker proportionality,

### THE PAPER.

Refining Gamson: The Isometric Log-Ratio Transformation and Portfolio Proportionality in Multiparty Governments, by Lanny Martin and Georg Vanberg.

smaller parties manage to secure more ministerial posts relative to their parliamentary weight, while larger parties face a relative penalty. “The system is not neutral,” Martin emphasizes. “It systematically favors those with fewer seats, especially in complex bargaining contexts.”

### THE END OF A CERTAINTY — AND NEW QUESTIONS

The implications go beyond this specific case. If one of the most established regularities in political science turns out to be partly illusory, it raises the possibility that other findings may also depend on the tools used to obtain them. According to the authors, the proposed method can be applied to many other areas: from electoral competition to public spending allocation, and even media analysis. But above all, it changes how we interpret coalition politics. “Gamson wasn’t wrong,” Martin concludes. “But it’s not a law. It’s a tendency — and like all tendencies, it depends on context.”

**WITH WEAKER PROPORTIONALITY, SMALLER PARTIES MANAGE TO SECURE MORE MINISTERIAL POSTS RELATIVE TO THEIR PARLIAMENTARY WEIGHT, WHILE LARGER PARTIES FACE A RELATIVE PENALTY**

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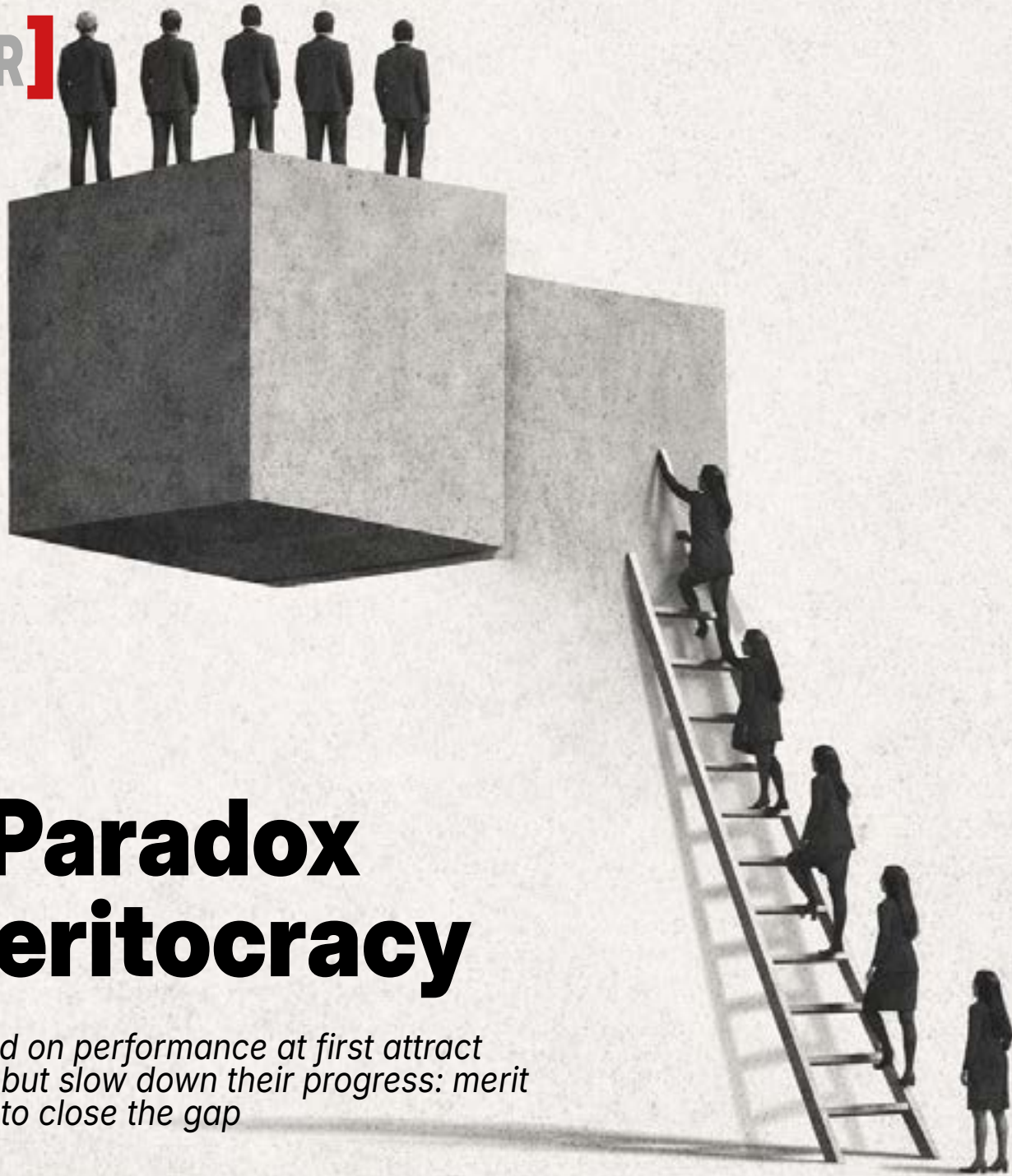
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# The Paradox of Meritocracy

*Systems based on performance at first attract more women, but slow down their progress: merit is not enough to close the gap*

by Mariya Todorova

Women enter the workforce in large numbers but remain underrepresented in leadership. In the EU, they account for 46.4% of employment but only 34.8% of managers — and less than 10% of CEOs in large listed companies. A similar pattern is observed globally. One widely embraced answer is meritocracy. The idea — reflected, for example, in recent EU initiatives — is that if hiring and promotion are based on

transparent, performance-based criteria, gender disparities should naturally disappear. If the best performers rise, outcomes should be fair. But do meritocratic systems work as expected?

## PERFORMANCE CULTURE AND THE FEMALE PIPELINE

While many firms are actively trying to increase the share of women in their workforce, the mechanisms that shape women's career progression remain poorly understood.

In our study, *Does a High-Performance Culture Fix the Leaky Pipeline? A Closer Examination of Performance-Driven Talent Management Practices*, we examine how performance management systems influence hiring, promotion and retention. A key feature of many modern organizations is a "high-performance culture," where employees are systematically evaluated, ranked, rewarded and promoted based on measurable outcomes. These

## IN THE EU, WOMEN ACCOUNT FOR 46.4% OF EMPLOYMENT BUT ONLY 34.8% OF MANAGERS — AND LESS THAN 10% OF CEOs IN LARGE LISTED COMPANIES

performance-driven talent management practices are designed to identify top performers and reward them, while removing or reassigning lower performers. Such systems should reduce bias and support gender equality: by tying advancement closely to observable performance, they promise a level playing field where decisions are less influenced by subjective judgment or discrimination. Yet we find evidence of a more complex reality. Firms that rely more heavily on performance-driven talent management practices tend to attract more women into junior roles. These environments signal fairness and opportunity, making them appealing to ambitious early-career professionals. However, this initial advantage does not seem to persist. As employees move up the corporate hierarchy, the share of women declines more sharply in these firms. In other words, the pipeline starts strong but becomes “leakier” at higher levels.

### THE PARADOX OF PROMOTIONS

Crucially, our results unveil that this pattern is not primarily driven by women leaving these organizations. Instead, it reflects differences in advancement. Women in performance-driven environments are, on average, less likely to be promoted into senior roles. They are also less likely to be hired into senior positions. The result is a



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paradox: systems designed to reward merit may still produce unequal outcomes. Why might this happen? The answer lies in factors that go beyond formal meritocracy. High-performance systems often reward constant availability, long working hours and uninterrupted career paths. For female employees, these expectations may align with early career stages but can become harder to sustain over time, particularly when women take on greater responsibilities outside of work, such as family and childcare — responsibilities that still disproportionately fall on women.

### BEYOND PERFORMANCE: HIDDEN BIASES AND NORMS

At the same time, what counts as “high performance” is also not entirely neutral. In many high-performance cultures, advancement depends not only on results but also on how those results are demonstrated. Traits such as assertiveness, self-promotion and competitiveness — often associated with traditional masculine norms — tend to be more visible and more strongly rewarded. This can systematically advantage men, while disadvantaging women who may be less inclined, or less encouraged, to engage in these behaviors, especially in competitive and male-dominated environments. When it comes to women’s representation throughout the corporate hierarchy, focusing solely on performance metrics without considering how they are defined, evaluated and experienced may unintentionally reinforce the very gaps they are meant to close. Understanding how organizations evaluate, promote and support employees is essential to fixing the persistent — and often hidden — leaks in the pipeline to leadership.

**THE PAPER.** Does a High-Performance Culture Fix the Leaky Pipeline? A Closer Examination of Performance-Driven Talent Management Practices, by Isabella Grabner, Thomas Keusch, Mariya Todorova



# The Power of Framing Questions

*AI assistants don't just provide answers: they shape decisions by determining which options to present and in what order, often before we even realize it*

by **Martino Banchio**

**T**ry asking an AI assistant to recommend a restaurant. Instead of answering, it will ask you if you prefer meat or fish, if you are looking for something elegant or informal, if you have a budget. All reasonable questions, and yet, in the

end, you will have the distinct feeling that it was not you who chose the restaurant. It was the assistant, with its incessant questions, that has chosen for you.

We often focus on the quality of answers, but today the real power lies in the questions. In

a recent study with colleagues from Stanford and Reddit, we build on this insight that is familiar to many users of ChatGPT and similar tools. AI assistants do more than provide answers: they channel, select what to show us, in what order and how to structure

## ARE WE CERTAIN THAT AI'S OBJECTIVES ALIGN WITH OUR OWN? DO THOSE WHO MONETIZE THROUGH ADVERTISING HAVE AN INTEREST IN SHOWING US THE BEST RESTAURANT OR THE ONE THAT HAS PAID THE MOST?

the space of possibilities. And this power of steering is enough to shape the outcome of our conversations and our decisions.

So far, nothing alarming. On the contrary, if AI truly has our interests at heart, this mechanism is remarkably effective. An assistant seeking our ideal restaurant is a powerful ally. But can we be sure that AI's objectives align with our own? Do those who monetize through advertising have an interest in showing us the best restaurant or the one that has paid the most? Are platforms that benefit from user engagement interested in helping us reach the right choice or prolonging the conversation? The same mechanism that, when interests are aligned, guides us towards the best decision can, when they diverge, lead us elsewhere.

### CONTROLLING THE OPTIONS

However, AI assistants cannot choose for us. Even when interests are misaligned, the final decision remains with the user, who evaluates and selects from the options presented. The power of these platforms lies in controlling which options to present and in what order. This power has clear limits, forcing AI to decide how to steer a conversation without fully knowing the preferences of the person it is engaging with.



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### RANDOMIZATION

For this reason, our research shows that an algorithm that always follows the same logic is fragile. Consider a waiter who always starts by recommending the most expensive dish: some

customers may be persuaded, while others will simply disregard the suggestion and choose independently. The solution, counterintuitive as it may seem, is randomization. Varying the order of questions and recommendations is essential precisely because the user's preferences are unknown. In this context, randomness is not a flaw; rather, it is the only way to ensure a minimum level of effectiveness regardless of the interlocutor's tastes.

This has direct implications for the call for full algorithmic transparency, a topic that dominates public debate. Our research suggests that a fully predictable algorithm is also systematically fragile, unable to adapt to our unpredictability. The implications extend far beyond the restaurant example. When an AI assistant selects and orders sources to answer a question about current events, it is shaping the path through which we form our opinions. When it recommends us products in an online shop, the order of the presentation already acts as a persuasive device.

### A CHOICE MADE AT THE START

Regulating the content produced by algorithms is necessary, but not sufficient. It may be even more important to ask who designs the architecture of conversations, with what objectives and under what constraints. And this must be done with the awareness that a degree of unpredictability is an essential condition for their proper functioning.

The next time an AI assistant asks whether you prefer meat or fish, remember that the most important choice has already been made: which questions to ask you, and in what order.

**THE PAPER.**  
Controlling the  
Conversation, by  
Martino Banchio  
Bocconi, Bing Liu,  
Andres Perloff



# Stories of Failure Get Told (More Than Success Stories)

*An international study involving Bocconi University reveals a surprising mechanism: in conversations, we tend to “calibrate” what we share not to look good, but to protect other people’s feelings*

by Joachim Vosgerau

When a friend tells you they didn’t get the job, do you mention that you did? Most people instinctively know the answer — and new research published in *Organizational Behavior and Human Decision Processes* explains why. A major multi-institution study, which I co-authored, reveals that people systematically shape

## THE PAPER.

Responses to Outcome Disclosure: People Asymmetrically Disclose or Hide Their Outcomes to Protect Others’ Emotions, by Emily Prinsloo, Irene Scopelliti, George Loewenstein, Joachim Vosgerau

what they share about their own successes and failures based not on self-interest, but on a desire to protect how others feel.

The paper, *Responses to Outcome Disclosure: People Asymmetrically Disclose or Hide Their Outcomes to Protect Others’ Emotions*, was co-authored with **Emily Prinsloo** (Rice University),

**Irene Scopelliti** (Bayes Business School, City St George, University of London) and George Loewenstein (Carnegie Mellon University). Across nine studies involving 8,229 participants — including controlled experiments, open-ended written responses and 473 live conversation dyads — the research team uncovered a consistent and previously undocumented pattern in how people respond when others share personal news.

## WHAT THE RESEARCH FOUND

Prior theories of disclosure have focused largely on the person who initiates a conversation. This research examines the responder — the person who, after hearing someone else's news, must decide what to reveal in return. The results challenge longstanding assumptions that such decisions are primarily about managing one's own image. The study identifies three key patterns. First, people strongly prefer to disclose outcomes that match the other person's. If a colleague shares a rejection, respondents are far more likely to share their own rejection than their acceptance. Second — and more revealingly — this matching tendency is not symmetric: people are significantly more inclined to share matching failures than matching successes. Disclosing

a shared failure is perceived as emotionally supportive, normalizing a difficult experience; disclosing a shared success, by contrast, adds little emotional value and may even deflate the other person's mood. Third, when outcomes do not match, people are more willing to share bad news following someone's good news than to share good news following someone's bad news. The anticipated emotional harm of disclosing a success to someone who has just failed is a powerful deterrent — one that overrides the natural reciprocal impulse to share.

## BEYOND WHETHER TO DISCLOSE — HOW PEOPLE DISCLOSE

The research goes further by examining not just whether people disclose, but how. When participants chose to share positive news in response to someone's failure, they wrote longer messages, were more likely to offer help or advice and frequently used apologetic language — attributing their success to luck or external factors. Some participants in live interactions even chose to deceive, omitting or misrepresenting their outcome entirely to avoid causing distress. Timing also mattered: non-matching disclosures were significantly more likely to be delayed, with responders first



**JOACHIM VOSGERAU**  
*Professor of Marketing,  
Bocconi University*

offering emotional support before — or instead of — revealing their own news.

## IMPLICATIONS FOR ORGANIZATIONS AND EVERYDAY LIFE

The implications extend well beyond individual relationships. In organizational settings, these patterns may explain why employees hesitate to share career successes with peers who have recently missed a promotion, or why teams find it difficult to celebrate wins openly during periods of collective struggle. Understanding these dynamics can help leaders design environments where both successes and setbacks are discussed more openly and authentically. The research also found that these patterns were robust across relationship types — acquaintances and close friends, peers and supervisors — and across domains including health, career and financial outcomes. Crucially, the effects were stronger when participants reported liking their conversation partner, confirming that empathy, rather than strategic impression management, is the primary driver.

**DISCLOSING A SHARED FAILURE IS PERCEIVED AS EMOTIONALLY SUPPORTIVE, NORMALIZING A DIFFICULT EXPERIENCE; DISCLOSING A SHARED SUCCESS, BY CONTRAST, ADDS LITTLE EMOTIONAL VALUE AND MAY EVEN DEFLATE THE OTHER PERSON'S MOOD**



## What NASA Teaches Us About the New Economy of Jobs

*From astronauts to AI experts, more and more job profiles are emerging that lack an established professional identity. A study shows how individuals build a professional identity without existing benchmarks*

by **Barbara Orlando**

**S**tudying the origins of the space age and its players can help us understand the birth and evolution of new occupations in today's world. In 1958, becoming an astronaut didn't mean entering a profession. It meant inventing

it. There were no standards, no training programs, no shared identity. And above all, an element that economic theory had always considered central was missing: the comparison with other professions. No other profession did anything similar, so there was no way to

differentiate one's profession from other lines of trade. This paradox is the starting point of the study *Occupational Identity Formation in Unsaturated Spaces: The Layered Accretion of the American Astronaut's Identity* by **Evelyn Micelotta** (University

# [PROFESSIONAL IDENTITY]

of Vermont), **Giulia Cappellaro** (Bocconi University), **Claudia Gabbioneta** (University of York), and **Michael G. Pratt** (Boston College), published in *Administrative Science Quarterly*: how is a professional identity formed when there is no competitive ecosystem? The answer, based on an extremely extensive historical analysis — conducted over 24,000 pages of materials including NASA archives, interviews and autobiographies — is counterintuitive: not by differentiation, but by stratification.

## ACCRETION, RATHER THAN DIFFERENTIATION

Existing literature holds that a profession is born by defining itself against other ones. But in the case of astronauts, this mechanism does not exist. "When you don't have another group to distinguish yourself from, then the problem becomes internal: it matters who we are, before who we are not," explains Giulia Cappellaro, Associate Professor of Public Governance at Bocconi. Astronauts solve this problem by starting from what they already know. The first seven — the famous Mercury Seven — were selected from military test pilots in 1959. This became their "proto-identity." But it didn't remain unchanged: it was adapted, negotiated, transformed. In the space of a few years, the profession evolved through three phases and multiple entry cohorts: the initial seven



**GIULIA CAPPELLARO**  
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### THE PAPER.

Occupational Identity Formation in Unsaturated Spaces: The Layered Accretion of the American Astronaut's Identity by Evelyn Micelotta, Giulia Cappellaro, Claudia Gabbioneta and Michael G. Pratt

US astronauts (the Mercury Seven) were joined by nine in the second selection (1962), 14 in the third (1963), and further groups, up to a total of 65 astronauts analyzed in the study.

As the complexity of missions increased — from individual flights to multiple crews to the moon landing — the required skills also changed. First came the engineer. Then the scientist. But not all these identities carried the same weight.

## WHO REALLY MATTERS

The core of the astronaut identity has remained the pilot. Engineers were integrated because they are needed: the Gemini and Apollo missions required advanced technical skills, and in fact recent cohorts have much higher levels of education, often with advanced degrees in engineering. Scientists, on the other hand, joined later and under external pressure, particularly from the National Academy of Sciences. "It's not a harmonious fusion," says Cappellaro. "It's a hierarchy. Some identities are integrated, others remain marginalized." The fact is clear: even after NASA opened positions for "scientist astronauts" in 1965, they remained a minority (six in the first group) and were often excluded from the most central roles, such as mission command. The hierarchy is informal but rigid. The order of entry matters, the background matters, and above all, alignment with the original core of skills.

## THE REAL POINT: IT'S NOT JUST HISTORY

The paper's strongest contribution lies not in its historical reconstruction, but in its relevance for today. More and more professions today arise in conditions

**WHEN YOU DON'T HAVE ANOTHER GROUP TO DISTINGUISH YOURSELF FROM, THEN THE PROBLEM BECOMES INTERNAL: WHAT MATTERS IS WHO WE ARE, BEFORE WHO WE ARE NOT**

**THINK ABOUT AI EXPERTS IN COMPANIES. THERE'S NO SHARED MODEL OF WHAT THEY SHOULD BE. THEY COME FROM DIVERSE BACKGROUNDS — ENGINEERING, MATHEMATICS, BUSINESS — AND MUST BUILD AN IDENTITY WHILE THE JOB ITSELF IS BEING DEFINED**

similar to those faced by early astronauts. Not in saturated markets, but in "unsaturated spaces," where consolidated roles and defined identities do not exist. The paper explicitly cites contemporary examples: sustainability managers, diversity managers and social responsibility experts, roles born out of regulatory or social pressure rather than the internal evolution of traditional professions. Today, the world of artificial intelligence is added to these. "Think about AI experts in companies," Cappellaro observes. "There's no shared model of what they should be. They come from diverse backgrounds — engineering, mathematics, business — and must build an identity while the job itself is being defined." But let's also consider universities, where new academic fields are being introduced and new faculty profiles recruited — leading to a stratification of the identities of academics at the organizational level.

### **IDENTITIES UNDER CONSTRUCTION**

In these contexts, the problem isn't differentiation, but coordination of various identities. Is the person leading sustainability in an organization a manager or an activist? Is the person working on AI a developer, a researcher or a decision maker? There's no

single answer. And precisely for this reason, as the case of astronauts shows, identity is built by successive additions. Two variables make the difference: who controls entry into the profession and how "compatible" the new skills are viewed with respect to the existing core. If there is internal control, new identities tend to be integrated. If selection is influenced externally, tensions emerge.

### **AN UNCOMFORTABLE CONCLUSION**

The study doesn't offer a comforting conclusion. There's no point in which identity truly stabilizes. Even in the case of astronauts, after more than a decade and 31 analyzed missions, the tension between pilot, engineer and scientist hasn't been resolved. It's simply managed. And with the new external pressures of the space economy, future astronauts will likely add a commercial layer to their job description. This is an important lesson for today: in emerging professions, professional identity isn't something you find ready-made. It's something you build — and defend across the years. "Professional identities are never neutral," Cappellaro concludes. "They are the result of balances of power, selection and recognition. And this is true today more than ever."

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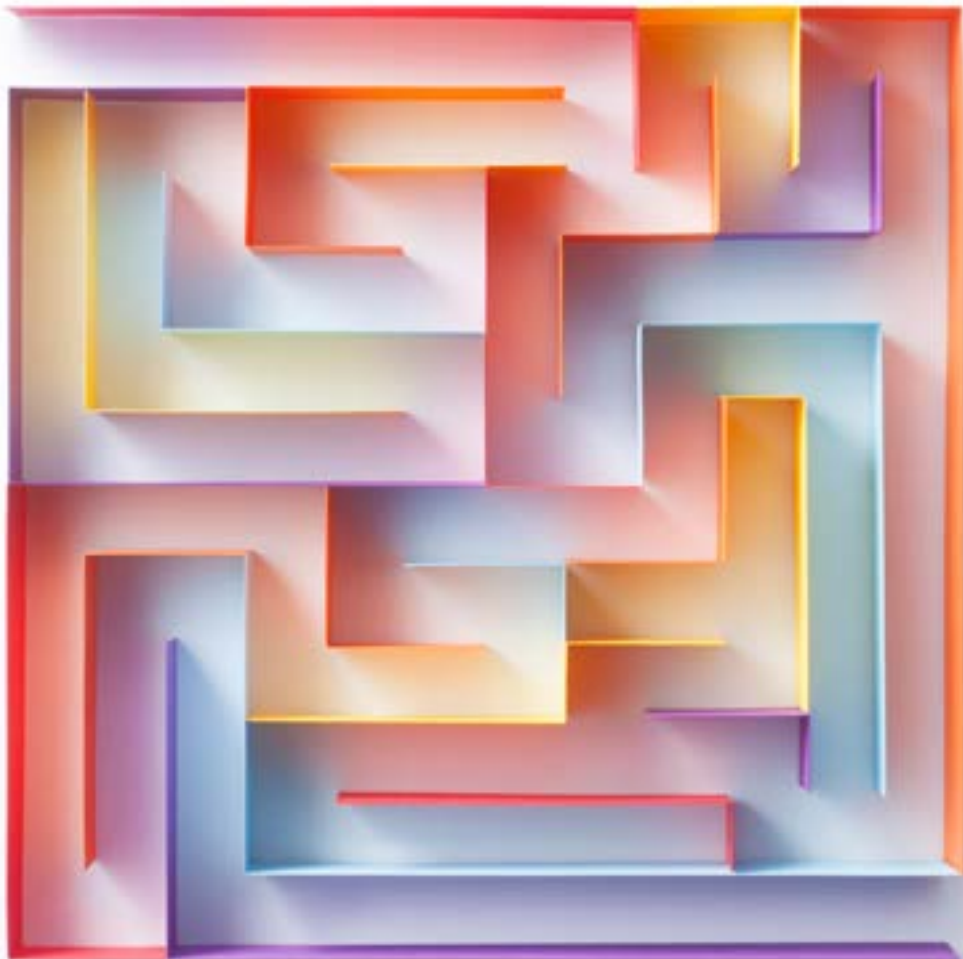
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# Learning from Mistakes



*Zero error is an illusion. In complex organizations, errors are inevitable. The difference lies in the ability to recognize them, limit their effects and transform them into learning opportunities*



**VINCENZO PERRONE,**  
*Full Professor of Strategic Management and Organization, Bocconi University*

by Vincenzo Perrone

There are two types of errors: those committed due to negligence and unpreparedness, and those resulting from a situation in which one is forced to operate and decide. Let's focus on the latter, i.e. errors which are the inevitable price of acting in complex contexts. Excellent companies (or managers) are not the ones that make fewer mistakes than their counterparts. Excellence lies, rather, in the ability to intercept errors early, limit the damage they cause and learn as quickly as possible from them what is needed to avoid similar mistakes in the future.

## **ERRORS AND DECISION-MAKING CONTEXT**

When analyzing errors and trying to prevent them, we must try to avoid attributing them to personal and/or ethical causes,

**EXCELLENT COMPANIES ARE NOT THE ONES THAT MAKE FEWER MISTAKES, BUT THOSE THAT LEARN MORE QUICKLY FROM THEIR MISTAKES**

or matters of incompetence. Many errors arise from limited rationality, cognitive overload, time pressures, incomplete information and growing interdependencies. When the environment becomes more uncertain, the likelihood of error increases not because people's skills fail, but because even capable people must take decisions with imperfect maps. In these cases, the problem isn't just the person making the mistake, but the system in which the mistake is made. The consequences of the error, in fact, are almost always far-reaching. There are direct costs — operational downtime, financial loss, defect, complaint, accident — but there are also less visible costs: erosion of trust, slower decision-making, defensive hyper-bureaucracy, demotivation and a damaged internal reputation. In many contexts, the worst damage isn't the individual error, but the routine it triggers: more unnecessary checks, less initiative, less voice. When an organization reacts to every mistake by looking for a culprit to make an example of, it often achieves two opposite results: errors get hidden and near-misses, which could be a goldmine of learning, cease to emerge.

## **PREVENT OR MANAGE**

For a manager, therefore, the useful question is not: "How do I eliminate every single error?" But rather: "Which errors must I prevent at all costs, and which can I manage and transform into learning?" Research suggests distinguishing between error prevention and error management. The former is useful where the margin of tolerance is minimal — safety, compliance, critical quality, reputation. The latter becomes crucial where experimentation,

## IN MANY CONTEXTS, THE WORST DAMAGE ISN'T THE INDIVIDUAL ERROR, BUT THE ROUTINE IT TRIGGERS: MORE UNNECESSARY CHECKS, LESS INITIATIVE, LESS VOICE

innovation, customization and working with incomplete data are involved. Confusing the two is costly: too much tolerance produces disorder; too much obsession with zero errors produces silence, fear and organizational blindness. This is where psychological safety comes into play. The best teams aren't those where nothing goes wrong, but those where people report deviations, doubts and near-mistakes before they turn into accidents. If those who see a problem fear humiliation or blame, the error remains hidden and amplifies its effects. In many organizational crises, the damage stems not from the first mistake, but from the second: the failure to listen. Psychological safety isn't do-goodism; it's a social architecture that makes the circulation of uncomfortable truths and vital information more likely. There's also an oft-overlooked aspect: those

who make mistakes also pay with their identity being affected. Research shows that, especially in high-responsibility professional roles, mistakes can generate guilt, shame, closure and loss of clarity. A mature manager doesn't absolve everyone, but distinguishes between accountability and humiliation: they demand rigorous analysis, not punitive theater. Because people learn better from a carefully discussed error than from one that is transformed into stigma.

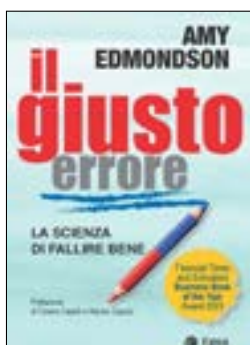
### WHEN AI INTERVENES

AI changes the picture, but doesn't simplify it. Recent studies show that artificial intelligence can help detect anomalies, support diagnoses and reduce some repetitive errors. But it also brings new risks: blind automation, overconfidence in output, distorted data, poor comprehensibility and difficulty in handling rare or

extreme cases. In other words, AI reduces some human errors and creates other sociotechnical ones. Astute managers don't delegate judgment to machines: they design effective human-AI collaboration, with clear escalations, independent verification and unambiguous accountability. This, however, means not simply putting "humans in the loop," as the manufacturers of these new, immeasurably powerful technologies are required to do, but pushing companies, politicians and citizens toward "humans in the lead," as demanded by major segments of society, as well as corporate leaders who are committed to ensuring the best possible use of AI, for their employees and all stakeholders.

### HOW TO LEARN FROM MISTAKES

The final lesson is less dramatic than it seems. In times of uncertainty, those who promise infallibility will underperform with respect to those who build the capacity to detect, contain, discuss and learn from mistakes. Making errors is always costly, but the organization that practices denial pays double. First when it makes the error, second when it misses the opportunity to become smarter.



**THE BOOK.** *In a society built on success and the cult of results, few ideas are as unsettling as that of error. Between those who do everything to avoid it and those who urge us to pursue it relentlessly, in a constant attempt to overcome it, our relationship with failure has lost the clarity needed for a healthy coexistence with what—whether we like it or not—is an essential part of all our lives. We thus forget that not all mistakes are the same and miss an important opportunity: that of failing well. In her book, Amy Edmondson introduces us to the science of Il giusto errore, helping us make peace with an ever more looming presence (Egea, 2024, pp. 336, €34.90, in Italian).*

# From Error to Trust: The Winning Strategy Is Knowing How to React

*Marketing can run into errors, but companies that quickly identify and transform them into relationship opportunities make the difference. Between customer care, active listening and the ability to intervene, it is the management of errors that builds (or destroys) customer trust*

by Sandro Castaldo

The most common errors in marketing involve strategic misalignments in product positioning and target segment selection, or errors in product sales policy, such as failures in new product launches or brand extensions.

## STRATEGIC AND OPERATIONAL ERRORS

Errors can mar pricing policies, with the setting of prices that are either too low or too high; or result from misalignments in communication and promotion policies, such as inappropriate advertising tone or content, unpersuasive social media communication or promotions that are difficult for the

customer to understand. Distribution problems can also arise due to poor product availability in certain markets due to suboptimal retail channel choices.

For example, there have often been cases of brands that invested heavily in advertising, but then, due to errors in distribution channel management, the product was not easily available to buyers. All of these errors often lead to serious losses. Suffice it to say that most new product launches end up with goods being withdrawn from the market due to product turnover and sales insufficient to cover costs.

## THE PROBLEM OF NEW PRODUCTS

According to Nielsen, approximately 15% of products

in large-scale retailing are abandoned each year because of low turnover, with overall sales of less than 1%. Most of these products stayed in stock for less than a year, failing to reach the minimum turnover needed to justify their continued presence on the shelves. This means that often, when a new product is launched on the market, a short circuit is generated that makes the product underperform.

## MARKET TESTING AND MARKETING MIX LIMITATIONS

Yet, before launching products, companies conduct market research and product testing precisely to gauge target customer preferences and reactions. However, these tests are often conducted shortly before launch, when it's too late to go back and it's no longer possible to change the product's essential features. These tests are used to evaluate elements of the marketing mix, such as product packaging, pricing or messaging. At this point, however, it's too late to radically change the product concept, which has required

**MOST NEW PRODUCT LAUNCHES END UP IN MARKET WITHDRAWALS DUE TO TURNOVER AND SALES INSUFFICIENT TO COVER COSTS**

a very long time to develop. Sometimes, shortcomings in the concept are compensated for by changes to other elements of the marketing mix, which alone fails to paper over gaps in the original idea (which leaves the customer unconvinced). In fact, trying to address the lack of consistency in the concept inevitably leads to further errors in pricing or communication, which becomes opaque, creating the conditions for consumer distrust and poor brand engagement.

## CUSTOMER CARE AND ERROR MANAGEMENT

Very common errors in the commercial sphere also concern customer care. Companies are often unable to identify the sources of dissatisfaction of their customers, something which ultimately leads them to stop purchasing the brand or turn to competitors. However, there are companies that capitalize on their mistakes, seeking to identify them immediately and then taking swift action to restore the relationship. In this case, the relationship of trust with the customer can actually be strengthened by the fact that the company demonstrates the ability to listen and react. The worst thing, in fact, is

## MOST NEW PRODUCT LAUNCHES END UP IN MARKET WITHDRAWALS DUE TO TURNOVER AND SALES INSUFFICIENT TO COVER COSTS



**SANDRO CASTALDO**  
*Harvey Chaplin Chair in Distribution, Channel & Experience Management, Bocconi University*

to make mistakes, creating dissatisfaction, but then leave customers to fend for themselves, with call centers that are unreachable and requests for help falling on deaf ears, further aggravating frustration and dissatisfaction. Truly customer-centric companies are not those that never make mistakes — and there are potentially many that can be made in marketing — but those that react immediately and effectively. A very interesting case is that of Amazon, which, thanks to the level of its customer care, has managed to strengthen that 'one-click trust' so dear to its founder and not easy to develop in a business that does not have physical touchpoints. Whenever we have a problem with the online retailer, customer care takes charge of the issue and tries to resolve it as quickly as possible, always doing a follow up with the customer to determine whether the issue has been resolved.



**THE BOOK.** *In the midst of a digital revolution that is redrawing the boundaries between consumers and businesses, loyalty is emerging as an increasingly complex strategic challenge. Digital Loyalty by Sandro Castaldo (BUP, 2026, p.p. 192, €32) explores the new frontiers of customer loyalty, where technology, data, and human relationships intertwine in a constantly evolving ecosystem. Through an analysis that combines academic rigor and managerial practicality, the book reveals how loyalty programs are transforming from simple promotional tools into dynamic engagement platforms.*

# When the Right Choice Becomes the Wrong One

*In the sustainability transition, the value of decisions evolve over time: the real risk lies in underestimating uncertainty*

by **Pietro De Giovanni**

In logistics decarbonization, companies are often required to choose from among multiple technological options in conditions of uncertainty, balancing environmental targets with economic and operational constraints. However, these decisions are highly sensitive to external factors — such as energy prices, carbon regulation, infrastructure availability and utilization patterns — that are not fully under managerial control. As a result, the risk of error is substantial. A solution that seems optimal today may quickly become inefficient or even counterproductive, leading to higher emissions, higher costs or both. For this reason, decarbonizing logistics is not simply about selecting the “best” technology, but about understanding the conditions under which each choice remains valid over time.

## DECISIONS IN CONDITIONS OF UNCERTAINTY

To address these challenges, a recent research study developed within the Sustainable Operations and Supply Chain (SOSC) Monitor at SDA Bocconi School of Management investigates how well-intentioned decisions in logistics decarbonization aiming at sustainability can turn into



**PIETRO DE GIOVANNI,**  
*SDA Professor of Sustainability and Operations Management,  
SDA Bocconi  
School of Management*

costly mistakes if some conditions are not fully anticipated. At the core of the decision are two main technological pathways. On one side, technological substitution — such as electric trucks — represents a long-term transition aligned with disruptive innovation. These solutions can eventually outperform traditional systems, but only when key conditions are met, including access to clean energy, adequate charging infrastructure and high utilization

rates. Without these conditions, their expected environmental and economic advantages may not fully materialize.

## SUBSTITUTION VS REVAMPING

On the other side, technological revamping offers a more immediate and flexible alternative. By integrating renewable inputs into existing systems — such as HVO or bio-LNG — companies can significantly improve environmental performance without replacing fleets or infrastructure. This is what we define as the revamping effect: incumbent technologies adapt and regain competitiveness, leveraging existing assets to close the gap with newer solutions. In some cases, revamping can even match or exceed required performance thresholds, while enabling faster implementation and avoiding large upfront investments. This duality creates a fundamental managerial dilemma. Substitution promises long-term transformation but comes with uncertainty and capital intensity. Revamping delivers short-term gains and operational continuity but may face constraints in scalability and long-term impact. As a result, choosing between these pathways is far from straightforward.

## FACTORS THAT AMPLIFY MISTAKES

The complexity increases further when considering the factors that influence outcomes and amplify the related mistakes. Several factors play a critical role in shaping the outcomes of decarbonization decisions, often in ways that are

**A SOLUTION THAT SEEMS OPTIMAL TODAY MAY QUICKLY BECOME INEFFICIENT OR EVEN COUNTERPRODUCTIVE, LEADING TO HIGHER EMISSIONS, HIGHER COSTS OR BOTH**

underestimated. Energy price volatility, for instance, can rapidly erode the economic advantage of any technology, turning what initially appears to be a cost-efficient solution into a financially burdensome commitment. At the same time, carbon pricing mechanisms — such as the Emissions Trading System — can disproportionately impact combustion-based systems, especially when the actual sustainability of alternative fuels is uncertain or dependent on upstream processes.

Other factors like infrastructure availability and distance further complicate the picture. Solutions that rely on continuous fuel consumption expose companies to cumulative risks, as every additional kilometer driven increases both costs and emissions. Over time, this creates a compounding effect that can significantly alter the expected performance of a chosen technology. In parallel, operational variability — including efficiency losses, load factors and the real composition of the energy mix — can dramatically influence outcomes, in some cases eliminating the environmental benefits that initially justified the investment. These are not marginal effects, but structural drivers of error that can undermine both sustainability targets and financial viability. What makes them particularly challenging is that many of these variables are out of the companies' control.

#### THE TRUE RISK IN DECISION-MAKING

Rather than providing a single answer, our research highlights where and why decision errors may occur, enabling companies to select solutions that remain robust across different scenarios. From the research, it clearly emerges that the real risk is not choosing the wrong technology for logistics decarbonization, but underestimating how quickly the "right" choice can become the wrong one due to exogenous and uncontrollable factors.

# Restarting Is the Real Competitive Advantage

*Diyala D'Aveni, CEO and Managing Partner of Vento and a Bocconi alumna, explains why failure is the norm with venture capital and startups: what matters is the ability to execute and perform better after setbacks*

by Camillo Papini

Failure is a concept and an experience that is very familiar to **Diyala D'Aveni**. It is the foundation of her work, the intrinsically high risk of venture capital, where on average 60% of investments fail, but just one or two projects can repay the whole portfolio. However, D'Aveni prefers to talk about a culture of restarting rather than a culture of failure, at least based on her experience as CEO and Managing Partner of Vento, a venture capital firm backed by Exor that specialized in the pre-seed and seeding stages, funding startups with a total value of approximately €3 billion. Vento supports over 160 startups, and D'Aveni has 86 deals in the pipeline this

year. The manager, a graduate of Bocconi University (with a Bachelor degree in Economics and Social Sciences and a Master of Science degree in Economics and Management of Public Administration and International Institutions), already knows that the prospect of future failures clashes with "the generalized culture that celebrates success. But we must remember that, often, the best new projects are born precisely from those who have a history of failures."

#### Why is it so hard to accept failure?

Even for the most talented people, letting it go isn't an easy thing to do, although

**A SOLUTION THAT SEEMS OPTIMAL TODAY MAY QUICKLY BECOME INEFFICIENT OR EVEN COUNTERPRODUCTIVE, LEADING TO HIGHER EMISSIONS, HIGHER COSTS OR BOTH**

many founders of the startups supported admit afterwards that it was easier than they thought. Like that time I invested in a startup I thought was interesting, led by two talented people, but whose sustainability I wasn't convinced of. After nine months, the new company's lack of growth confirmed my initial fears. The founders realized this, but I still thought I'd made a good choice, and that was people. So I reinvested in them. Now they've launched a company that digitally handles corporate ISO certifications.

## **What are the most common reasons why a startup fails to succeed?**

Startups are forced to interrupt their development path for numerous and diverse reasons. For example, one scenario could be running out of money, as in the case of that founder who managed to restart by reinventing himself with a different project. Today, he manages an AI platform that evaluates public tenders that are of interest to different types of companies. I'd immediately add that it's not even a financial contradiction to place trust in the same people again, given that I'd already invested in them, for example in terms of training. Those who restart with a failed experience behind them perform better afterwards.

## **So, what is the real parameter to consider when evaluating a startup?**

What really matters is the ability of people to execute a project. Especially today, when, at least for us, 90% of initiatives are related to artificial intelligence and the application layer (user-software interface, editor's note). These are two technological fields that are quick to implement and less demanding of financial resources, where time and

## **A SOLUTION THAT SEEMS OPTIMAL TODAY MAY QUICKLY BECOME INEFFICIENT OR EVEN COUNTERPRODUCTIVE, LEADING TO HIGHER EMISSIONS, HIGHER COSTS OR BOTH**

capital are less important. I repeat, what really matters is having the ability for the complete implementation of the starting idea.

### **In addition to founders' hesitations about accepting failure, are investors hesitant?**

It depends. The situation varies,

for example, depending on whether investors have more or less concentrated portfolios and, therefore, whether they are more or less risk-averse. However, there may be deep-rooted, but sometimes unconscious, preconceptions regarding the choice of people you need to believe in. Perhaps they are seen as too young or lacking a certain track record, or perhaps because some tend to invest in people similar to themselves, with similar careers and a common background. What is certain is that the culture of failure can vary. Abroad, success stories are treasured not to celebrate them as such but to better overcome failures. In Southern Europe, this approach is less widespread but is starting to gain ground.



**DIYALA D'AVENI**, CEO  
and Managing Partner of  
Vento, Bocconi alumna

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# The Invisible Value of Cultural Investment

*A key point emerges from the Trump-era cuts: reducing funding to culture and the arts not only affects the cultural industry, but also weakens social cohesion and civic participation*

by **Piergiacomo Mion**  
**Dalle Carbonare**

In recent years, the debate over public funding for arts and humanities has returned to the center of the political agenda, albeit in reductive terms. The policies advanced by the Trump administration in the United States — with repeated attempts to cut funds for the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH), most recently in the 2027 budget — are a prime example of a vision that considers culture as ancillary and expendable in the name of more immediate economic priorities.

## **THE VALUE OF CULTURE BEYOND THE ECONOMY**

This approach goes counter to a large body of scholarship that



has redefined the role of culture in contemporary societies. As David Throsby has highlighted, cultural value cannot be reduced to the economic dimension, but also fundamentally includes symbolic, identity-related and social components. The literature on cultural capital, from Bourdieu onward, also demonstrates how access to culture contributes to the development of critical skills and civic participation.

## **THE EFFECTS OF CUTS ON CULTURAL INSTITUTIONS**

From this perspective, cutbacks in spending for culture not only reduce the offer, but also impact the way cultural institutions operate. Reductions in public funding primarily limit the capacity for medium- to long-term planning, leading to reactive rather than strategic management. Added to this is a less intuitive but significant effect: the loss of public support can be interpreted by private donors as a sign of diminished legitimacy, with possible negative repercussions on fundraising.

## **NEW MODELS AND INEQUALITIES IN THE CULTURAL SECTOR**

This is a call for cultural organizations to strengthen their fundraising capabilities and diversify their revenue sources by experimenting with new business models. However, this process occurs within a context of growing competition for limited resources, which tends to favor the most structured and visible institutions, accentuating

## **CULTURE CONSTITUTES AN ESSENTIAL INTANGIBLE INFRASTRUCTURE**



**PIERGIACOMO MION DALLE CARBONARE**

*Assistant Professor of Practice of Strategy and Public Policy, SDA Bocconi School of Management*

disparities within the sector.

## **CULTURE, SOCIAL COHESION AND THE PUBLIC ROLE**

The consequences are not limited to the organizational level. There is a documented relationship between cultural participation and civic engagement and identity: access to museums, theaters and heritage sites helps strengthen the collective sense of belonging and democratic participation. Reducing the cultural offer or making it less accessible therefore impacts the quality of

life of communities and overall social capital.

The US case has also demonstrated a paradoxical effect: attempts to reduce federal funding have triggered grassroots mobilizations, with foundations and nonprofit organizations called upon to step in the void created by public parsimony, but also the decisions of individuals who, through their taxpayer choices, have decided to actively support these institutions. This phenomenon recalls the theory of the co-production of public goods, according to which culture develops fully through the interaction between institutions and civil society. However, this balance is difficult to maintain without structured public support, which often signifies the reliability and seriousness of the institution itself.

The issue is also central for Europe. Experiences such as that of the FAI — the Italian Environment Fund — demonstrate how civic participation can be a fundamental resource for the protection of cultural heritage, but always within a framework that recognizes culture as a fundamental public good. In light of these considerations, the issue of cultural funding is not simply a matter of public spending, but a strategic investment choice. In a context marked by growing inequality and social fragility, culture constitutes an essential intangible infrastructure. Weakening it means compromising not only the viability of the cultural sector, but the very foundations of social cohesion and democracy.

**CULTURAL VALUE CANNOT BE REDUCED TO THE ECONOMIC DIMENSION; IT FUNDAMENTALLY INCLUDES SYMBOLIC, IDENTITY-BUILDING AND SOCIAL COMPONENTS**



## Society Means Markets But Also Morals: What Is Left Unsaid of Adam Smith?

*Two and a half centuries later, the father of liberalism is still seen as an icon, but his thought binds market and society together far more than the standard interpretation*

by Massimo Amato, Michele Bee

It has been 250 years since Adam Smith published *The Wealth of Nations* in 1776, a book commonly regarded as the founding text of modern economic thought. "Modern" in the sense that it is supposed to mark a break with the moralizing reflections of earlier authors and inaugurate

the supposedly neutral analysis of economic behavior as such.

### SMITH AND THE FOUNDING MYTH

Two and a half centuries later, Smith continues to be invoked as the founding father of economic liberalism. Or, as one of the most

influential representatives of that tradition, George Stigler, once put it: *The Wealth of Nations* is "a stupendous palace erected upon the granite of self-interest." Yet this very success conceals a problem. What remains of Smith today is largely a simplified figure, an icon enlisted in the service of an

ideology.

In this reading, Smith is portrayed as the author who taught that individual interest, if left free to operate, spontaneously produces order and prosperity. The famous image is familiar even to those who know little else about Smith: it is not from the benevolence of the butcher, the brewer or the baker that we expect our dinner, but from their interest.

From this passage, 19th- and 20th-century economic thought constructed the image of Smith as the precursor of methodological individualism and homo oeconomicus: an individual who maximizes their utility, and for whom — paraphrasing Margaret Thatcher — “society does not exist.”

### **AN OVERSIMPLIFIED READING**

But what if this common reading were fundamentally flawed? 17 years before *The Wealth of Nations*, Smith published another major work, *The Theory of Moral Sentiments*, a book devoted not to egoism but to sympathy, moral judgment and the conditions of social coexistence. And if we wish to be precise, the famous passage about the butcher continues by invoking not self-interest but self-love: a disposition that presupposes the desire to be recognized by others for the good offices one renders them.

It is therefore no accident that in *The Wealth of Nations* Smith connects the human propensity to exchange with the faculty of speech, hence with sociability itself. Markets do not arise from the interaction of isolated egoists. They arise from our ability to address one another, to persuade and to reach agreement. Far from grounding a theory of radical individualism,



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Smith understands exchange as the expression of a form of natural sociability: the way in which human beings organize cooperation.

### **SOCIETY AND EXCHANGE**

As one can see, it suffices to remove a single “s” from Margaret

Thatcher’s famous formula — “society does not exist.” For Smith, in fact, society does not exist: it never leaves the framework of exchange. In this perspective, competition is not the glorification of force, nor equilibrium the mere outcome of a tug-of-war among competing powers. Exchange, for Smith, ultimately rests on the capacity to understand one another. Here we begin to see how Smith has become a truncated figure, and contemporary liberalism a curious caricature of his thought: a world full of butchers and egoists, but with fewer and fewer traces of Smith himself.

### **A THOUGHT STILL TO BE UNDERSTOOD**

There is also another Smith who rarely enters the canonical celebrations: the Smith sharply critical of the British Empire and of colonial commercial practices, hostile to any system of economic domination sustained by mere force. As he once wrote to a friend, he thought *The Wealth of Nations* was “a very violent attack ... upon the whole commercial system of Great Britain.”

Now, 250 years after his most famous book, the real question may therefore not simply be what remains of Adam Smith, but what in Smith still remains to be thought. Perhaps quite a lot — especially if we read him as an open thinker trying to understand the fragile bonds upon which a society can hold together, rather than as the closed founder of a granitic doctrine. Society lives by exchange, certainly — but by an exchange in which moral sentiments are not a decorative afterthought. And perhaps precisely today — at a moment when the West’s soft power appears to be fading, and when the language of markets once again blends with the hard grammar of power and force — returning to Smith with greater attention may prove less an exercise in commemoration than an urgent intellectual task.

**WHAT REMAINS OF SMITH TODAY IS LARGELY A SIMPLIFIED FIGURE, AN ICON ENLISTED FOR AN IDEOLOGY**

The image is a complex graphic composition. It features a chessboard with several chess pieces, including a black king, a white king, and a white pawn that is lying on its side. The chessboard is set against a background of a city skyline, with a prominent red diagonal stripe running across the scene. The overall aesthetic is high-contrast and dramatic, with a focus on geometric shapes and bold colors.

**CONTESTED SOVEREIGNTY**

# The New Form of the Global Constitutional Crisis

by Elisa Bertolini

*The coup d'état is no longer simply a violent rupture of the constitutional order, but a widespread and often silent mode of reorganizing power. From Africa to Latin America to the Middle East, a growing separation between formal legality and effective sovereignty is emerging. Understanding this transformation is crucial to rethinking the categories of contemporary constitutionalism*

# [ CONTESTED SOVEREIGNTY ]

**T**oday, the coup d'état represents not only a rupture of the constitutional order, but increasingly a structural device for reorganizing power. It does not necessarily manifest itself as an overt suspension of legality, but rather as selective functionalization: law continues to exist as a language and as a form, but is progressively emptied of any substantive normativity.

## **AFRICA AS THE VANGUARD OF CONSTITUTIONAL CRISIS**

The African continent provides a privileged observatory for this metamorphosis. In recent years, the resurgence of state coups — particularly in the Francophone region — has demonstrated that constitutional breakdown is not an isolated incident, but rather a semi-permanent dynamic, fueled by state fragility, power capture and geopolitical interference. Recent coups in West Africa, despite their heterogeneity, reflect the persistence of structural conditions that make Africa's political systems vulnerable to institutional fissures: weak democratic governance, frail economies, vast inequalities and sometimes the inability of political elites to mediate their internal conflicts without resorting to violence. Benin's attempted coup in 2025 demonstrates how even countries that have a history of relative institutional stability can be hit by sudden crises in



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**THE PAPER.** Colpi di Stato e diritto costituzionale comparato: effettività, sovranità e nuove forme di discontinuità costituzionale, *by Elisa Bertolini*

constitutional legitimacy. Although coined in other circumstances, the term "permanent coup" effectively describes contexts in which the exception is normalized and the constitution only survives as an empty shell, while the reality of power follows its own trajectories.

## **THE NEW FORM OF THE STATE COUP: BETWEEN LAW AND FORCE**

From this perspective, a coup no longer necessarily coincides with the military overthrow of a legitimate government. It can take civilian semblances, be combined with opportunistic constitutional revisions, or be intertwined with the privatization of coercion, through the use of private military and security firms that erode the state's monopoly over the use of violence. The phenomenon is now global in scope: no coup is ever completely endogenous in genesis or consolidation.

## **VENEZUELA AND IRAN: THE BLURRED LINES OF REGIME CHANGE**

The global dimension emerges forcefully in the regime change attempts that have targeted Venezuela and Iran, with varying degrees of success. In Venezuela, the political and institutional crisis of recent years has produced a series of episodes — including mutinies, attempted insurrections and external pressure — that have called into question the legitimacy of the incumbent government. More than a classic military coup, the Venezuelan case demonstrates a constant tension between formal legality and challenges to the effectuality of power. The language of "regime change," often invoked in international debate, signals how the boundary between internal coups and external intervention is becoming increasingly porous. A similar ambivalence is evident in the Iranian case. The waves of protests that have occurred in recent years and months, while not technically coups, have raised questions about the stability of the regime and the possibility of its radical overhaul. Here too, the dialectic between sovereignty, effectiveness and

**A COUP NO LONGER NEEDS THE MILITARY OVERTHROW OF A LEGITIMATE GOVERNMENT. IT CAN TAKE CIVILIAN FORMS, EXPLOIT OPPORTUNISTIC CONSTITUTIONAL CHANGES, OR RELY ON PRIVATIZED COERCION**

# [CONTESTED SOVEREIGNTY]

legality appears central: the survival of a political system does not depend exclusively on constitutional forms, but on government power's ability to maintain social and territorial control.

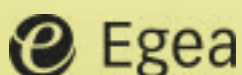
## BEYOND FORMAL LEGALITY: THE CRISIS OF CONSTITUTIONALISM

What these contexts — Africa, Latin America and the Middle East — have in common is the progressive dissociation between constitution and effective sovereignty. The coup d'état no longer presents itself as something "outside" the constitutional framework, but as a mode of governance that formally operates within the law, but bends fundamental categories such as emergency, security, constitutional reform

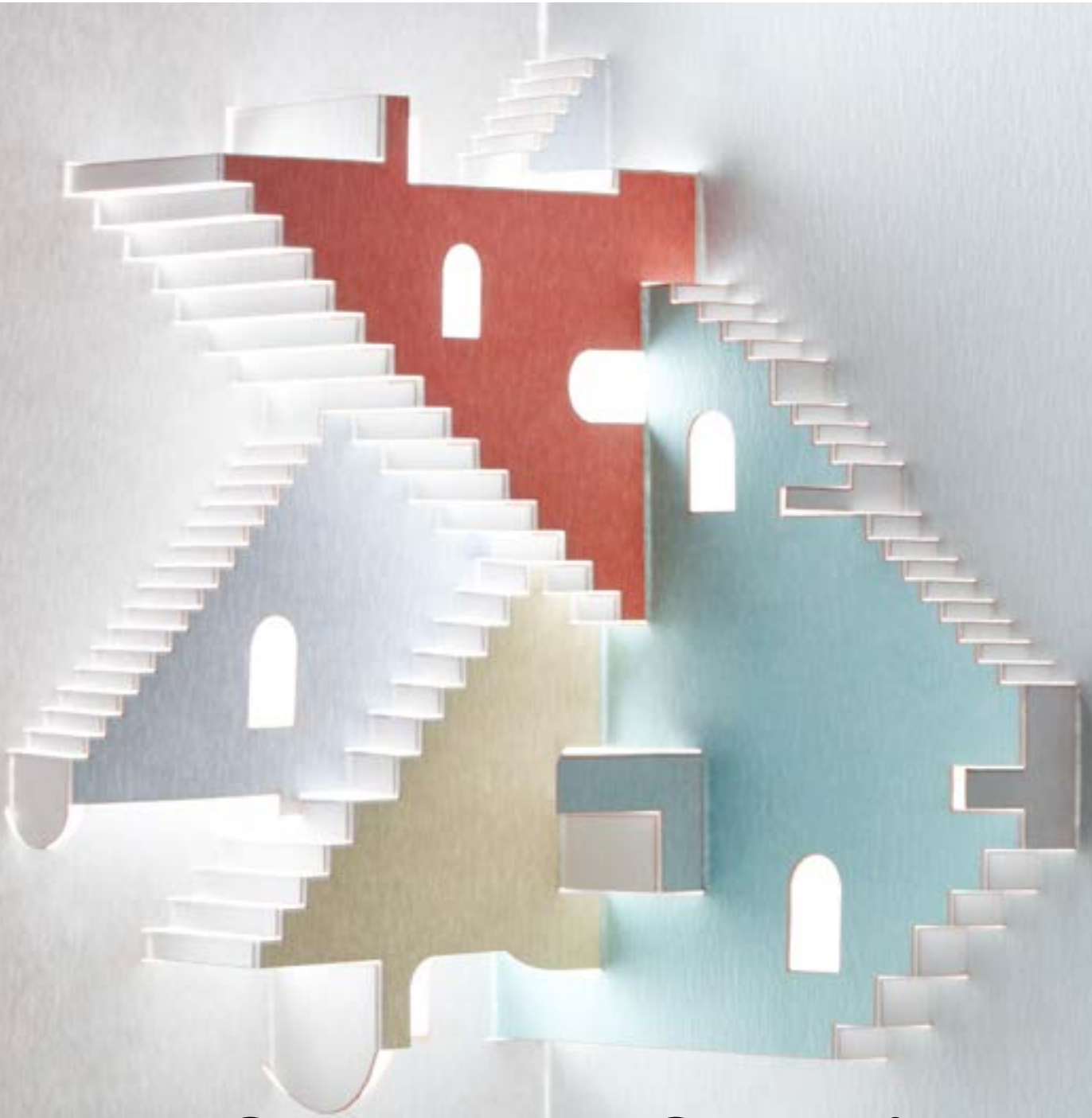
**UNDERSTANDING ITS NEW FORMS MEANS RECOGNIZING THAT CONSTITUTIONAL FRACTURE NO LONGER SOLELY CONSISTS OF A VIOLENT ACT OF SEIZING POWER, BUT CAN BE ARTICULATED IN A GRADUAL PROCESS OF CONSTITUTIONAL EROSION**

or defense of sovereignty. In this scenario, the defense of constitutionalism cannot be limited to verifying procedural correctness, but must interrogate the material conditions for the effectiveness of the law. The state coup, far from being an anomaly confined to peripheral contexts, thus reveals itself as one of the flashpoints in the structural crisis of contemporary

constitutionalism. Understanding its new forms means recognizing that constitutional fracture no longer solely consists of a violent act of seizing power, but can be articulated in a gradual process of constitutional erosion, in which legality survives as a form, while political sovereignty is reconfigured along increasingly complex geopolitical and material lines.



**SENZA SICUREZZA  
NON ESISTONO  
NÉ CRESCITA,  
NÉ PROGRESSO  
NÉ LIBERTÀ**



## Why Gaps Are Growing

*It is neither a recent nor a temporary phenomenon: disparities are rooted in long-term historical processes that make them persistent and difficult to correct. Since the late 1970s, their rise has reflected deep changes in economic and social systems — but history also shows that they can be reduced*

by **Guido Alfani**

# [INEQUALITY]

In recent years, particularly after the beginning of the Great Recession in 2007, inequality — especially economic inequality — has attracted increasing attention from the social sciences. At the same time, it has become a key topic for public debate. These developments are undoubtedly linked to the fact that the Great Recession itself has heightened the perception of inequality as a major problem for society as a whole.

## THE MANY DIMENSIONS OF INEQUALITY

Inequality is a complex phenomenon that can, and should, be examined from different perspectives. Scholars explore its many dimensions: social and economic inequality but also, for example, inequality in education, health and gender. All these dimensions are currently the subject of investigations conducted at the Dondena Center, which serves as a hub for researchers at Bocconi engaged in the study of inequality.

## THE BURDEN OF HISTORY AND PERSISTENT INEQUALITY

It is important to highlight a key point: today inequalities are historically determined, that is, they are the outcome of processes which developed over the long — and sometimes the very long — run. This historical entrenchment has important consequences: first, it tends to make inequalities persistent and, consequently,



**GUIDO ALFANI,**  
*Full Professor of Economic History, Director of Dondena, Centre for research on social dynamics and public policy, Bocconi University*

regrettably resistant to policies aimed at addressing them. Secondly, it requires us to incorporate the historical dimension in our analyses, including those that appear more directly related to current concerns and policymaking. In the case of economic inequality, this is widely recognized by the most recent literature: scholars such as Thomas Piketty or

Branko Milanovic, authors of highly successful books with huge impacts on both academic and public debates, have explicitly adopted a long-run perspective.

## BETWEEN LONG-TERM TRENDS AND OPPORTUNITIES FOR CHANGE

As an example, when considering interpersonal inequality (that is, inequality between individuals or households within a given society), it is unavoidable to note that the historically very high levels of income and wealth inequality that characterize contemporary Western societies are the result of a process of rising inequality that began in between the late 1970s and the early 1980s. If we consider an even longer time period (as I do in my own research), we find that over the last seven centuries or so — that is, since the point at which we begin to have information that can be used to estimate wealth inequality with some precision — the tendency has generally been toward increasing economic disparities, with two exceptions: the period immediately following the 14th-century Black Death, and the first part of the 20th century, so profoundly marked by the World Wars. We could be tempted, then, to conclude that a tendency towards ever-higher inequality is an intrinsic feature of human societies, and that we have to accept it because the cure (catastrophes and the resulting mass mortality) is worse than the illness — but the historical experience of the 20th century suggests a somewhat more optimistic interpretation. Indeed, it was in the decades immediately following the end of World War II, with the development of the welfare state funded through very progressive taxation,

**TODAY'S INEQUALITIES ARE HISTORICALLY DETERMINED, THAT IS, THEY ARE THE OUTCOME OF PROCESSES WHICH DEVELOPED OVER THE LONG RUN**

that inequality reached the lowest levels ever recorded in the modern age. And it is this historical finding that offers important insights into the factors that potentially led to the increase in inequalities observed in the most recent period: changes in fiscal systems, for example regarding the erosion of the principle of tax progressivity and the spread of preferences adverse to inheritance taxation; the weakening of the bargaining power of trade unions; the spread of incentives for top managers in large corporations to negotiate aggressively for higher bonuses and salaries; and so on.

## THE NEED FOR AN INTERDISCIPLINARY PERSPECTIVE

The historical origins and entrenchment of inequalities are, of course, also relevant to the analysis of dimensions beyond the economic one. Consider for example gender inequality, which is strictly tied to the persistence of traditional family, social and cultural arrangements, or inequalities in health and survival that, during the Covid-19 pandemic, prompted investigations into why certain geographic areas — including, possibly, Lombardy — have long appeared particularly vulnerable to epidemiological threats, dating back at least to the era of the plague. What is more relevant here, however, is to highlight that the study of inequalities, — if it is to be conducted in the most fruitful way — must adopt an interdisciplinary perspective and encourage collaboration among scholars with apparently very different expertise and approaches. From this, we can infer the importance of nurturing institutions that are capable of fostering precisely this kind of collaboration.

# When It All Began

*From the Iron Age to the Roman Empire, wealth inequality has been a constant feature of human societies. Technological change, institutional transformation and demography have always determined disparities in distribution*

by **Andrea Costa**



**MATTIA FOCHEATO**  
Associate Professor  
of Economic History,  
Bocconi University

**W**ealth disparity and economic inequality are not exclusively modern phenomena, but have been recurring features of human societies since antiquity. The research of Mattia Fochesato, Associate Professor of Economic History at the Bocconi Department of Social and Political Sciences, gives substance to this observation, by reconstructing the causes and dynamics of inequality in the ancient world. Currently, Fochesato is collaborating on various research projects studying inequality in the Roman era.

"Together with a team of archaeologists from other Italian and European universities, our research focuses specifically on Northern Italy during the Iron Age and the Roman period, with the aim of investigating the role played by technological change and its effects on productivity and access to and distribution of resources both before and during the development of this major Mediterranean civilization," explains the professor. An important element of the analysis are political transformations, which already in ancient times had a profound impact on institutional structures

and power relations between groups, thus also on the distribution of human and material resources within society.

## SOURCES AND INDIRECT INDICATORS

One of the most complex aspects of their work is the scarcity and incompleteness of economic data, which is therefore measured through a number of indirect indicators. Anthropometric data from burials, which provide information on diet and health conditions, are, for example, the basis for reconstructing measures related to the quality and quantity of nutrition, and more generally, the quality of life. "Surface area of dwellings is used instead as the primary indicator of household wealth, often in combination with mathematical models that, by using paleo-botanical data, allow us to estimate the agricultural productivity of an ancient community and, more generally, its economic wealth."

## MEASURING INEQUALITY

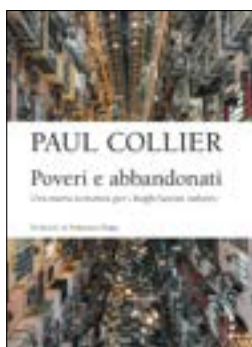
In the studies by Fochesato and colleagues, the estimates of inequality, which economists frequently formulate by using the Gini index (a number comprised between 0, perfect equality, and 1, concentration

## WEALTH DISPARITY AND ECONOMIC INEQUALITY ARE NOT EXCLUSIVELY MODERN PHENOMENA, BUT HAVE BEEN RECURRING FEATURES OF HUMAN SOCIETIES SINCE ANTIQUITY

of resources in a single owner), are often subject to uncertainty and error due to the fragmentary nature of the sources. "For this reason, in my most recent work," adds the professor, "I proposed an approach that does not focus solely on estimating point values, but rather on the development of statistical methods that enable us to obtain credible intervals for our estimates."

## INTERPRETING ANCIENT INEQUALITY

Despite these difficulties and the inherent limitations of the nature and availability of data from the ancient past, Fochesato and his colleagues have contributed to a deeper understanding of ancient societies, "showing how inequalities are the result of historical processes in which the interactions between technological change, institutional variables and demographic and environmental factors play a fundamental role."



**THE BOOK.** *There are places that have been left behind—cities, towns, and regions that have seen their prosperity evaporate or never take off, swept up in an economic and social decline from which they have been unable to recover. These are the places described by Paul Collier in Poveri e abbandonati (Bocconi University Press, 2024, pp. 328, €25.00, in Italian). The renowned development economist, one of the world's leading experts on inequality, takes the reader on a journey through space and time in search of territories that, at some point in history, have found themselves "poor and abandoned." The goal? To identify the common elements of crisis and decline, but also—where possible—of renewal.*

# Inheritance Shifting the Balance

*The great intergenerational transfer of wealth will not be neutral: low birth rates, longer lifespans and asset concentration risk widening disparities. It is not only how much is inherited that matters, but also when, how and from whom*

by Arnstein Aassve

The so-called Great Wealth Transfer is not a single event but a prolonged process unfolding over decades. Older generations are not only larger than before, but also substantially wealthier. As they pass on, this wealth will be transmitted to younger cohorts that are, demographically speaking, much smaller. Fertility has been low for decades, and this creates a structural imbalance: a large, asset-rich older population and a relatively small pool of heirs. Its effects will not be uniform, and its outcomes are not predetermined. My research, therefore, is not about how much wealth will be transferred, but to whom, in what form and with what consequences.

**MILLENNIALS OR GEN Z?**  
Will Millennials be the



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*Full Professor of Demography,  
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primary beneficiaries, or will a significant share of this wealth skip directly to Generation Z?

Timing matters here. Increasing longevity delays inheritance, meaning that many Millennials may receive assets relatively late in life when key life transitions, such as home purchase or family formation, have already occurred. This raises the possibility that the transformative impact of inheritance may be uneven across cohorts, or even within them.

## **WEALTH COMPOSITION**

Equally important is the composition of wealth. In Italy, a large share of household wealth is tied up in real estate.

But real estate is not homogeneous. Properties in major cities have appreciated dramatically over time, while those in other areas have stagnated or even declined in value.

This geographical divergence introduces a new layer of inequality. Two individuals may inherit property of similar sentimental value, yet vastly different market worth. Liquidity also matters: a financial portfolio can be

**FERTILITY HAS BEEN LOW FOR DECADES, AND THIS CREATES A STRUCTURAL IMBALANCE: A LARGE, ASSET-RICH OLDER POPULATION AND A RELATIVELY SMALL POOL OF HEIRS**

reallocated with relative ease, whereas real estate often anchors wealth in place, both economically and socially.

## **BEHAVIOR AND THE AMPLIFICATION OF INEQUALITY**

What heirs do with inherited wealth is another critical dimension. Some will consume it, using it to improve their standard of living or reduce financial stress.

Others will invest it, potentially amplifying returns over time. These behavioral differences tend to correlate with prior wealth, education and financial literacy.

As a result, inheritance may amplify existing inequalities. Family structure further complicates the picture.

In larger families, inheritances are typically divided among several siblings, which can dilute their individual impact. Since larger families are, on average, more common among lower-income groups, this dynamic can reinforce inequality across socio-economic strata.

## **THE ROLE OF PUBLIC SYSTEMS**

Finally, there is the broader context. Public systems (pensions, healthcare, long-term care) are already under strain due to ageing populations. Private wealth transfers may partially offset these pressures for some individuals, but not for all. If access to inherited resources becomes a key determinant of wellbeing in old age, we risk deepening divides between those who can rely on family wealth and those who depend entirely on public provision.

# The City That Divides

*Urban centers concentrate opportunities, but they do not distribute them evenly. Major disparities exist in income, access to services, healthcare and culture, and perceptions of inclusion. Regeneration significantly improves the urban space, but is also likely to expel the most vulnerable residents, adding to inequality*

by **Alessandra Casarico**



**ALESSANDRA CASARICO**,  
Associate Professor of Public  
Economics, Coordinator of the  
Social Inclusion Lab,  
Bocconi University

**W**ealth Cities are often portrayed as places of opportunity. However, access to these opportunities is anything but uniform. It's this consideration that gave rise to GECO (Gentrification and inequality in the City of Opportunities), a research project supported by the Cariplo Foundation that I coordinate (and in which Marco Percoco is also involved), which studies how urban regeneration processes are transforming Milan and its inequalities.

## **IT'S NOT JUST INCOME**

Within the same city, profoundly different living conditions coexist. Neighborhoods with very high average incomes coexist with areas where resources are significantly more limited. But

**WITHIN THE SAME CITY, DIFFERENT LIVING CONDITIONS COEXIST. NEIGHBORHOODS WITH HIGH AVERAGE INCOMES COEXIST WITH AREAS WHERE RESOURCES ARE SIGNIFICANTLY SMALLER**

income alone is not enough to describe these differences. To truly understand urban inequalities, it is also necessary to consider access to services — from healthcare to education, from job opportunities to cultural spaces — as well as their distribution across the territory. The GECO project adopts precisely this multidimensional perspective. On the one hand, it analyzes “objective” inequalities related to income, housing prices and access to services. On the other, we study an often overlooked but crucial dimension: citizens’ perceptions of opportunities and the degree of social inclusion. We know that people’s perceptions of economic and social reality influence their choices, behaviors and even support for public policies.

## THE ROLE OF GENTRIFICATION

A central element of our research

is the role of gentrification. Urban regeneration processes can improve infrastructure and services, but they often lead to an increase in housing prices and the displacement of the most vulnerable population strata towards less expensive neighborhoods. This phenomenon redefines the social composition of urban territories and can generate new forms of inequality, both in access to opportunities and in the experience of inclusion. To analyze these processes, GECO integrates various data sources. We use administrative and territorial data to map services, mobility and socioeconomic characteristics at the neighborhood level. We complement these with the Milan Social Survey, an original survey that collects information on citizens’ perceptions, including aspects such as sense of belonging, social

relationships and trust. This combination allows us to observe how material conditions and subjective experiences influence each other.

## GECO’S OBJECTIVES

The project’s objective is twofold. On the one hand, we want to contribute to the scientific debate by providing new evidence on the link between urban renewal and multidimensional inequality. On the other, we want to provide actual tools to public policymakers. We intend to develop indicators and monitoring tools enabling them to evaluate the effects of urban transformations and design more equitable and effective public policies.

Cities are changing rapidly. Understanding the nature and dynamics of urban inequality is a necessary condition for managing such processes and designing truly inclusive cities.

# When School Divides

*Italian schools are facing an increase in dropout rates and growing malaise of students. The falling out of the educational system reflects entrenched social and regional divides, adversely affecting the psychological wellbeing, cultural attainment and employment opportunities of students*

by Maria Cucciniello

One of the most pressing problems facing the Italian education system is the high dropout rate of students. This is not just an educational issue, but something that reflects and amplifies deep-seated social, economic and cultural inequalities. In Italy, early school leaving remains higher than the EU average, with significant regional and social differences.

## THE PROJECT

With the project named RISE-

WELL (Robustness In Schools for Student Wellbeing), which I coordinate and is funded by Cariplo Foundation, we start from the hypothesis that to understand

and combat early withdrawal from education, it is necessary to focus on students’ wellbeing and the role of schools as organizations capable of actively

**IN RECENT YEARS, SOCIOECONOMIC AND CULTURAL INEQUALITIES HAVE DEEPENED, CONTRIBUTING TO AN INCREASE IN BOTH EXPLICIT AND IMPLICIT DROPOUT RATE**

addressing existing inequalities. In recent years, socioeconomic and cultural inequalities have deepened, contributing to an increase in both explicit and implicit forms of quitting school, as well as the associated failure to attain basic skills despite completing an educational path. Students from disadvantaged backgrounds show lower levels of psychological wellbeing: a lower sense of belonging, less motivation to study, lower academic achievement and greater difficulty in establishing social bonds.

## **THE DETERIORATION OF THE PSYCHOLOGICAL WELLBEING OF STUDENTS**

At the same time, we are witnessing a widespread deterioration of the mental health of adolescents. Anxiety, stress, loneliness and emotional distress are increasingly frequent, directly impacting students' ability to learn and remain in the education system. These phenomena are not evenly distributed, but are associated with very specific lineages of inequality, linked to family conditions, the local context and available opportunities. Even Milan, often presented as a dynamic and inclusive city, exhibits stark contrasts: in peripheral neighborhoods, school dropout rates can be very high, while in central areas they remain negligible. This gap highlights how educational inequalities are closely intertwined with urban and social inequalities.



**MARIA CUCCINIELLO**,  
*Associate Professor,  
Department of Social  
and Political Sciences,  
Bocconi University*

## **THE ROLE OF SCHOOLS**

RISE-WELL aims to address these challenges through an integrated approach. The project jointly analyzes four social, economic, cultural and wellbeing variables to understand how inequalities accumulate over time and translate into educational disadvantages. It also introduces an innovative perspective: it considers schools not only as places of learning, but as organizations capable of adapting and innovating, in order to actively support the psychological welfare of students and act as tools to combat inequalities. To achieve this goal, we have adopted a multidisciplinary methodology that combines

quantitative and qualitative data. Focusing on the City of Milan, we have collected large-scale data to map student wellbeing and its correlation with various types of inequalities across the city's different neighborhoods. We also conduct in-depth analyses of public schools located in vulnerable areas of Milan to identify which organizational practices, leadership models and educational strategies are most effective in promoting wellbeing and preventing the dropout of teen students.

## **SCHOOL COMMUNITY PARTICIPATION**

A distinctive element of the project is the direct involvement of the whole school community through co-participation and co-design. We work with teachers, students and their families to develop educational practices geared toward generating wellbeing and preventing dropout. This process not only produces more effective solutions, but also strengthens a sense of belonging and shared responsibility for the project within schools.

## **PUBLIC POLICY OBJECTIVES**

The ultimate goal is twofold. On the one hand, it contributes to the scientific debate by offering a new understanding of the link between inequality, wellbeing and school dropout. On the other, it provides concrete policy tools by developing models and indicators that can guide targeted interventions in the most vulnerable areas. Solving early school leaving means addressing the root causes of inequality. Putting student wellbeing at the center and strengthening the role of schools as agents of change is, in my opinion, essential to build a more equitable and inclusive society.

**ADDRESSING SCHOOL DROPOUT MEANS ADDRESSING THE ROOT CAUSES OF INEQUALITY. THAT MEANS PUTTING STUDENT WELLBEING AT THE CENTER**

# Equality Still Out of Reach

*Despite progress, the gap between men and women remains significant. Across work, careers and access to opportunities, structural and cultural barriers still weigh heavily. And these are barriers that policy alone cannot overcome*

by Paola Profeta

Gender inequalities remain one of the most evident contradictions of contemporary societies. Despite decades of progress, no country has yet achieved full equality: according to the World Economic Forum, only 68.8% of the global gap has been closed and, at the current rate, it will take over a century to eliminate it. Gender gaps are particularly pronounced in the economic and political spheres, where about 40% and nearly 80% of the gap, respectively remain. Yet numerous studies highlight the benefits of gender equality in terms of growth, innovation and competitiveness. These figures prompt a key question: why does the gap between men and women persist?

## EDUCATION AND EARLY IMBALANCES

A first paradox concerns education. Women are, on average, more educated and achieve better academic results, yet they remain underrepresented in STEM disciplines, which are among the most in-demand and highly paid fields. This imbalance limits access to the most dynamic sectors and contributes to widening economic inequalities. In Europe, the gender wage gap stands at around 14%. The causes are multiple: occupational segregation, lower representation in senior roles and career interruptions. The birth of a child still represents



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a turning point in women's careers, with wage losses of up to 20–40%. This reflects a persistent imbalance in the distribution of care work.

## EUROPEAN POLICIES AND IMPLEMENTATION LIMITS

In recent years, the European Union has promoted a range of initiatives to address these inequalities: from the Pay Transparency Directive, aimed at reducing the gender pay gap, to policies on parental leave and work-life balance, to the introduction of gender quotas on corporate boards. These are important tools that are already producing results. However, their effectiveness depends on the ability to fully embed them in corporate culture and public policies. Without a real shift in behavior and social norms, there is a risk that they remain formal or only partially effective measures.

## GENDER QUOTAS AND STRUCTURAL BARRIERS

Gender quotas — such as Italy's Golfo-Mosca law — have contributed to increasing female representation in senior positions (boards of directors

**ACCORDING TO THE WORLD ECONOMIC FORUM, ONLY 68.8% OF THE GLOBAL GENDER GAP HAS BEEN CLOSED AND, AT THE CURRENT RATE, IT WILL TAKE OVER A CENTURY TO ELIMINATE IT**

# [INEQUALITY]

and boards of statutory auditors of listed and state-controlled companies) without negative effects on company performance. Yet the debate remains heated, fueled by concerns about merit and the quality of selection. However, the evidence shows that such concerns are largely unfounded: greater diversity can improve decision-making processes and the overall quality of governance. The central issue is not a trade-off between fairness and competence, but the existence of structural and cultural barriers that limit access to opportunities. Overcoming them requires a deeper transformation that goes beyond formal policies. Inclusive leadership emerges as a key factor: valuing diverse perspectives and promoting equitable work environments is essential to building truly inclusive organizations.

## **FUTURE CHALLENGES AND THE RISK OF BACKSLIDING**

Future challenges make this transformation even more urgent. Population ageing, global competition for talent and the impact of artificial intelligence are reshaping the job market. In this context, strengthening diversity and inclusion is more than ever a strategic lever for growth and competitiveness. At the same time, signs of backlash are emerging, calling into question these policies and limiting their scope, showing that progress is not irreversible and that gender equality has not yet been fully established as a shared value.

Reducing gender inequalities means addressing the concrete mechanisms that produce them. Only in this way can equality become a reality in the present, and not a goal deferred to the future.

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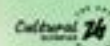
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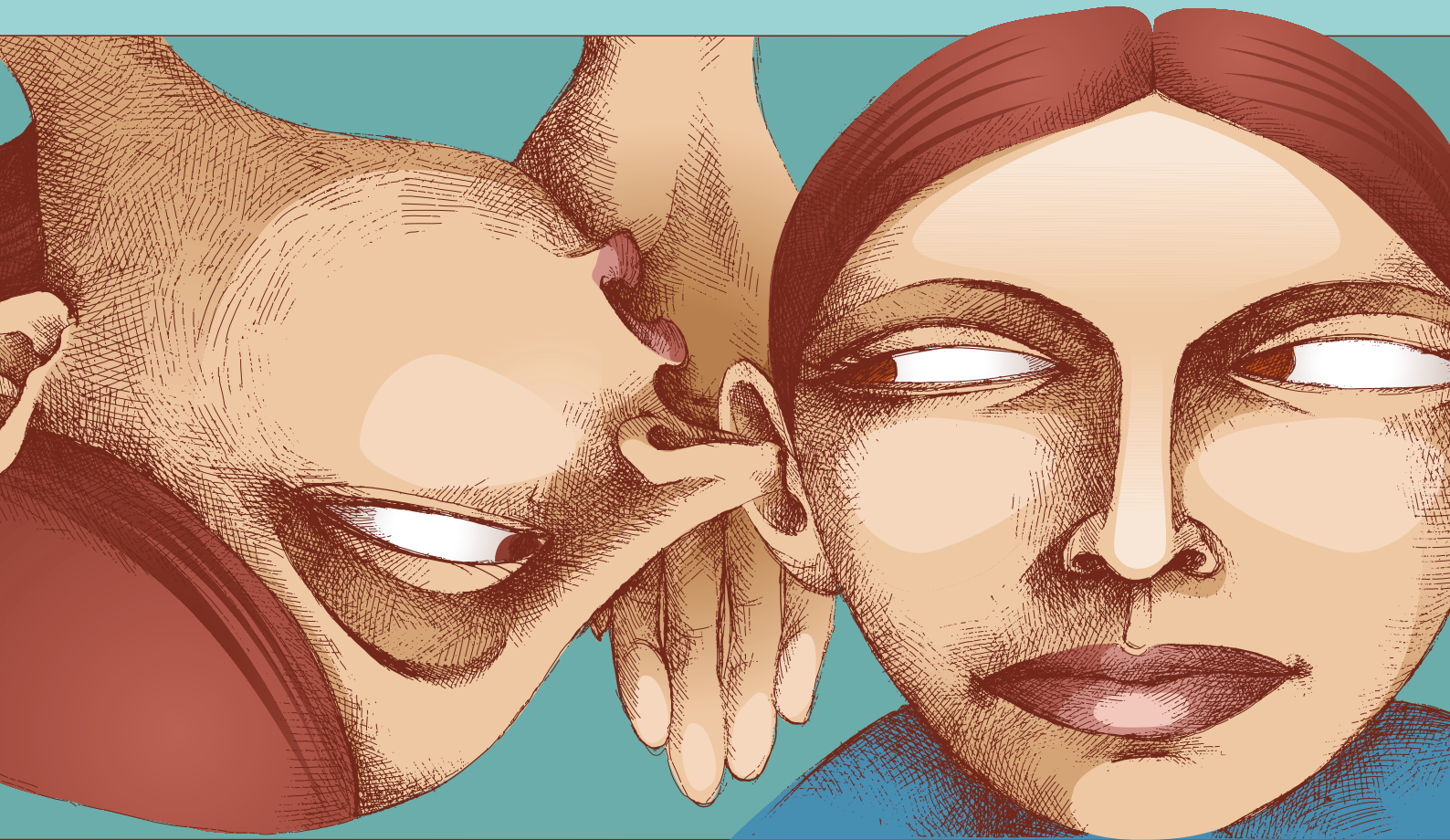


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## The Innocent Pleasure of Celebrity Gossip

*Less guilt, more excitement: why gossiping about famous people is engaging and increases our propensity to consume*

by **Andrea Costa**

It's been estimated that people spend an average of 52 minutes a day discussing famous individuals outside their social circle, an activity that allows them to navigate complex social environments, learn norms and assess reputations. While gossip can be spread about anyone, from loved ones to colleagues, the industry that has sprung up around the lives of celebrities has reached

colossal proportions: already over a decade ago, the value of celebrity gossip-related publicity was set at \$3 billion. But what drives us to share this kind of information so readily? A new research study (*What Makes People So Prone to Share Celebrity Gossip? A Combination of Less Guilt and More Excitement*) published in *Psychology & Marketing* provides the answer, analyzing

the phenomenon with social psychology insights and assessing managerial implications. The authors are **Andrea Ordanini** (Bocconi Department of Marketing), **Gaia Giambastiani** (ESCP Business School, Turin) and **Joseph C. Nunes** (University of Southern California).

### PARASOCIAL RELATIONSHIPS

The starting point is a concept

# [GOSSIP ECONOMY]

familiar to those versed in media psychology: parasocial relationships. These are one-sided bonds that people establish with public figures, resulting in a feeling of familiarity, nearly equivalent to a friendship, even in the absence of real reciprocity. As Andrea Ordanini explains, "Parasocial relationships are most commonly established through media exposure and are based on the illusion of intimacy." This illusion profoundly changes the emotional dynamics of spreading gossip. Sharing information about a real acquaintance can generate feelings of guilt for fear of harming someone. With celebrities, however, social distance reduces the moral unease one can feel about gossiping. This dynamic explains why celebrity-related content circulates more quickly, attracts more interactions and goes viral more easily. In other words, because celebrities are perceived as distant and uninfluenced by our behavior, the moral weight of gossip drops dramatically. We don't have to fear damaging a real bond, something which allows us to enjoy the thrill of the story unburdened by the remorse we would feel if we were talking about a friend.

## MARKETING AND HUMAN BRANDS: THE AFFINITY ECONOMY

The research by Professor Ordanini and his colleagues — five studies conducted with over 2,100 participants — effectively demonstrates that gossiping



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Full Professor, BNP Paribas  
Chair in Marketing & Service  
Analytics, Bocconi University

**THE PAPER.** What Makes People so Prone to Share Celebrity Gossip? A Combination of Less Guilt and More Excitement,  
by Gaia Giambastiani,  
Joseph C. Nunes,  
Andrea Ordanini

about one's favorite celebrity evokes less anticipatory guilt and more excitement than chatting about friends or acquaintances. The data from the experiments clearly show how the nature of the bond influences our desire to talk. The propensity for gossip peaks when the target is a favorite celebrity (72%), and decreases significantly for acquaintances (50%) and close friends (32%).

The study also reveals an important finding for brands: the act of sharing gossip about a favorite celebrity, especially of a neutral or informative nature, increases one's willingness to pay for content related to that celebrity (such as a video) compared to someone who hasn't shared it. Sharing information about celebrities isn't simply a matter of entertainment; it can also act as a signal of affinity that conditions consumers, making them more likely to open up their wallets. Contrary to what one might think, scandal isn't the only thing that generates attention. Neutral gossip (the kind simply talking about new facts and curiosities) can be an exceptional tool for strengthening parasocial bonds, since it keeps curiosity alive without the reputational risks associated with online mudslinging. From a marketing perspective, therefore, gossip shouldn't be seen as a kind of background noise that needs be managed, but as an extension of the brand itself.

## THE STRATEGIC VALUE OF GOSSIP FOR COMPANIES

Companies that use celebrity endorsements should therefore look favorably to organic conversations generated on social media. According to Gaia Giambastiani, "Gossip about a sponsored celebrity generated by their following can have positive effects on marketing results."

In practical terms, this means that the value of a human brand (i.e. the celebrity as a brand) lies not only in a glossy image, but in the celebrity's ability to remain at the heart of consumers' daily conversations. Gossip reduces perceived distance, engendering what the authors of the study call an illusion of intimacy that can translate into monetary value for the associated brands.

**PARASOCIAL RELATIONSHIPS ARE MOST COMMONLY ESTABLISHED THROUGH MEDIA EXPOSURE AND ARE BASED ON THE ILLUSION OF INTIMACY**

# The New Value of Cash



*In the age of digital currencies, cash is not disappearing: in the US, the EU and Switzerland, it is being protected as a guarantee of inclusion, security and resilience*

by Anna Omarini

The emergence of digital money is leading to two new factors that are putting under stress the traditional link between money and the banking system: the emergence of money external to banks and that of “autonomous” currencies (decentralized crypto), in which money also becomes code, programmable and intelligent.

## **CASH RESISTS IN THE DIGITAL AGE**

Despite this pluralization of money, cash continues to maintain its centrality. Data from the Bank for International

Settlements (2025) indicate that, although ATM withdrawals decreased by 10% between 2020 and 2023, cash in circulation remained stable or even increased in several jurisdictions. This persistence reflects the enduring preoccupation with privacy

and the fact that trust remains central to a segment of the population.

## **THE RISE OF DIGITAL PAYMENTS AND GLOBAL DIFFERENCES**

Meanwhile, digital and cashless transactions have grown rapidly.

**WE ARE FACED WITH A SOMEWHAT SCHIZOPHRENIC REALITY, IN WHICH CERTAIN COUNTRIES FEEL THE NEED TO PRESERVE THE STATUS OF CASH**

Between 2020 and 2023, cashless payments per capita increased by 29% in emerging markets and by 4% in advanced economies. Emerging markets in particular have strongly adopted e-money and mobile money, with over 23% of accounts held outside of traditional banks. By contrast, advanced economies continue to rely heavily on credit and debit cards, with an average of over 300 card transactions per capita in 2023.

## **THE RETURN OF POLICIES PROTECTING THE USE OF CASH**

We are faced with a somewhat schizophrenic reality, with certain states feeling the need to preserve the status of cash more explicitly. This is the case of the State of New York (2025), Australia (2025), the United Kingdom (2025), the Norwegian (2024-2026) and Swedish (2025-2026) central banks, and the very recent case of Switzerland (2026).

In the State of New York, a law was approved by the state parliament and signed by the governor that prohibits stores from refusing cash payments or charging higher prices to those who pay in cash, imposing penalties. The measure is aimed primarily at protecting low-income individuals, the elderly and the unbanked.

Similarly, in Australia, since the beginning of 2025, the government has introduced rules requiring most gas stations and supermarkets to accept cash payments of up to \$500 made in person during certain



**ANNA OMARINI**  
*Researcher of FinTech,  
Bocconi University*

hours, to ensure access to essential goods even for those who do not use digital tools.

## **FROM AUSTRALIA TO NORWAY AND SWEDEN**

In 2024, the Norwegian central bank emphasized the right to pay in cash, declaring that Norges Bank banknotes and coins are legal tender and, therefore, no one can refuse to be paid in cash, also here within certain amounts.

Sweden, which has been among the world's most advanced countries in the transition to digital payments for over a decade, emphasizes that private

businesses — such as shops, bars and restaurants — are not required to accept cash, even if banknotes and coins are legal tender. However, in 2025, the Swedish central bank stated that digitalization has made payments faster and cheaper, but has also created problems, thus declaring that the state must ensure, even in times of crisis, secure, accessible and well-functioning forms of payment. Naturally, the downside of cash is that it is sometimes used for criminal activities, so to combat this problem, the central bank has proposed setting a maximum limit for this category of payments.

## **THE CASE OF SWITZERLAND**

Turning now to the case of Switzerland, it is worth remembering that with the referendum in March 2026, the popular vote enshrined the protection of cash in its Federal Constitution, although this did not necessarily entail changes in daily life, nor new tasks or costs. On a symbolic level, however, many people seem to value the fact that cash is now explicitly enshrined in the Swiss Federal Constitution and not just in law. This includes reasons of inclusion, security, maintaining an informal space in the daily lives of individuals, the need for personal control, etc.

## **CASH AS A PUBLIC INFRASTRUCTURE IN THE DIGITAL SYSTEM**

In conclusion, these countries are neither abandoning nor reintroducing cash, but are redefining it as a public good complementary to digital, to be preserved even in an increasingly electronic payment system. Cash, therefore, does not disappear; it becomes a guarantee of resilience, inclusion and freedom, a sort of "public security infrastructure."

**CASH IS NOT DISAPPEARING; IT IS BECOMING A GUARANTEE OF RESILIENCE, INCLUSION AND FREEDOM, A SORT OF "PUBLIC SECURITY INFRASTRUCTURE"**



## Remote Work Is Not a Place

*It is not how many days we work from home that matters, but the cost of doing so: managing tasks without face-to-face interaction, maintaining relationships, staying engaged. A Bocconi study reveals that the real challenge lies in how work is designed*

by **Rossella Cappetta, Massimo Magni, Sara Lo Cascio**

For decades, remote work was seen as a futuristic prospect or an option reserved for a small elite of “privileged” workers.

The pandemic then abruptly accelerated this change, quickly turning it into an everyday reality for millions of people and moving work activities into our homes.

However, working remotely is not simply a matter of moving from an office desk to a home one. Rather, it implies a broader and deeper rethinking of how work is



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**SARA LO CASCIO**  
Knowledge Analyst at SDA Bocconi

organized and experienced.

## THE STUDY

These issues were examined in a study conducted within a large Italian company operating in the services sector, characterized by the widespread adoption of remote work among its employees. The research analyzed the implications of the intensity of remote work (in terms of frequency and perceived strain), job characteristics (autonomy and task interdependence), and the quality of social relationships (with colleagues and supervisors) on satisfaction and engagement, with results differentiated by employees' roles (managers and non-managerial staff).

## FULFILLMENT AND ENGAGEMENT

The first finding is surprising: the number of days spent working from home does not affect how satisfied people feel with their job. This challenges a widespread assumption, namely that remote work automatically leads to greater wellbeing. In practice, the picture is more nuanced. The ability to organize one's time often coexists with other aspects, such as the loss of spontaneous interactions and a greater sense of distance from others. These positive and negative elements appear to balance each other out. However, when looking at engagement — that is, the extent to which individuals invest

energy and attention in their work — the picture changes. As the number of remote working days increases, engagement tends to decline. This is not an immediate effect, but one that develops over time, also linked to how relationships and a sense of belonging are maintained. Another aspect emerges clearly: it is not only "where" we work that matters, but "what it costs" in terms of energy to stay focused in less structured environments, collaborate without face-to-face interaction and bridge communication gaps. As this strain increases, both satisfaction and engagement tend to decrease.

## NOT ALL JOBS ARE CREATED EQUAL

The type of work also makes a difference. Those with greater autonomy tend to benefit more from remote work, particularly among employees without coordination responsibilities. By contrast, when tasks are highly interdependent, distance reduces satisfaction, especially among non-managerial staff. Finally, relationships play a fundamental role. Connections with colleagues — and even more so with one's manager — are decisive. Where these

**THE NUMBER OF DAYS SPENT WORKING FROM HOME DOES NOT AFFECT HOW SATISFIED PEOPLE FEEL WITH THEIR JOB. THIS CHALLENGES A WIDESPREAD ASSUMPTION, NAMELY THAT REMOTE WORK AUTOMATICALLY LEADS TO GREATER WELLBEING**

# [REMOTE WORKING]

**OVERALL, REMOTE WORK APPEARS TO BE NEITHER A SIMPLE SOLUTION NOR A PROBLEM IN ITSELF. ITS EFFECTS DEPEND ON HOW IT IS ORGANIZED, THE NATURE OF THE TASKS INVOLVED AND THE QUALITY OF RELATIONSHIPS AMONG PEOPLE**

relationships are strong, people feel more engaged and more satisfied. And this holds true both for those who lead and for those who are led.

## **THE RELATIONSHIP WITH SUPERVISORS**

In particular, the relationship with supervisors plays a central role.

**THE PAPER.** Beyond the office: an examination of remote work, social and job features on individual satisfaction and engagement, by *Rossella Cappetta, Sara Lo Cascio, Massimo Magni,*

It not only directly improves the work experience, but also mitigates the negative effects of the strain associated with remote work. In other words, a strong relationship with one's supervisor can at least partially offset the limitations of distance.

Overall, remote work appears to be neither a simple solution nor a problem in itself. Its effects depend on how it is organized, the nature of the tasks involved and the quality of relationships among people. It is not enough to decide how many days to spend in the office and how many at home. The real challenge runs deeper and concerns how work is designed and experienced. Because when places and times change, so too does the way people feel about their work.



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# [REMOTE WORKING]



## The false wage premium

*Remote workers earn more, but the real issue is who can work from home*

by **Andrea Costa**

**R**emote work has moved from emergency measure to structural transformation. What began during the Covid-19 pandemic as a public health necessity has become a defining feature of modern labor markets. Across advanced economies, hybrid and fully remote arrangements remain widespread, reshaping how companies recruit, manage and compensate talent. But one question continues to divide economists and executives: Does working from home increase wages? A new study published

**THE PAPER.** The Work-from-Home Wage Premium, by Huiyu Li, Julien Sauvagnat, Tom Schmitz

by the Centre for Economic Policy Research (CEPR) and based on detailed French administrative data suggests the answer is both yes and no. The research, by **Julien Sauvagnat** (Bocconi Department of Finance and CEPR), together

with **Huiyu Li** (Federal Reserve Bank of San Francisco) and **Tom Schmitz** (Queen Mary University of London and CEPR), uncovers a sizable wage gap between remote and on-site workers. Yet a deeper analysis reveals that this premium tells us more about labor market selection than about the productivity effects of remote work itself.

### **A 12% WAGE GAP EVEN WITHIN THE SAME JOB**

Using matched employer-employee records covering the universe of French firms, the

# [REMOTE WORKING]

authors compare workers within the same detailed occupation, industry and commuting zone. The headline result shows a wide salary gap exists between the two groups: "Within the same detailed occupation, industry and commuting zone, workers who work from home earn on average 12% higher hourly wages than fully on-site workers."

At first glance, this suggests remote work might boost productivity, and that as a consequence firms reward this boost with higher pay. But the researchers carefully layer controls into their analysis, progressively accounting for education, age, gender, tenure, contract type and firm characteristics such as size and productivity.

## **THE PREMIUM SHRINKS, BUT IT DOES NOT DISAPPEAR**

Even when comparing workers inside the same firm, remote workers earn more. So, is working from home causing higher wages? The Turning Point: Looking at Pre-Pandemic Wages

The breakthrough comes when the researchers examine workers' wage histories. By linking employees to their earnings in 2018 and 2019, they uncover a decisive pattern: "Workers who work from home post-pandemic already made higher hourly wages before the pandemic."

In other words, remote workers were already higher earners before remote work became widespread. Once pre-pandemic wages are introduced as a control variable, the remaining premium nearly vanishes: "When introducing pre-pandemic hourly wages as a control variable,



**JULIEN SAUVAGNAT**  
*Associate Professor  
of Finance, Bocconi University*

the premium drops to just 1.1% and becomes statistically indistinguishable from zero."

This explains everything. The apparent wage advantage of remote workers reflects who they are, not what remote work does to their pay.

Or, as the authors put it: "The empirically observed WFH wage premium may be due to higher-paid workers selecting into WFH, rather than a causal effect of WFH on wages."

Using an Abowd-Kramarz-Margolis (AKM) wage decomposition — a benchmark method in labor economics — the premium disappears entirely once persistent worker characteristics are taken into account. Selection, not productivity, explains the gap.

## **REMOTE WORK AND HIDDEN INEQUALITY**

The disappearance of the premium does not mean remote work is economically irrelevant. Quite the opposite.

A large body of prior research shows that employees value remote work highly and are often willing to accept wage discounts in exchange for flexibility. If high-wage workers are both earning more and disproportionately accessing remote work, then wage inequality understates overall welfare inequality. Put differently, the most advantaged workers may be receiving both higher salaries and superior working conditions. This insight reframes the policy debate. Discussions around return-to-office mandates are not simply about productivity or collaboration. They may also influence how talent sorts across firms and how inequality evolves. If remote flexibility is concentrated among top earners, restricting it could disproportionately affect the ability of firms to retain high-performing employees. Conversely, firms that offer flexible arrangements may attract already high-productivity workers, reinforcing sorting dynamics in the labor market.

## **THE PRODUCTIVITY QUESTION REMAINS OPEN**

The study does not claim that remote work has no productivity effects. Rather, it shows that any such effects are not reflected in higher wages once worker selection is properly accounted for.

Three possibilities remain. Remote work may not systematically increase productivity. It may increase productivity, but firms may capture the gains. Or productivity gains could be offset by the fact that remote work is itself a valued amenity, leading to lower wage demands.

Distinguishing among these mechanisms requires further research. What Sauvagnat and his colleagues make clear is that the observed wage premium associated with working from home largely reflects who works remotely, not what remote work does to pay.

**WORKERS WHO WORK FROM HOME EARN ON AVERAGE 12% HIGHER HOURLY WAGES THAN FULLY ON-SITE WORKERS**



## The New Geography of Work

*A large-scale study published in Nature shows how remote working is reshaping territories and opportunities, amid persistent urban-rural divides and new opportunities for cohesion*

by **Andrea Celauro**

Remote working is no longer simply a legacy of the pandemic, but has become a structural component of the European labor market. This is confirmed by the publication of "A large-scale dataset for analyzing remote working in

urban and rural areas across Europe" in Nature Scientific Data, which constructs one of the largest datasets ever collected on the topic, with over 20,000 European interviewees. The international team that conducted the research includes **Greta Nasi**

and **Lisa Fontanella** of Bocconi University.

### **AN UNPRECEDENTED DATASET ON REMOTE WORKING IN EUROPE**

The study is based on a survey conducted between July and

# [REMOTE WORKING]

August 2024, which collected detailed information on the perceptions, preferences and working conditions of individuals distributed across urban and rural areas.

The dataset analyzed key variables such as flexibility, productivity, wellbeing and career impact, offering a highly detailed snapshot of the transformation underway in the world of work. One of the distinctive elements of the study is the granularity of socioeconomic data, which allows for an in-depth study of regional and social differences.

## REGIONAL DIVIDES: TELECOMMUTING STAYS URBAN

One of the most significant findings concerns the persistent gap between urban and rural areas. "Remote work is more widespread in cities, where digital infrastructure and types of employment make its adoption easier," explains Greta Nasi. However, the study also highlights the potential of remote work for territorial rebalancing: it allows employees to relocate to less expensive areas and offers rural residents access to typically urban employment opportunities. In this sense, remote working emerges as a potential lever against the depopulation of peripheral areas.

## BENEFITS AND CHALLENGES: FLEXIBILITY, BUT NOT FOR EVERYONE

The dataset confirms some well-established benefits:

## REMOTE WORKING IS NO LONGER SIMPLY A LEGACY OF THE PANDEMIC, BUT HAS BECOME A STRUCTURAL COMPONENT OF THE EUROPEAN LABOR MARKET



**GRETA NASI**  
Associate Professor of Public  
Management, Bocconi University

greater flexibility, a better work-life balance and the ability for companies to have access to a broader talent pool.

"At the same time," Nasi adds, "the dataset highlights significant differences in individual experience. The impact of remote working varies based on factors such as access to technology, housing conditions and territorial context, demonstrating that not all the benefits of telecommuting are not equally distributed among workers."

## A TOOL FOR PUBLIC POLICY

Rather than offering a single conclusion, the study's primary value is methodological: the dataset is designed as a reusable research infrastructure to be employed by other labor economists and social scientists. It can be used to analyze trends in productivity and work-life balance, but also to orient urban policy, regional development and infrastructure planning. For EU policymakers, the message is clear: remote working is not just an organizational issue, but a factor that impacts territorial cohesion, economic development and ecological sustainability.

## THE PAPER.

A large-scale dataset for analysing remote working in urban and rural areas across Europe, by Lisa Fontanella, Greta Nasi et al.

**THE BOOK.** *The speed of technological change, the complexity of global problems, and the constant pressure to perform are severely testing our ability to think, reflect, and act with clarity. After all, in the age of hyperconnection, the truly scarce resource is not time—it is attention. Yet many organizations continue to measure performance with metrics that ignore mental load, nervous energy, and the emotional sustainability of work. In the book *Sostenibilità cognitiva* (Egea, 2026, pp. 192, €24, in Italian), Alessandro Antonini and Ilaria Buonomo propose a paradigm shift: managing work does not simply mean allocating tasks, but designing conditions that make performance sustainable over time.*



**[REPUTATION]**



# Why Some Crises Kill and Others Don't

*From trust to contagion: in financial systems, this is what determines who survives and who disappears*

by **Giampaolo Gabbi**

**J**anuary 2002: Arthur Andersen admits to having shredded documents related to the Enron audit. March 2023: Silicon Valley Bank collapses following a bank run of \$42 billion in a single day. June 2023: Eurovita is rescued by five insurance groups. Three crises — also reputational — but three very different outcomes. What determines the reputational survival of a financial institution?

## **REPUTATION AS AN INVISIBLE ASSET**

In the financial system, reputation is not merely image: it is a signaling mechanism that reduces the information asymmetry between intermediaries and clients.

Those who entrust money to a bank (e.g. through deposits or bonds) cannot directly assess its soundness; they rely on the credibility of the institution and the supervisor that authorized it.

This is what is known as “reputational contagion:” when a bank fails, depositors do not



**GIAMPAOLO GABBI**, SDA  
*Bocconi Professor of Finance*

simply revise their judgement of that institution, they update their confidence in the entire regulatory framework. Unlike liquidity risk, this form of contagion does not travel through interbank transactions but through investor perceptions. Reputational risk consistently ranks first among the concerns of risk managers, ahead of regulatory, operational and market risk.

## **THREE CASES, THREE DIFFERENT DYNAMICS**

When Arthur Andersen admitted in January 2002 to having destroyed documents related to the Enron audit, the firm's reputation collapsed rapidly. Clients departed following the formal indictment for obstruction of justice, forcing the firm to cease operations. The loss of both its license and professional trust sealed the definitive collapse. Silicon Valley Bank represents the opposite case: a crisis rooted in structural causes, a maturity mismatch between assets and liabilities, heavy concentration in the tech sector, that rapidly escalated into systemic reputational risk. The contagion was real but selective: American banks were penalized in proportion to how closely their business model resembled that of SVB. The Eurovita case demonstrates instead that a reputational crisis can be contained before it spirals out of control. The intervention of five groups absorbing the entire portfolio averted a disorderly wind-down. The initiative succeeded because the market was concentrated, the supervisory authorities were perceived as credible, and all stakeholders shared the conviction that a failure would have damaged the entire system.

**IN THE FINANCIAL SYSTEM, REPUTATION IS NOT MERELY IMAGE: IT IS A SIGNALING MECHANISM THAT REDUCES THE INFORMATION ASYMMETRY BETWEEN INTERMEDIARIES AND CLIENTS**

**WHAT MAKES THE DIFFERENCE**

Four key variables emerge from these cases. The first is the nature of the crisis: a localized ethical failure is managed very differently from a business model crisis or an insolvency. The second is the speed of the response: those who intervene with clarity and decisiveness contain the contagion. The third is the structure of the sector: concentrated markets enable coordinated solutions that spread the risk. The fourth is substantive change: leadership resignations alone are not enough, as Wells Fargo demonstrates. The bank was engulfed in 2016 by the scandal over the fraudulent opening of millions of current accounts without customers' knowledge. Replacing the CEO without a deep change in culture and incentive model did not prevent a lasting performance gap relative to competitors.

**THE LESSON FOR DECISION-MAKERS**

For managers, reputation is built through structural choices, diversification, capital adequacy and governance, as well as through a relationship with the regulator cultivated over time. For policy makers, an open dilemma remains: too much transparency during a crisis can amplify it, while too much opacity erodes long-term trust. There is no universal answer, but there is an imperative: to have built, before the storm, a system robust enough to withstand an orderly management of reputational crises.

**GIOVANNI SANFELICE DI MONTEFORTE**, CEO of Tancredi Group, Bocconi alumnus



# In a Crisis, Silence Is the Worst Option

*Giovanni Sanfelice di Monteforte, co-founder and CEO of Tancredi Group and a Bocconi alumnus, explains why timeliness and clarity in communication make the difference in a reputational crisis, enabling companies to regain and consolidate trust*

by Camillo Papini

To address a corporate reputation crisis, the first step is to respect the "back-of-the-envelope rule:" launch a communication plan that expresses clarity in a timely manner, contextualizing the crisis and even anticipating any admissions of responsibility. But the important thing is that messages be precise, understandable by everyone and short enough to be summarized, at least metaphorically, on the back of an envelope. "Failing to speak, to provide explanations, or offering them in a standardized or limited way, is not forward-looking," warns Giovanni Sanfelice di Monteforte, co-founder and CEO of Tancredi Group, an international advisory firm specializing in corporate communications and institutional

affairs in the financial sector, supporting listed companies, institutional funds and even high-profile individuals. "The role of communication is to provide clarity, to avoid conflicting interpretations or distorted reconstructions. Therefore, it's important to understand who to start engaging with. How clear one is in the early stages will ultimately determine how much one can reduce their media exposure," adds the Bocconi alumnus, who holds a degree in Economics of Public Administration and International Institutions (CLAPI).

**This approach to corporate reputational crises highlights the importance of being prepared ahead of time and keeping in mind, if necessary, all the steps to follow, given that timing is crucial...**

Institutional investors now react in microseconds. However, it's true that individual savers behave less quickly, but they usually require responses on multiple fronts. If the reputational crisis is significant, it's best for a company's CEO to speak publicly. They are the one dictating the company's direction. Additionally, other corporate figures can contribute to communications, each with their own relevant stakeholders.

**But how long can such a crisis last, in the quick-churn age of digital and social media?**

We can't make a priori estimates,

## [REPUTATION]

but we can understand how a crisis is progressing through careful, comprehensive monitoring of both economic and psychological indicators at the level of public sentiment, considering the overall response and behavior of institutions, individuals, the markets, and traditional and digital media. Moreover, it's another rule of the communicator's profession: the more thorough and more timely a company is in providing explanations, the less room the media will have to go beyond the official version and chase after an alternative version of the facts.

### **What is the long-term vision then?**

If anything, I'd say that rather than wondering how long a reputational crisis can last these days, I should point out that the real goal is to ensure that the case at hand doesn't become synonymous with a crisis. It's a multi-step process, where you might have to say, "we're committed to providing further explanations" to dispel all doubts, even those of unconvinced interlocutors. My advice is also to never forget the importance of explaining how you intend to pay remedy to the crisis, allocating dedicated budgets and setting clear goals that need to be achieved.

### **Don't you ever have the right to be forgotten?**

Everyone has the right not to be stigmatized because of a crisis. Especially if measures have been implemented to combat and resolve the problem, which may also involve employees, suppliers, investors and other stakeholders. A crisis should never become the cause of everything, so it's important to open discussions with all stakeholders, from internal communications to institutional relations, from suppliers to customers. Dealing with everyone on the same level. This not only helps a company emerge from the crisis, but it also provides an opportunity to strengthen its overall reputation and positioning.

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**C**an receiving your paycheck a few days late have a negative impact on your household? A study analyzing the situation in the United States highlights a disconcerting finding: slight variations in payroll distribution can increase the likelihood that a woman will suffer violence from her partner.

#### **WHEN THE CALENDAR CREATES FINANCIAL STRESS**

In many private US companies, paychecks are distributed twice per month — the first on the 15th, and the second on the last day. However, when these fall on a weekend or holiday, the payment is made in advance. It seems like a technicality, but has dire consequences. If one

## The Hidden Cost of Payroll Delays

*Minor delays in receiving one's paycheck create financial stress and increase the risk of domestic violence, even if the real economy is doing well*

by **Olivia Masi**

paycheck arrives early and the next remains unchanged, families must make the same amount of money 'stretch.' This forced prolongation between two paychecks leads to financial stress.

#### **A STUDY ON DOMESTIC VIOLENCE**

To understand whether this distress affects domestic violence, I conducted a study with Chiara Santantonio — Assistant Professor at the

# [ GENDER VIOLENCE ]

University of Bath — using data from the National Crime Victimization Survey between 1995 and 2019. We linked them to months when, due to calendar factors, household budgets were tightest. The main finding is clear: one additional day of financial strain increases the likelihood of partner violence by roughly 20%. The outcome for violent incidents is even more likely when there is conflict at the end of the month, mainly when expenses that cannot really be put off — such as rent and utility bills — are due.

## MINOR CONFLICTS, MAJOR CONSEQUENCES

The most interesting point is that we are not referring to major household shocks when we talk about conflict, such as losing one's job or receiving a pay cut. What we mean are short-lived, seemingly minor issues. In fact, it is exactly for this reason that the findings are surprising. Violence is triggered not only by full-blown crises, but also by temporary liquidity shortages and the anxiety that accompanies them. In other words, families do not necessarily have to become permanently poorer to arrive to that point; feeling more vulnerable and less in control is enough, even for just a few days.

## INEQUALITY AND CHANGES IN FAMILY BEHAVIOR

The value of the research conducted lies also in its method. Since payroll delays are

based on how weekends and holidays fall on the calendar, they neither reflect households' decisions nor a sudden downturn in work, making it possible to better identify the effect of short-term financial issues. Additionally, the study demonstrates that there is no corresponding increase in crimes other than violence. Therefore, it is clear that the issue is not a general rise in crime, but that it manifests itself primarily in romantic relationships.

The study also shows that the outcome is not the same for everyone. In fact, it is stronger in financially disadvantaged families with children, where the margins for adaptation are smaller. Furthermore, daily habits begin to change during these phases. For example, the budget reserved for eating out and for hobbies may decrease, while the time dedicated to price shopping increases. On the other hand, there is no incremented spending on alcohol or tobacco. This is a significant finding as it suggests that the underlying mechanism does not involve increased substance use, but rather economic and emotional pressures that disrupt family dynamics.

## IMPLICATIONS: THE ECONOMIC ASPECT OF VIOLENCE

We often think of domestic violence as a separate issue from the financial budgeting of everyday life. This research is a reminder that payment times,



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## THE PAPER.

Overstretched: Financial distress and intimate partner violence in the U.S., by Olivia Masi and Chiara Santantonio

deadlines, available liquidity and the ability to plan are all part of the story.

They certainly do not explain the entire story, but they have the ability to worsen already fragile situations and transform economic hardship into a safety risk for women.

The underlying message is relevant also for cases outside the US. Economic violence does not correspond with income loss only; it can arise from instability, uncertainty and the inability to plan. This is why policies that ensure more stable payment times, short-term liquidity tools and timely safety nets can lead to outcomes beyond material wellbeing. They can minimize an invisible source of conflict, and — in certain cases — prevent violence before it erupts.

**ONE ADDITIONAL DAY OF FINANCIAL STRAIN IN THE HOUSEHOLD BUDGET INCREASES THE LIKELIHOOD OF PARTNER VIOLENCE BY ROUGHLY 20%**



# Aging Without a Safety Net

*An increasingly aging country and a fragmented system of care: in Italy, the burden of caring for the elderly largely falls on families, often leaving the most vulnerable exposed*

by Asya Bellia

**D**emographic aging is a feature of Europe as a whole, accompanied by increasing life expectancy (people are living longer) and declining fertility. Italy is the country in Europe's with the oldest population: half of the Italian population is over 48. Furthermore, by 2050, one in five Italians will be 75 or older. And an aging population translates into a growing need for long-term care.

## **A FRAGMENTED SYSTEM THAT PLACES THE BURDEN ON FAMILIES**

The main tool for meeting the need for long-term care in Italy is the Disability Care Allowance, a transfer paid by Italian Social Security (INPS) to people with severe disability, regardless of age and income. For 2026, the disability benefit is set at €551.53 per month. Responsibility for establishing and guaranteeing essential

levels of health provision, including home care or nursing home care, lies with Italian Regions or, where applicable, Municipalities. The Italian long-term care system, therefore, is fragmented and inconsistent, and marked by strong inequalities among regions. To date, the need for long-term care is met primarily by the unpaid labor of family caregivers and by a shadow economy of unskilled at-home

caregivers, often migrant women. Conversely, overall spending on long-term care insurance is still marginal (1.7% of GDP) and totally private. In a research study titled "Long-Term Care in Italy: Coping with Frailty and Dependence", I investigated with the co-authors which personal characteristics are associated with a greater risk of frailty, how the transition to frailty in old age can be "delayed," and especially to what extent current needs for long-term care are being met.

**FRAILTY FOLLOWS AGE, EDUCATION, AND REGION**

We define "frail" as a person who has limitations in at least four kinds of daily activities. The likelihood of becoming frail is higher among women and increases with age. Furthermore, people who have high school education or more are less likely to become frail, and the same is true for those who have living partners. The likelihood of being frail is lower in the North, with respect Central Italy, and especially Southern Italy.

The higher risk of frailty among women can be attributed to biological factors: with the onset of menopause, the likelihood of developing osteoporosis increases, bringing a reduction in bone density. On the other hand, it's unsurprising that the likelihood of being frail increases with age. Also, the education level correlates with socioeconomic status: those that are better educated are likely to have more resources



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**THE PAPER.** Long term care in Italy: coping with frailty and dependence, by Asya Bellia, Vincenzo Galasso, Agar Brugiavini, Raluca Buia, Silvia D'Arrigo

available to afford better medical care. Geographic disparities can be explained by the fact that healthcare is managed by regions, while it can be assumed that partners perform care tasks within the couple, protecting each other from the risk of invalidating frailty.

It follows that a 75-year-old single person living in Southern Italy, for example, is three times more likely to be frail than a couple living in Northwestern Italy (13% vs. 4%). And this gap increases with age.

**THOSE MOST IN NEED ARE OFTEN THE LEAST COVERED**

Furthermore, the needs of frail people are not fully covered by public services: more than half of frail people aged 70+ have no access to long-term care or disability transfers. Therefore, it is precisely those who are most vulnerable and frail among the elderly who are receiving the least support.

**RETHINKING CARE: PREVENTION, SERVICES, AND INTEGRATION**

From our evidence, some policy recommendations can be drawn. First, comprehensive monitoring systems should be established, capable of capturing the evolving needs and preferences of individuals that have limitations in carrying out daily activities (including those who are not necessarily frail). Second, preventive healthcare and personalized services of home care should be expanded, focusing on support for personal and household care activities. Furthermore, synergies between the public and private sectors (e.g., public incentives to facilitate access to private long-term care insurance products) could ensure broader access to high-quality care and further improve the capacity to cover long-term care needs.

**A 75-YEAR-OLD PERSON IN THE SOUTH WHO IS SINGLE HAS A 3X HIGHER RISK OF FRAILTY THAN AN OLD PERSON IN THE NORTH WHO LIVES WITH A PARTNER**

# TRASFORMARE LA SCARSITÀ IN UNA FORZA GENERATIVA: È QUESTA LA SFIDA DELLA NUOVA PROSPERITÀ



**[EUROPE]**



# Between Power and Reality

*In a world dominated by the US and China, to remain relevant, Europe must scale back its ambitions, focus on security and build alliances*

**by Daniel Gros**

The US attack on Iran provides only the latest illustration of the tendency of big powers to use military power without any regard to international law and conventions. But we must recognize the world as it is, not as we would like it to be. How should Europe navigate this world of raw power, both in political and economic terms? How can it survive between an erratic US and an economically overpowering China?

## **REALISM AND THE PRIMACY OF SECURITY**

The first step is to adapt ambition to the limited resources that Europe has at its disposal.

Security comes first. While the world's attention is now focused on the Gulf, Ukraine continues its fight for survival thus protecting the rest of Europe. It is this war, going now into its fifth year, that represents the crucial threat for European security. The increased spending on defense should thus concentrate on ensuring that Europe can defend itself against any Russian aggression even without support from the US. This requires joint efforts to close existing capability gaps in missile defense and space. A Europe that needs US help to defend itself will never become a credible global actor.



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## **LIMITS OF EUROPEAN MILITARY ACTION**

Europe should not strive for a global military reach. Missions to the Gulf or East Asia represent a distraction from the key goal of ensuring Europe's security against a Russia with imperial ambitions — and maintaining the fragile calm around the Mediterranean.

A crisis in the Middle East of course impacts Europe, but European influence in this region is close to zero. A small contribution to a multi-national force to keep the Strait of Hormuz open after hostilities end is all Europe could and should plan for.

## **ECONOMIC STRENGTH AND VULNERABILITY**

Europe is still a global economic power. Its GDP is of a similar order of magnitude as that of the US and China, and the EU comes only second in trade. But the EU is clearly the most vulnerable among the big powers. Unlike the US, it depends wholly on imports for its energy needs (China at least has abundant domestic coal). Moreover, Europe is weak in many frontier technologies. AI represents a telling example. European researchers contribute an important share of academic research in this field. But European firms are virtually absent from the commercial development of AI. The single European entrant in this field, Mistral, is a mid-sized also-run.

## **ALLIANCES AND TECHNOLOGICAL AUTONOMY**

The combination of a large economy, strong trade performance and strength in research provide the basis for Europe's soft power. But these assets need to be leveraged

**THE FIRST STEP IS TO ADAPT AMBITION TO THE LIMITED RESOURCES THAT EUROPE HAS AT ITS DISPOSAL. SECURITY COMES FIRST**

through an alliance with mid-sized like-minded middle powers, like Canada, Australia, Japan and, closer to home, the UK that can help reduce Europe's vulnerabilities.

For example, several countries have expressed an interest in joining the EU's framework program for research as associate members. Creating a global alliance in research would also help Europe catch up in the areas in which it is weakest, like chips production or space.

Another advantage of such an alliance would be to help break free from the stranglehold of US hyperscalers in key technologies. This represents an acute security risk as these companies are ultimately under the control of the US administration. The aim should not be to create alternatives under EU control, but to develop alternative solutions jointly with other countries, possibly as open source, so no single country can control them. All participants would gain, and the market for alternatives to the dominant US software bundles would be much bigger than if it was only the EU.

The main obstacle to this course of action is hubris in Brussels. The EU is much larger than any one of its like-minded partners. This invites

## EUROPE IS STILL A GLOBAL ECONOMIC POWER. ITS GDP IS OF A SIMILAR ORDER OF MAGNITUDE AS THAT OF THE US AND CHINA, AND THE EU COMES ONLY SECOND IN TRADE

EU officials to assume that they can dictate the terms under which other countries can join EU initiatives and how they should be run.

### TRADE AND EUROPE'S GLOBAL ROLE

Trade represents the strongest asset for the EU. Trump's attack on global trade has largely failed. The US trade deficit has not improved, global trade has expanded and US importers have borne most of the cost of tariffs. This confirms once more that protectionism is mainly self-defeating. The trade agreement with the US of last summer was widely decried as a capitulation. But exercising 'power' by retaliating at that moment would have been useless. The EU essentially agreed to let the US shoot itself in the foot. There are better ways to support the rules-based global order than pick a fight with the US, for example by playing a

leading role in buttressing an existing agreement among 66 countries to accept a substitute dispute settlement mechanism. But this can work only if the EU eschews the temptation to use trade defense mechanisms for its own political ends. Europe should not pretend to be or become a superpower. Rather it should strive to become the leader of a global coalition of middle-power democratic nations. By securing its own borders against Russia and pooling its research and trade weight with like-minded partners from London to Tokyo, the EU can escape the binary trap of the US-China rivalry. However, this requires Brussels to trade its penchant for dictating terms when it deals with smaller partners for a new spirit of genuine partnership. If Europe cannot learn to lead among equals, it will find itself increasingly alone in a world of raw power.



**THE BOOK.** *Due strade verso la prosperità* (Egea, 2026, pp. 648, €39, in Italian) is the result of more than twenty years of work by **Avner Greif**, **Joel Mokyr**, and **Guido Tabellini**. Through a thousand years of comparative history, the book reconstructs the deep reasons behind the divergence between Europe and China, going beyond explanations based on geography, resources, or isolated events. At the core of the analysis are forms of social cooperation: guilds and inclusive institutions in Europe, clans and centralized bureaucracy in China. From these differences stem opposing trajectories in political development, knowledge production, and innovation. A work of economic history that speaks directly to the great challenges of the present.

# Too Much Spending, Too Little Defense

*Over €300 billion a year do not provide enough security to the Continent: fragmentation of weapons systems prevents the EU from becoming a strategic player*

by Carlo Altomonte

EU defense is currently facing a critical juncture, in industrial, technological, and political terms. For years, the debate has focused on the amount of European military spending, usually measured in terms of GDP, but the real issue today is the quality of spending and, above all, its excessive fragmentation. Europe spends a total of over €300 billion annually on defense, a figure comparable to China and second only to the United States. Yet this critical mass does not translate into equivalent strategic capacity. The Continent continues to depend significantly on external technologies, systems, and operational capabilities, while industrial programs remain dispersed along national lines, resulting in duplication and structural inefficiencies.



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## **INDUSTRIAL FRAGMENTATION AND STRUCTURAL LIMITATIONS**

Today, dozens of different weapons system platforms operate in Europe, while in the United States there are just a few standardized models. Fragmentation results in inadequate industrial supply chains, procurement processes, and technological standards, reducing economies of scale and slowing down innovation. However, in a context where global competition is increasingly being played out on technologies such as artificial intelligence, semiconductors, cyber, and space technologies, characterized by high fixed costs and therefore significant economies of scale, this means the self-imposition of a strategic constraint.

## **THE NEW TRANSATLANTIC BALANCE**

The changing international context makes the situation even less sustainable. The new US security strategy has made it clear that the EU can no longer be considered a simple beneficiary of security paid for by the United States, but must become a player capable of independently

**THE END POINT IS NOT NECESSARILY  
AN EU ARMY, BUT AN INTEGRATED  
ECOSYSTEM IN WHICH EUROPEAN  
INDUSTRY, TECHNOLOGY, AND  
OPERATIONAL CAPABILITIES CONVERGE**

contributing to the stability of the European continent. This does not imply a withdrawal of the United States from Europe, but rather a redefinition of the relationship. US deterrence remains, within NATO, but it is increasingly contingent on Europe's ability to organize itself as a coherent security system.

## **FROM COOPERATION TO INTEGRATION**

For all this to happen efficiently, a shift from national spending instruments to common platforms is imperative. This means not simply about cooperation between member states, which Europe has practiced for decades with limited results, but about upstream integration. This means designing systems that are interoperable from the outset, building EU-wide industrial supply chains, data sharing, technological standards and capabilities.

The first signs of this transformation are already visible and, for the first time, are not limited to political declarations but take the form of concrete instruments. European joint procurement programs, new

financial mechanisms, and joint industrial initiatives are gradually shaping a change of paradigm: no longer coordination between national systems, but the construction of shared capabilities.

## **NEW EUROPEAN POLICIES AND THE GOVERNANCE CHALLENGE**

This is the context for initiatives such as the European Defense Industrial Strategy (EDIS), which defines a long-term trajectory to strengthen the European defense industrial base. It explicitly aims to shift a growing share of military procurement to EU suppliers and promote joint programs, thus creating the conditions for economies of scale and greater interoperability. This is complemented by the European Defence Industry Programme (EDIP), which represents the first attempt to translate this strategy into operational and financial tools, thus moving beyond a purely national approach to defense industry planning. Even more significant is the evolution towards EU-wide financing instruments inspired by the SAFE (Security Action for Europe) program, which

in recent years has served as a model for investment coordination initiatives in the security and resilience fields. SAFE also introduces a platform approach at the financial level: mobilizing common resources, facilitating joint procurement, and reducing the risk for private investment.

These initiatives, taken together, point towards a clear direction. The goal is not simply to increase spending, but to transform its structure, moving from a sum of national decisions to an integrated continental system of investment, production, and innovation. The challenge now is one of scale and governance: without a significant acceleration of resources and greater integration between Member States, these instruments risk falling short of the intended objective. But if consolidated and expanded, EDIP, EDIS and the SAFE-inspired programs can represent the cornerstones of the transition towards common platforms that is now the essential path for the future of European defense. The end point is not necessarily an EU army, but an integrated ecosystem in which European industry, technology, and operational capabilities converge.

## **THE FUTURE OF EUROPE**

The real choice, therefore, is not between more or less spending, but between continuing to operate in a scattered fashion or building a shared platform capable of generating critical mass. In the first case, the EU will remain an incomplete, dependent, and vulnerable player. In the second, it will be able to transform defense into one of the pillars of its economic and strategic sovereignty.

**THE NEW AMERICAN SECURITY STRATEGY HAS MADE IT CLEAR THAT THE EU CAN NO LONGER BE CONSIDERED A SIMPLE BENEFICIARY OF SECURITY PAID FOR BY THE UNITED STATES, BUT MUST BECOME A PLAYER CAPABLE OF INDEPENDENTLY CONTRIBUTING TO THE STABILITY OF THE EUROPEAN CONTINENT**

# Time for strategic autonomy

*Europe used to depend on America for security, Russia for energy, and globalization for its exports. As all three are vacillating, the Old Continent must redefine its role in the world. This entails diplomatic rebalancing and a costly transition to develop its own defense*

by Livio Di Lonardo

**M**ilitary security delegated to the United States, cheap energy from Russia, and growth driven by globalization. This was the trifecta that guaranteed peace and prosperity for Europe for decades. A combination that today appears definitively outdated. Russia's attacks on Ukraine in 2014 and 2022 exposed the energy vulnerability of EU countries, and since security became once again an existential priority, the United States has shown signs of growing disengagement: less willing to automatically warrant the Continent's defense, more assertiveness on the trade front, and geostrategic priorities increasingly focused elsewhere. This has exposed the fragility of a model based on dependencies that have proven, predictably or not, politically unstable.

## **A NEW CONTEXT OF FRAGILITY**

In this context, made even more complex by the internal political challenges of EU countries, with weak growth, stagnant wages, and increasingly unsustainable welfare systems, redefining Europe's role is no longer a theoretical exercise, but a political necessity. In the debate sparked by the need to develop a strategic response to these joint challenges, there are three concrete alternatives.

A first position proposes a clear and immediate break with the United States. The recent attack on Iran, with its implications for the role of international law and energy costs, has significantly strengthened this position in the political debate. At the same time, this position is often accompanied by reticence about, or outright opposition to, the idea of significantly increasing defense spending, especially when welfare and public services are under stress. This stance reflects a real and widespread malaise, but it also comes up against a fact difficult to ignore: Europe currently lacks the tools to independently guarantee its own short-term security. In a context of growing threat, a rapid disengagement from the United States without a parallel strengthening of its own defense system risks resulting in immediate vulnerability.

## **A GRADUAL TRANSITION AND ITS COSTS**

A second position instead advocates for a gradual transition toward greater autonomy. This is a more pragmatic, but also more cumbersome position. In the short term, it involves accepting an asymmetric relationship with the US and making the best of a bad situation on important issues, from the imposition of tariffs to unilateral military initiatives such as the conflict with Iran. Above all, it carries a significant political cost: forcefully condemning Russia while simultaneously avoiding an open confrontation with the United States exposes the European Union to accusations of double standards and contributes to eroding the credibility of the multilateral institutions and international law it claims to uphold.

**IN THIS CONTEXT, MADE EVEN MORE COMPLEX BY THE INTERNAL POLITICAL CHALLENGES OF EU COUNTRIES, WITH WEAK GROWTH, STAGNANT WAGES, AND INCREASINGLY UNSUSTAINABLE WELFARE SYSTEMS, REDEFINING EUROPE'S ROLE IS NO LONGER A THEORETICAL EXERCISE, BUT A POLITICAL NECESSITY**

## ALTERNATIVES AND LIMITS TO EUROPEAN AUTONOMY

A third position, finally, considers China as a possible strategic alternative. This perspective is gaining traction due to transatlantic tensions and China's growing economic clout, but it has clear limitations. China is not a credible substitute for the United States in terms of security, and at the same time, it is a country whose political model and interests are often at odds with those of Europe. Furthermore, the growing convergence between China, Russia, and Iran makes it difficult to imagine true Chinese neutrality with respect to European interests. Rather than autonomy, the risk is that of creating a new, and even less desirable, form of dependence.



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The point, therefore, is not simply to choose between the United States and China, but to recognize that Europe today faces limited options precisely

because of choices she made in the past. The renunciation of true strategic autonomy was the product of a balancing act that for years was convenient but shortsighted.

Today, that model is no longer sustainable, and Europe finds itself without the tools to rapidly replace it. The real variable is time: the speed at which the EU can reduce its dependence from the US by building a credible and capable security system. Without this step, any idea of disengagement remains a leap in the dark. In the short term, it is difficult to imagine a Europe that can do without the United States. But the real question is not whether Europe can afford autonomy, but whether it has the political will to actually create the conditions to do so.



**NEL NUOVO CAPITALISMO,  
IMPRESA, TECNOLOGIA  
E POTERE CONVERGONO  
NELLE MANI DI POCHI.**

# New Sovereign Borders

*From security to energy, Europe is redefining its borders, with deeper internal integration and stronger external protection*

by **Alessandro Petti**

For decades, the borders the European Union drew were primarily economic. Today, they are increasingly political. Foreign investment screening, the regulation of foreign subsidies, anti-coercion instruments, the carbon border adjustment, due diligence obligations: these do not merely defend a level playing field. They protect critical infrastructure, guard against third- state-backed capital and shield the EU's internal policy space from external coercion. The customs union mediated commercial interests that Member States were broadly willing to delegate. The new bordering instruments reach somewhere else entirely. They extend into security, public health, energy supply, defense procurement: domains states have long regarded as part of their sovereign core. The point is not that this was absent from the Treaties, but that it has now become practice. The pandemic was a catalyst. The vaccine purchase and export mechanism made public health an EU-level site of external re-bordering. In turn, internal de-bordering dismantled national barriers



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to critical goods. Energy solidarity now requires that decisions on gas supply in one country be assessed for their effects on neighbors. In the Opal case, the Court gave legal tenor to energy solidarity by requiring a relational assessment of the interests involved: the upscaling of a Union-wide interest in energy security did not dispense with taking into account the interests of specific Member States liable to be affected, notably Poland. New instruments of common defense procurement pool demand across states that had not traditionally shared an ammunition supply chain. Interests that once justified national derogations from free movement are now being recast in terms of collective European action. Sovereignty is not disappearing. It is being reconfigured.

## **HARNESSING COLLECTIVE WEIGHT**

Externally, the EU raises barriers. Internally, it lowers them by creating unitary frameworks that harness the collective political weight and market power of Member States and their close partners. Joint purchasing, coordinated screening, harmonized controls are institutional structures designed to reinforce core state functions and build leverage. These developments go beyond classical market integration. They suggest

**A POLITY CANNOT BE BUILT THROUGH SCREENING, STOCKPILING AND EXCLUSION ALONE. IT IS ALSO BUILT BY DECIDING HOW COSTS AND BENEFITS ARE SHARED**

a more demanding form of cooperation, one in which Member States are asked to act together not simply to liberalize exchange, but to develop capacity and scale. Sovereignty here undergoes a relational reconfiguration. Each Member State is obliged to account for the interests of the others. Screening in one capital must weigh vulnerabilities across borders. Solidarity in energy means no state can hoard supply while a neighbor's infrastructure falters. The result is more ambiguous than a simple transfer of power to common institutions: sovereignty is constrained in some instances and reinforced in others. There is, however, a danger closer to home. EU re-bordering instruments that rely on Member State structures can trigger unwelcome re-bordering within the Union itself among the Member States. Regressive tendencies of Member States risk being awakened.

## BEYOND THE WALL

"The old is dying and the new cannot be born," Gramsci wrote. An interregnum of this sort characterizes European integration today. Continuity of supply, infrastructural security and common preparedness are becoming

## THE NEW BORDER INSTRUMENTS EXTEND INTO NEW DOMAINS THAT STATES HAVE LONG REGARDED AS PART OF THEIR CORE SOVEREIGNTY - SUCH AS SECURITY, PUBLIC HEALTH, ENERGY SUPPLY AND DEFENSE PROCUREMENT

**THE PAPER.**  
EU Law in the Geopolitical Era,  
by Alessandro Petti

central concerns of this new phase. But bordering is a process, not a destination. A polity cannot be built through screening, stockpiling and exclusion alone. It is also built by deciding how burdens and benefits are shared. If Europe now seeks safety in common infrastructures, energy and defense, it must also face the distributive questions such projects raise. The recent turn is not only

defensive. It may also help consolidate the EU as a polity, by requiring Member States to treat certain vulnerabilities and capacities as European rather than merely national. And yet economic support is not the same as political solidarity. The former seems to have advanced further than the latter. That is where the present turn may still wane. The EU can create new instruments more easily than it can create lasting consent for their deployment. The legal tools are arguably developing faster than the solidarity needed to sustain them. Yet that solidarity is no longer absent; it has begun to take institutional shape, however partial and contested. The question is whether these new borders remain merely defensive lines, or whether they also help shape a wider order beyond them.



**THE BOOK.** *Peace is not a given. It is a fragile construct that requires industrial capacity, technological innovation, and capital willing to take on the risks of the future. After decades of post-Cold War illusion, the return of conflict has made an often-ignored truth clear: without security, there can be no growth, progress, or freedom. In the book Difendere il futuro (Egea, 2026, pp. 146, €18.90, in Italian), Enrico Della Gatta traces the deep genealogy of the relationship between war, technology, and finance, showing how military innovation has historically anticipated and shaped economic and industrial development.*

# A Virtuous Osmosis

*Between Europe and the United States, investments and businesses continue to intertwine: opportunities remain, as Mariafrancesca Carli, Bocconi Alumna and BDT & MSD Partner, explains*

by Michele Chicco

The relationship between the United States and Europe is defined as a “virtuous osmosis” that the “background noise” generated by politics won’t disrupt. **Mariafrancesca Carli**, a Bocconi Alumna, is a Partner at BDT & MSD, an investment bank that focuses on family companies and business founders. From New York, she builds bridges between the two sides of the Atlantic: Ms Carli invests US capital in Europe and advises large European family firms that are seeking to do M&A in the United States. This is an ambitious program in an era of tariffs, global tensions, and relentless volatility.

## How do you view Europe from the United States?

With great optimism. Europe boasts a network of solid, independent businesses that represent a great growth opportunity for global capital. American investors aren’t just looking at margins, but also at the industrial strength and reputation of European companies, which often

possess unique technologies. American consumers are also looking to Europe with great interest, appreciating the authenticity, history, and sustainability of products. The narrative of a family brand, rooted in local area and artisanal quality, is highly appealing.

## In this scenario, what are the most interesting sectors?

Beyond luxury and food, pharma is certainly a key industry, with many European companies conducting extensive research having lab facilities in the United

States certified by the Food and Drug Administration. Alliances with domestic giants are key to conquering the market; many European companies grow in the US through targeted acquisitions, building a significant industrial presence, adapting to local culture while leveraging their technology.

## What is the profile of the perfect company that can make it in the US?

The European market is highly fragmented, yet rich in excellence: companies rooted in manufacturing, technology, mechatronics, or luxury goods, capable of maintaining their local identity while competing globally. A concrete example is our investment in Bologna-based IMA, a world leader in the packaging of pharmaceuticals, or in Charlotte Tilbury, a British cosmetics brand, acquired with the Puig family. These are companies achieving extremely high industrial and technological quality, often built over several generations or by creative entrepreneurs, making them attractive to international markets.

## Does the current political context complicate this transatlantic relationship?

The political climate may generate background noise, but in practice, companies are not reducing their presence in the United States. On the

**MARIAFRANCESCA CARLI**,  
Partner at BDT & MSD,  
Bocconi Alumna



contrary, many are choosing to invest more, opening local factories or production facilities to overcome commercial or logistical constraints. Companies see America as a key market for growth, not a place to retreat from.

### **And from the perspective of US investors, are they putting the brakes on?**

No, I would say the opposite. Appetite for Europe remains high, and decisions are based on risk-adjusted returns. Europe is perceived as more fundamentally solid and prudent, and therefore suited for long-term projects. In our portfolio, we continue to balance investments in America and Europe, because valuable opportunities exist on both continents.

### **What future do you see for Europe?**

The question for Europe is: can it continue to grow? The answer, in my opinion, is yes. But only if it can invest in innovation and internationalization. We are already seeing a return of high-level human capital, a renewed interest in productivity linked to artificial intelligence and new organizational models. The future is yet to be defined, but there is a solid foundation, made up of skills, industrial culture, and global openness, which makes Europe an indispensable partner for the United States.

### **Is collaboration still the key word then?**

Exactly. There is a virtuous osmosis between Europe and America, where both markets stand to benefit. Europe brings technology, history, and quality; America offers scale, capital, and growth. When these two forces come together, everyone benefits: businesses, regions, and people.

# The Capital Constraint

*Between Europe and the United States, investments and businesses continue to intertwine: opportunities remain, as Mariafrancesca Carli, Bocconi Alumna and BDT & MSD Partner, explains*

by Isabella Brancaccio, Brunella Bruno, Elena Carletti

Europe finds itself at an uncomfortable crossroads. Squeezed between the technological dynamism of the United States and the industrial scale of China, Europe is confronting a structural competitiveness gap that has been widening over the years. As the Draghi report warned, without an additional €750-800 billion in annual investment by 2030, this gap risks becoming irreversible.

### **THE CAPITAL CONSTRAINT: ABUNDANT BUT INEFFECTIVE SAVINGS**

Mobilizing the needed financial resources requires, first and foremost, a well-functioning financial system. Capital is the enabling infrastructure of innovation, and European capital is structurally misallocated. In the EU, households save more than in the United States, but these savings are not channeled into productive capital market investments. Venture capital remains a fraction of what is

available in the US, and European startups consistently struggle to raise the financing needed to grow at home. The consequences of this are visible: a steady stream of promising European firms relocate to the United States in search of capital and a more favorable legal environment.

### **RETHINKING THE FINANCIAL SYSTEM: THE CENTRAL ROLE OF BANKS**

Addressing these consequences requires more than redirecting savings — it requires rethinking how the entire financial system is structured. The European financial system relies heavily on banks and will continue to do so: this is not a structural flaw to be corrected, but a feature to be built upon. The challenge is to develop deeper synergies between the banking sector and capital market participants, for example by enabling banks to originate, distribute and co-invest alongside institutional investors, private equity and debt funds, with the

**CAPITAL IS THE ENABLING INFRASTRUCTURE OF INNOVATION, AND EUROPEAN CAPITAL IS STRUCTURALLY MISALLOCATED**



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adequate safeguards in terms of financial stability.

### **FINANCIAL INTEGRATION AND REGULATION IN SUPPORT OF GROWTH**

A more integrated financial system would allow European savings to finance the green transition, infrastructure investment, technological transformation and defense, without abandoning the intermediation role that banks perform well. The current debate over bank regulation becomes directly relevant here: the question is not whether to dismantle prudential discipline, which remains essential for financial stability, but whether Europe's regulatory architecture is calibrated also to support lending to the real economy — particularly the industrial sector —

and competitiveness, rather than merely to prevent crises.

### **EUROPEAN INITIATIVES AND THE CHALLENGE OF IMPLEMENTATION**

To address the abovementioned issues, the EU has responded with an ambitious, but still unfolding, policy agenda. The Competitiveness Compass, published by the European Commission in January 2025, sets out Europe's strategic response and identifies three core imperatives: closing the innovation gap, decarbonizing the economy and reducing strategic dependencies. The Compass also identifies five "horizontal enablers" to support these objectives, one of which is the Savings and Investments Union (SIU). Launched in March 2025

as the successor of the long-stalled Capital Markets Union, the SIU aims to connect household savings to productive investment, reduce supervisory fragmentation, revitalize securitization markets and advance the completion of the Banking Union. These are not new ambitions, but the political momentum behind them is greater than it has been in years. Recognizing that a more competitive banking sector is a necessary building block for this broader agenda, in early 2026 the Commission also launched a targeted consultation on the competitiveness of the EU banking sector, a signal that the regulatory conversation is shifting from asking how to make banks safer to asking how to make them more capable of financing the growth Europe needs. None of these initiatives will deliver results automatically. The obstacles — divergent national interests, incomplete banking union, fragmented supervisory structures — are well known. But the external pressure seems to be greater than it has ever been. Europe's strategic role in a world shaped by US-China rivalry will be determined, in no small part, by whether it can build the financial and institutional infrastructure that its ambitions require.

**EUROPE'S STRATEGIC ROLE IN A WORLD SHAPED BY THE US-CHINA RIVALRY WILL BE DETERMINED, IN NO SMALL PART, BY WHETHER IT CAN BUILD THE FINANCIAL AND INSTITUTIONAL INFRASTRUCTURE THAT ITS AMBITIONS REQUIRE**

# An Increasingly Geopolitical Budget

*The new EU budget shifts resources and priorities: less redistribution, more strategy linking defense, competitiveness and global crises*

by Rosalba Famà

Last July, the European Commission began one of its most sensitive negotiations: the Multiannual Financial Framework (MFF) for 2028-2034. The MFF translates the EU's political priorities into numbers, allocating resources across the various spending chapters. In practice, for each EU program, the MFF sets the spending ceiling for a seven-year period, as well as the resources that will be held as reserves.

Given the Union's growing level of debt, these reserves are now crucial to ensuring the solvency of common debt. The unanimity requirement grants each member state veto power, which, in practice, has often hindered decisive reforms, contributing to a high level of conflict between countries over the European budget.

## A BUDGET CALLED UPON TO RESPOND TO NEW STRATEGIC PRIORITIES

Due to the constantly evolving context, the European Commission's July proposal already appears partially obsolete.

Geopolitical tensions, war in Ukraine and the Middle East and the redefinition of global and NATO equilibria are further accelerating the transformation of the EU budget. Faced with these challenges and the limited



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fiscal space available to Member States, the European budget is now called upon to respond not only to redistributive needs, but also to strategic objectives such as security, competitiveness, and the green and digital transitions. From this perspective, the Draghi report highlighted the structural criticalities of the budget as it has been conceived to date, including the fragmentation of programs, duplication and the complexity of access rules, underscoring the need for a more targeted and efficient use of resources.

## THE NATIONAL RECOVERY PLAN AS A METHOD FOR DISBURSING FUNDS

The Commission's proposal replicates the model tested during the pandemic with the National Recovery and Resilience Plan (NRRP). Specifically, the new MFF provides that cohesion funds and agricultural policy funds — the largest portion of budget resources — will be disbursed based on the achievement of objectives and targets defined in National and Regional Partnership Plans, negotiated between Member States and the Commission. This approach marks a shift from a cost-reimbursement approach to governance focused on the progress of plans and the implementation of reforms. Furthermore, Member States that deem it necessary will be able to use a portion of cohesion funds to strengthen investments in defense.

## COMMON DEBT AND EXTERNAL ACTION AT THE HEART OF THE NEW FRAMEWORK

At the same time, the use of common debt has been expanded and made more structural through new instruments, Catalyst Europe and the Crisis Response Mechanism, which would allow the EU to raise resources on the markets and redistribute them in the form of loans to requesting

**THE EUROPEAN BUDGET IS NOW CALLED UPON TO RESPOND NOT ONLY TO REDISTRIBUTIVE NEEDS, BUT ALSO STRATEGIC OBJECTIVES SUCH AS SECURITY, COMPETITIVENESS AND THE GREEN AND DIGITAL TRANSITION**

states. This context also includes the new Global Europe instrument, which consolidates a series of funds dedicated to the Union's external action. It is intended to play a central role in the international dimension of the budget and is endowed with more significant resources than in the past, reflecting the EU's growing geopolitical ambition.

**MORE FLEXIBILITY, BUT ALSO NEW BALANCE AND CONTROL ISSUES**

The implications of these

innovations are multiple. On the one hand, the EU model based on national plans would strengthen the role of the Commission and national governments in defining and implementing — hopefully — more integrated spending strategies. However, such a framework could reduce the weight of local and regional authorities, traditionally central to the multilevel governance of European funds.

On the other hand, the greater flexibility could allow for a more rapid reallocation of resources

to sectors requiring rapid intervention, including defense and energy. At the same time, this new framework, which is independent of actual costs incurred (since the disbursement of resources is contingent on the achievement of objectives distinct from the expenditure itself), raises new questions in terms of transparency and control, requiring an adaptation of the supervisory tools of the European Court of Auditors and the European Parliament.

The negotiations are still ongoing, and their outcome is uncertain. What is clear, however, is the policymakers' intent to make the EU budget a strategic lever for addressing crises and the race for global competition. The challenge will be to strike a balance between new geopolitical priorities, spending efficiency and safeguarding the solidarity dimension that has historically characterized the European project.

# The Big Data Game

*In the contest between the US and China, Europe is playing the role of arbiter of rules: but if EU does not develop its own technological capability, it could end up being crushed*

by **Gianmarco Ottaviano**

In the new global economic order, the contest between the United States and China is no longer played out solely over tariffs and physical goods, but increasingly over the control of data, platforms and digital technologies. It is in this fluid space, still largely devoid of shared rules, that the world's balance of power will be defined in the coming years. And it is precisely where Europe is called upon to find a credible role.

**THE EUROPEAN PARADOX: WEAKNESS AS STRATEGIC LEVERAGE**

At first glance, the European Union starts at a disadvantage. It lacks the American tech giants as well as the centralized state control characterizing the Chinese model. Yet, this very apparent weakness can be turned into strategic leverage. Europe is, in fact, the only major global player that has built influence not on the basis of

industrial or military power, but on the ability to produce rules.

**TWO OPPOSING MODELS OF DATA GOVERNANCE**

In the digital world, this regulatory vocation takes on a particular significance. The US has an interest in maintaining open the international flow of data, because the business model of its global platforms depends on it. China, on the other hand, claims "digital sovereignty," that is, the

right to control and filter data generated within its own borders. These two visions are difficult to be reconciled, reflecting not only differing economic interests but also opposing political models.

## **THE EUROPEAN "THIRD WAY" AND THE RISK OF GLOBAL FRAGMENTATION**

In this context, Europe can attempt a third way. It is not a matter of equidistance, but of building standards that reconcile openness with protection. Rules on privacy, competition, artificial intelligence and platform liability can become tools for reducing uncertainty and creating a minimum common ground between different systems. This is already happening, in part, with the so-called "Brussels effect," whereby EU standards end up being adopted elsewhere around the world.

This ambition is also reflected in multilateral debate. Within the World Trade Organization, the Moratorium on Tariffs on Electronic Transmissions has represented one of the few shared pillars of the global digital economy for over 20 years. However, at the WTO Ministerial Conference in Yaoundé (Cameroon) last March, members failed to renew it, allowing it to expire for the first time. This opens up a legal space for the introduction of tariffs on data flows and marks a shift towards a more fragmented system, in which rules and practices could diverge between blocs of countries. In the absence of a new agreement, the risk is global



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regulatory fragmentation, making digital trade costlier and more uncertain.

## **THE LIMITS OF THE REGULATOR'S ROLE AND THE CHALLENGE OF ALLIANCES**

However, the role of "global regulator" is not without risks. Without an adequate industrial and technological base, Europe could end up codifying rules written by others, losing its ability to truly influence the economic power balance. Furthermore, in a world where technology and national security are increasingly intertwined, rules can also become instruments of geopolitical competition.

The real challenge for the Union will therefore be to transform its regulatory strength into diplomatic and negotiating power. This means building alliances with countries that share an interest in an open but regulated system (from Japan to Canada, and many emerging economies), and using these coalitions to influence global standards. It also means accepting that the multilateralism of the future is less likely to be universal and more likely to be of the "variable geometry" kind.

## **MAKING AN IMPACT WITH RULES**

Ultimately, Europe won't be able to compete with the US and China on either scale or control, but it can still make an impact on rules. If it succeeds, it can help prevent the fragmentation of the digital economy into incompatible blocs. Otherwise, it risks finding itself caught between two competing models, unable to orient either.

The challenge of the coming years will therefore be not only technological, but also profoundly political. And it will increasingly revolve around those invisible flows of data that are redefining the very boundaries of international trade.

**EUROPE WON'T BE ABLE TO COMPETE WITH THE US AND CHINA ON EITHER SCALE OR CONTROL, BUT IT CAN STILL MAKE AN IMPACT ON RULES**

# Why Cuba?

*Caught between the United States and China, the island's future also affects Europe's autonomy in strategic raw materials and emerging global dependencies*

by **Andrea Colli**

President Donald Trump's recent remarks about taking Cuba — "whether I free it or take it" — reveal far deeper geopolitical realities than their informal tone suggests. His words exemplify what international relations historians call "Great Power Politics," the principle that might determines international relations, dating back to the early 19th century when powerful nations regulated their relationships through a simple doctrine: "might is right." Trump's statement also reflects a Darwinian perspective on state competition, introduced at the end of the 19th century by the biological geopolitical school, which justified European imperial expansion as a natural right of the stronger over the weaker. The Nazis formalized this concept as *Lebensraum*, while the US encapsulated it in the more palatable idea of "manifest destiny."

## **HISTORICAL CONTEXT: WHY CUBA?**

Cuba's strategic importance stems from its geographic

position — an "air carrier" parked just one hundred kilometers from Florida's southern coast. During the 19th century, under Spanish rule, Cuba exported staple products like sugar and cocoa, primarily to the US. The island became what geopolitical analyst Alfred Mahan called a key hotspot for US imperial strategy in the hemisphere.

The 1898 Spanish-American War marked a turning point. The US intervened supporting local revolutionaries against Spain, then occupied Cuba for nearly four years. Following occupation, the island endured decades of subjugation to American economic and political interests, protected by US-friendly regimes. This arrangement lasted until the late 1950s, when Fidel Castro's revolution overthrew the existing order.

During the Cold War, Cuba became a Soviet satellite, subsidized by Moscow for geopolitical reasons. The island symbolized Cold War contradictions — a thorn in America's side comparable to



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West Berlin for the Soviets. After the Soviet Union's collapse, Cuba became dependent on other Latin American states like Venezuela, as well as China and Russia, struggling with a centrally planned but fragile economy.

## **STRATEGIC IMPORTANCE TODAY**

Two critical factors explain renewed US interest in Cuba. First, the broader US grand strategy aims to strengthen control over the Caribbean and Pacific regions. This includes potential reassertion of influence over the Panama Canal — a strategic waterway built by the US nearly a century ago to connect the Pacific and Atlantic Oceans. Current US policy represents a modern "remake" of historical imperial ambitions. Second (even if less mentioned), Cuba ranks among the world's five largest

**CUBA'S STRATEGIC IMPORTANCE STEMS FROM ITS GEOGRAPHIC POSITION — AN AIRCRAFT CARRIER PARKED JUST ONE HUNDRED KILOMETERS FROM FLORIDA'S SOUTHERN COAST**

producers of nickel and cobalt — rare earth minerals (REMs) increasingly vital for modern technology. These two commodities account for a significant portion of Cuba's GDP and one-third of its exports.

Most exports go to China, with substantial portions reaching Europe. China has recently strengthened economic and technological collaboration with Cuba, particularly in renewable energy and REM extraction technologies. This directly clashes with US efforts to strengthen hemispheric control and counterbalance Chinese influence in Central and South America — essentially a new "Cold War" scenario.

**THE EUROPEAN DIMENSION**

Europe faces an overlooked but critical crisis. As a recent Economist article noted, the EU has "sleepwalked into all kinds of dependencies" — from American digital services to Russian energy. Its reliance on Chinese rare earths, crucial for electric vehicles, wind turbines and fighter jets, represents perhaps the hardest dependency to escape. Countries including the Netherlands, France, Italy and Spain are among Cuba's main trading partners, particularly in nickel, cobalt and zinc. Given Europe's technological backwardness in this competitive arena among great powers, Cuba's geopolitical future directly impacts European strategic autonomy in rare earth minerals. The silence surrounding Cuba during recent weeks, while global attention focuses on Middle Eastern events, obscures a fundamental reality: a significant portion of Europe's future strategic independence is at stake in this remote island bordering the Gulf of Mexico.

# The decisive match

*China is returning to openness, and EU companies should look East again: entering the Chinese market requires preparation and strategy, but still offers great opportunities to Italian and European brands, says Francesco Vitali, Bocconi Alumnus and Partner at Deloitte*

by Michele Chicco

The European dream is still alive in China: the quality of manufacturing, the storied brands, and the strategic skills developed thousands of kilometers away continue to captivate Beijing. "For China, Europe represents an important continent from which it can attract investments and investors," says **Francesco Vitali**, Bocconi Alumnus and Tax Partner at Deloitte, who has lived in Hong Kong for over a decade, building bridges between two seemingly distant worlds. "Investing in China," he reminds listeners, "has its risks, but you are supported by the right partners, it's easier to enter the market and avoid misunderstandings."

**How is the European economy viewed by China?**

Europe continues to play a fundamental role for China, not only for investment, but also as a source of skills and technology. Beijing has just entered its fifteenth five-year plan (2026-2030), which aims to boost domestic growth and reopen the country internationally. Europe is seen as a strategic partner,

particularly in supporting the country's digital and green transitions. On the one hand, China wants to strengthen its domestic market, on the other, it aims to attract qualified foreign direct investment, especially EU investment, in technology and high-innovation sectors. This policy has led to the creation of specialized industrial districts and targeted programs for the soft landing of foreign companies.

**In which sectors is there room for EU firms?**

In addition to pharmaceuticals and healthcare, Chinese demand is very strong in green digital transformation. Therefore, companies specializing in renewable energy and components for 5G networks can find markets for their goods. Italian and German expertise in precision mechanics and robotics is highly in demand, as is everything related to agri-food, lifestyle, and luxury craftsmanship. Made in Italy merchandise maintains its appeal, especially for certified and traditional products. Certain companies have successfully

transformed these opportunities into veritable success stories.

### **Is investing in China still risky?**

The country risk still exists, but it



has become much more manageable. China has enacted stringent laws on intellectual property and trademark protection, reducing counterfeiting and abusive registrations. Furthermore, many joint ventures can be structured through Hong Kong, where Anglo-Saxon Common Law applies, ensuring greater contractual security. However, differences between the two regions remain, which is why it is essential to understand the Chinese context and rely on experienced partners.

### **What difficulties do European companies encounter when investing in China?**

One critical issue is repatriation of capital and profits, which is subject to authorization from local monetary authorities, as are customs procedures for importing machinery. However, operating through dedicated districts with the support of Chambers of Commerce can greatly

simplify market access.

### **What does it mean to bring European companies to China?**

It means translating two different business cultures. China prioritizes immediate results and industrial scaling; while Italian firms value creativity, quality, and brand storytelling. My job is then to build bridges: to design efficient corporate and tax structures, but also communicating the cultural value of the Made in Italy. The right approach is a prepared and structured one, because approaching the Chinese market without a clear strategy often leads to incomprehension and failure.

### **Looking to the future, you thus have a positive outlook, despite the global uncertainties that have plagued recent months.**

Yes, and more so than a year ago. After the pandemic and the fallout with the United States, China is reopening its channels with Europe with a pragmatic approach. For Italian entrepreneurs, it's the right time to look east again, with caution but also with confidence: China remains a complex country, but enormously rich in opportunities for those who are well-prepared.

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Partner at Deloitte,  
Bocconi Alumnus



**IEP@BU.** The Institute for European Policymaking @ Bocconi University (IEP@BU), founded by Bocconi University and the Javotte Bocconi Institute, combines the analytical rigor of academic research with the impact of a think tank, fostering an informed public debate on Europe. Interdisciplinary and independent, the Institute works to bridge the gap between policy design and implementation, with a focus on consensus-building and effectiveness. It contributes to strengthening European integration, competitiveness, and the Union's core values. As of June, the new President is **Marta Cartabia** and the new Director is **Paloma Lopez Garcia**. They succeed **Catherine De Vries** and **Daniel Gros**, who will remain Senior Fellow.

# Italy, Growth That Never Takes Off

*Between record debt, vast but idle savings and companies that are too small, the country remains in a fragile equilibrium. Stefano Caselli explains why, without a clear commitment to growth, Italy risks remaining on the sidelines*

by Barbara Orlando



**A**s Europe returns to debating fiscal rules and interest rates in the United States remain higher for longer than expected, Italy once again finds itself in the same position: weak growth, high debt and limited room to maneuver. The figures reveal an increasingly evident contradiction. On the one hand, nearly €3 trillion in public debt; on the other, over €6 trillion in private savings that, however, fail to translate into productive investment.

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Meanwhile, global competition is accelerating: large US platforms dominate markets, China is pushing forward in industry and technology and Europe is struggling to define a common industrial strategy. In this context, Italy continues to oscillate between defense and inertia. This is where **Stefano Caselli's** reflection in his book *Il futuro non aspetta* (*The future won't wait*), published by Egea, comes in: the real issue is not only how much debt we have, but what we choose to do in order to grow.

## **Let's start with the question posed in the book: is Italy a numerator country or denominator country?**

This is a simple but important question. The numerator is debt, the denominator is GDP. If we continue to focus on the former, we remain trapped in the past. If, instead, we work on the latter, we build the future. The point is that growth is not automatic: it requires investment, risk-taking and above all a clear strategic choice.

## **You place strong emphasis on equity capital. Why is it so central?**

Because it stands in contrast to debt — not only from a technical standpoint, but also culturally. Equity capital is about openness, challenge and transformation. Debt is about discipline, but also preservation. Without equity, there is no innovation, no scaling up and no companies capable of truly competing. That is where the real game is played.

## **Yet Italy remains a strongly bank-centered economy.**

Yes, and today this is more of a constraint than in the past. We have an enormous amount of private savings, but it is not sufficiently connected to the real economy. The result is a paradox: we are a wealthy country with low growth. These savings need to flow into businesses, innovation and long-term projects. Otherwise, it merely remains a source of annuity.

## **The book also seems to offer an implicit critique of the Italian business model.**

More than a critique, it is an observation. We have an extraordinary network of SMEs, but what is missing is a shift in scale. Without larger firms, there is insufficient investment, talent is harder to attract and global competition becomes unsustainable. The issue is not to replace SMEs, but to enable them to grow.

## **Does this also apply to Europe?**

Even more so. Europe today suffers from a

**WE HAVE AN ENORMOUS AMOUNT OF PRIVATE SAVINGS, BUT IT IS NOT SUFFICIENTLY CONNECTED TO THE REAL ECONOMY. THE RESULT IS A PARADOX: WE ARE A WEALTHY COUNTRY WITH LOW GROWTH**

problem of scale. In a world of global platforms, size matters. Without large companies and strong financial intermediaries, we risk becoming marginal. The Capital Markets Union is a crucial step, but a shared industrial vision is also needed.

## **In the book, you refer to a "polycrisis." How much does this context weigh on economic choices?**

A great deal. We are not facing a single crisis, but multiple ones: geopolitical, energy-related and social crises. This makes everything more complex, but also more urgent. Innovation, sustainability and infrastructure are no longer options, they are conditions for survival.

## **What, then, is the role of the state in all this?**

The state must create the right conditions, not replace the market. It should guide, incentivize and leverage resources. And when it intervenes directly, it must do so with clear, temporary and measurable approaches. We can no longer afford interventions without a strategy.

## **In the end, is your book optimistic or apprehensive?**

Both. It's optimistic, because the resources are there: capital, savings, skills. But it is also apprehensive, because a clear choice is still missing. The future won't wait, and we must decide whether to be shaped by it or to shape it ourselves.



**THE BOOK.** Italy is facing a decisive choice: to continue being a "numerator-focused" country, concentrating on the debt component in the debt-to-GDP ratio, or to finally become a "denominator-focused" country, aiming to grow GDP through bold investments and a long-term vision. In *Il futuro non aspetta* (Egea, 2025, p.p. 160, €16,90, in Italian) **Stefano Caselli** addresses this challenge with rational optimism, outlining a path that involves risk capital, scaling up businesses, and unlocking the value of our extraordinary pool of savings.



# Connections

■ by Paolo Tonato

*In the flow of the city, the campus is not a boundary but a point of passage. From above, Milan opens up beyond the lines of the buildings and continues within them. Architectures speak to one another, spaces meet, inside and outside follow each other without ever separating. It is a continuity built day by day, even when unseen. Because it is through connections that a community expands, intertwining with the city and those who live it.*



**[ ONE WORD ]**



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