



UNIVERSITÀ DEGLI STUDI DI TORINO

DIPARTIMENTO DI STATISTICA E MATEMATICA APPLICATA  
ALLE SCIENZE UMANE «*DIEGO DE CASTRO*»

DOTTORATO DI RICERCA IN CULTURA E IMPRESA

CICLO XXI

*WHERE DO CEOs COME FROM?*  
*Cross countries investigation of the main variables*  
*affecting the speed to CEO*

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ANNI ACCADEMICI: 2005-2006, 2006-2007, 2007-2008

SECS – S/03

*WHERE DO CEOs COME FROM?*  
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*“Taking charge of your own learning is a part  
of taking charge of your life, which is the sine qua non  
in becoming an integrated person.”*

*– Warren Bennis –*



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## **PREFACE**

This PhD thesis deals mainly with leadership and the role of CEO within a company.

Leadership has been widely explored and studied in many different ways, depending on the researchers' definition of leadership, focus and methodological preferences. Most authors deal only with a narrow aspect of leadership and fall into distinct lines of research, such as trait, behavioural and situational approaches; nevertheless, in the last years there has been an increased effort to integrate all the points of view.

The CEO has been studied as main leader of a company: in the current economic scenario changes, in fact, the CEO plays a crucial role within a company, driving it across phenomenon such as globalization, competition, talents awareness, flexible organization, etc. Analyzing the previous studies, the author found out that most of the available researches focused on CEO's characteristics, background, education, work experience, management style, relationship with followers, board, impact on company performance, etc. It seems, however, that nobody has analyzed, until now, the process by which an executive become CEO and which are the drivers affecting the speed towards this position. This is what this PhD thesis aims to investigate, focusing on three European countries: Italy, France and the United Kingdom.

With this work, the author attempts to satisfy two different audiences with different preferences: academics, who mostly prefer to see detailed explanation and critical evaluation of major theories and empirical research, and practitioners, who want immediate answer on what to do and how to do in order to be more effective, due to the fact that they need to deal with current challenges of their job and look, therefore, for useful prescriptions. For the first group, the author provides a description of the research flow and methodology and a critical analysis of previous studies, with the aim of filling the gaps through our research; for the second one, the author provides evidences on what variables affect an executive career toward the CEO position.

## ACKNOWLEDGEMENTS

Thinking about the birth of this Ph.D thesis idea, I remember three people during a dinner some years ago in a chic restaurant in Turin, where a French professor quoted a research done by a certain Norburn, who I did not know yet, regarding the characteristics of British CEOs and differences and similarities with those of their top management team... From there on, together with the second person at the table, we have developed the topic, wondering how many “young” CEOs there were in Italy and how they could have reached the position so faster... from there on, the geographical sample has been extended, but from the idea generation to the final output many hours of hard work have been necessary.

The two people at the table were, apart from me, Professor Frank Bournois, teacher at Paris II University, and Roberto Quaglia, Managing Director at the Italian campus of ESCP-EAP, European School of Management. I would like to be grateful to him in particular because he continuously challenged me and make constructive critics in order to improve the work, listen my new proposal of changes on the topic and supported me when I thought I have not enough time to conclude it. I personally believe he has the main merit of what I have learnt until now during my work experience as he has been my mentor in my professional growth.

I also would like to thank Prof. Corradetti, responsible of the Ph.D. track and teacher of statistics at Turin University, because he trusted me although I was a bit hostile towards statistics!

In the private sphere, I have to thank my family for the daily patience and for the compromises they accepted, included not seeing me so much! Thanks to Oscar, who every time is “overwhelmed” by new projects and related changes, from trips to the various hours of work etc, but who, in spite of everything, tries to understand and is always there to give comfort.

To conclude, thanks to all the people that in different ways supported the realization of this work, from Francesca who lived it as well, to Emanuele and Giulio and their precious statistical advices, to all the other colleagues who tolerated my mood swings and to all the friends who have listened every new ideas of thought I had – I also have to excuse with them for missing some dinners/calls, but time was going.

Well... we lived intensive months, but at the end we have got it, and I personally believe the Ph.D. is only one of the various challenges waiting for us, both in the academic and in the managerial field, many others have to come, but we are ready to receive them.

Paola Viotto

# **SUMMARY OF EACH CHAPTER**

This research is organized into four parts:

- Part I: Introduction
- Part II: Review of existing literature on the research topic
- Part III: Empirical Analysis and results discussion
- Part IV: Conclusions

After an introductory chapter describing the context, the author tracks an overview of the theoretical background of the study, highlighting the main theories contributions and main similar empirical researches. Then, based on the literature, the hypotheses are formulated, linking CEO nomination speed to the variables the author intends to test. Subsequently, the author describes the sample of data, the variables and their measurement, and how the assumptions have been empirically tested. Finally, the author concludes with a discussion of the findings and a description of the limits of the analysis, with the proposition of new avenues of research.

## **PART I - INTRODUCTION**

### **Chapter 1**

The work starts with an introductory chapter, in which the author provides the context and describe the project, in terms of objectives, research question, hypotheses to test, research methodology and relevance.

### **Chapter 2**

In this chapter the author provides an overview of the differences among the similar terms through which it is possible to express the concept of a “guide” inside a company: CEO, manager and leader.

## **PART II – LITERATURE REVIEW**

### **Chapter 3**

An analysis of the literature review on main theories about leadership has been done. The author has identified three main theoretical approaches: *Trait Approach*, focused on leaders' personal qualities and skills; *Behavioural Approach*, focused on leaders' behaviour in terms of effectiveness, motivation and style with regards to others; *Contingency Approach*, focused on the belief that situations can influence different methods of leadership and their effectiveness, from Fiedler's Contingency Model (critical factors affecting the leader's action effectiveness), to the situational leadership of Hersey e Blanchard (leadership style related to followers' characteristics).

### **Chapter 4**

In the chapter the previous empirical researches about CEOs are presented, according to a classification in 6 main groups: *qualitative characteristics and profile of CEOs*, *educational background of CEOs*, *influence of CEOs on company performance*, *attitudes of CEOs towards innovation*, *previous working experiences of CEOs*, *nomination and succession choices*. Here the author highlights that nobody until now focused on the speed and on the process toward the CEO position.

### **Chapter 5**

The author sums up the main evidences presented in the literature review and propose a critical analysis of previous theories and studies, discussing on the weaknesses/strengths of the previous researches and linking them to her research question, to the hypotheses and to the variables.

## **PART III – EMPIRICAL RESEARCH**

### **Chapter 6**

The chapter presents the field research activity carried out through the investigation of primary data sources. The author provides a description of the research, the sample, the variables and the statistical methodology used. The geographical focus of the research is Italy, France and United Kingdom: for each country the top 40 companies (in terms of market capitalization) traded on every Stock Exchange market have been chosen.

## **Chapter 7**

In this chapter, the author describes the Stock Exchange in each of the three countries (BorsaItaliana in Italy, Euronext in France and London Stock Exchange in the United Kingdom), with a focus on the markets, the listing process, the main indices and an in depth description of the specific index used during the research (S&P/MIB for Italy, CAC 40 for France and FTSE100 for the U.K.).

## **Chapter 8**

In this chapter the author sums up the results, maintaining the division between general CEOs' profile (demographic information, educational information and work experiences information) and career path correlations, describing how the empirical evidence support or not the hypotheses.

## **Chapter 9**

The author discusses the results considering the different context and reality of each country.

## **PART IV**

### **Chapter 10**

In the last chapter the author presents the conclusions, which go through all the research again, considering the external environment, the current economical situation and the on going changes. Then, the author identifies the limits and strengths of our research, the avenues for further researches and its usefulness.



# PART I

## INTRODUCTION

# 1. INTRODUCTION

## 1.1 CONTEXT

Today's corporate world is more and more competitive, technology driven and customer centered. It is becoming a global village in which the interdependencies between countries and between organizations are increasingly dramatically. The world economic scenario, in fact, is now characterized by a number of highly competitive companies facing new challenges, searching for adequate responses, trying to achieve the ideal of building and sustaining global competitiveness while maintaining social harmony. These companies are striving to identify always-new ways to obtain a competitive advantage. M. E. Porter in 1980 stated that the competitive strategy of a firm consists of the search for a favourable competitive position within an industry, with the aim to establish a profitable and sustainable position against the forces that determine industry competition.

There are many basic forces that are causing the radical changes in the current national and international economic scenario, such as:

- market globalization process
- volatility and segmentation of the market demand
- introduction of new communication and data processing technologies
- structural, institutional, demographic, sociological and psychological shift
- cultural diversity
- war for talents
- etc.

The “new economy” (term created in 1998<sup>1</sup> to express the evolution of developed countries from an industrial/manufacturing-based wealth producing economy into a service sector asset based economy<sup>2</sup>) has introduced revolutionary changes in the productive and working processes, offering the possibility to work in a global market, all over the world through the net, and

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<sup>1</sup>The concept of New Economy has been developed by the American writer Kevin Kelly, in his best-seller “*New Rules for the New Economy*”. KELLY K. (1999), *New Rules for the New Economy*, Kindle Book.

<sup>2</sup>The term indicates activities, companies and investments based on new information technologies managed on Internet. It originates from globalization and it mainly focuses on intangible assets, such as innovative ideas and information as exchange tool.

enhances the already existing trend of keeping the managing positions as few as possible. In that period, near 10 years ago, companies were struggling to take advantage of the opportunities created by digitalization and globalization because their organizations were not designed for this new world. Traditional management models do not enable businesses to adequately respond to competitive forces.

From this perspective, in the last 20-30 years the leading scholars in “Company Organisation” (Handy 1989, Kanter 1985, Pascale 1990 etc) have come to the conclusion that competitiveness, in the face of always faster changing markets, can only be achieved by creating companies having two main characteristics:

1. *flexibility*, in order to be able to successfully adapt to unexpected changes in the business environment,
2. *top-level management* able to perform leadership and institutional roles effectively and also to inspire and develop staff.

Nowadays, the more successful enterprises are those more able than others to adapt themselves to the quick scenario changes. These, in order to be exploited in the best way, really require wide innovation and flexible capabilities: in fact, only thanks to a flexible, slender and nimble organization, the enterprises can quickly adapt their business structure and the information service to the changes characterizing the enterprise’s internal and external environment. According to Atkinson (1984) companies need to develop more flexible structures where position’s responsibilities may be boosted and competences may change. In short, companies must completely rethink their role both in relation to their internal structure and to the external scenario.

In recent years awareness about organizational changes in companies and their effects on competitiveness on national and international markets has increased. According to many authors, these changes signal the passage from a very inflexible, complex and highly hierarchically structured kind of organization, to a “flat” one, with interactive divisions and departments that are reactive to external changes, able to anticipate and influence market changes, and able to implement HR dynamics that will both exploit the employees’ existing abilities and help develop new ones. This enhanced awareness has helped highlight the importance of the HR management and of labour in general in a company. Internal labour market management policies, career paths, the importance of training courses and of the development of employees’ abilities, as well as monitoring and bonuses policies are but a few interesting examples of what constitutes matter of investigation for theoretical and empirical research about management practices.

Tichy and Cohen (1997) affirm that: *“the scarcest resource in the world today is leadership talent capable of continuously transforming organizations to win in tomorrow’s world. The individuals and organizations that build leadership engines and invest in leaders developing other leaders have a sustainable competitive advantage”*. They then quoted Warren Bennis, in whose opinion the basis of leadership is the capacity to change the mindset or framework of another person.

The third millennium has brought forth a challenge of identify new ways to obtain a competitive advantage through a skilled selection and management of the human resources. The real challenge, in fact, is making profits off talented people<sup>3</sup>. A rule of HR is to select and develop leaders, keeping in mind that leadership requires very different kind of people. HR function needs to become conscious of its critical role in the future of organizations<sup>4</sup>. Today, in fact, the creation of wealth calls for a new focus: maximizing returns on people, not capital. Total profits, after all, are the product of profit per employee and the total number of employees. Maximizing profit per employee and the number of employees therefore increases total profits, which in turn drive market capitalization. Talent is the scarce resource because it is the ultimate generator of the intangibles that drive the creation of wealth in the digital age. *Companies are likely to promote the idea that employees are their biggest source of competitive advantage.*

In such a situation, companies need to have highly competent top-level managers to lead them: *the top team of each company is becoming more and more important*. Managers need to perform leadership and institutional roles effectively, they need to inspire and develop their staff: *each individual manager plays a critical role in the company*. Child (1974) suggested that top managers make strategic choices: they take decisions regarding the goals, domains, technologies and structure of a firm. The pressure on those who manage and lead businesses has grown over the last two decades: competition is now global, the war for talent is real and becoming ever fiercer as organizations are becoming increasingly reliant on so called “knowledge workers”. As affirmed by Scaringella (2007), in order to face an increasing globalization and complexity, leaders must be strategists, financiers, communicators at the same time. They lead their organization to success defining its vision and sharing it with their team, defining its objectives and managing changes. They must be professional, open-minded, have a general culture and human qualities. Moreover, Hambrick and Mason (1984) also underlined strategic choices

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<sup>3</sup>SINHA J. (2005), Global Championship from emerging markets, *The McKinsey Quarterly*, May.

BRYAN L.L., JOYCE C.I. and WEISS L.M. (2006), Making a market in talent, *The McKinsey Quarterly*, May. GUTHRIDGE M., KOMM A.B., LAWSON E. (2008), Making talent a strategic priority, *The McKinsey Quarterly*.

<sup>4</sup>SCHEIN E. H. (2008) *The changing role of the human resource manager*, IEDC publications.

including not only variables associated with strategy but also its implementation: therefore, strategic choices have a large behavioural component and reflect top executives with different values and backgrounds.

In the above described context, where companies struggle to meet the challenges of today's complex business environment by developing short- and long-term strategic visions, the role of the CEO has become increasingly prominent. Companies cannot settle for incremental improvement; they must periodically undergo performance transformations to get, and stay, on top. But in the volumes of pages on how to go about implementing a transformation, surprisingly little addresses the role of one important person. What exactly should the CEO be doing? CEOs play a crucial role in ensuring an appropriate balance between near-term profit initiatives (those that deliver performance today) and organizational-health initiatives (those that build the capacity to deliver tomorrow's results). In managing a firm during a transformation, CEO helps the transformation succeed by communicating its significance, modelling the desired changes, building a strong top team, and getting personally involved. The role of the CEO (Chief Executive Officer), together with the CSO (Chief Strategy Officer) has become increasingly prominent<sup>5</sup> in define an organizational design<sup>6</sup>, which is about developing and implementing corporate strategy, and diffuse it throughout the organization among people.

Corporate Strategy consists of the actions a company takes to gain competitive advantage. Executives invest enormous energy in product designs and long-range strategic plans, though many of these initiatives become obsolete as markets and competitors adapt, social norms and regulations evolve, and technologies advance. It's time for executives to recognize the strategic need to develop organizational capabilities that help companies thrive no matter what conditions they meet. Executive have a golden opportunity to orient strategy around organizational design and thus to make companies thrive no matter how market and competitive conditions change. Building strategy around organizational design represents an evolution away from the organizational structures of the 20th century industrial age, when capital was the scarce resource and vertical, hierarchical structures were the key to efficient performance. The key ingredients of progressive corporate strategy in the 21th century are the "one company" governance structures, knowledge and talent markets. Organizational-design work is hard and time consuming, and any meaningful change usually involves difficult personality issues and corporate politics.

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<sup>5</sup>DYE R. (2008), How chief strategy officers think about their role: a roundtable, *The McKinsey Quarterly*, May.

<sup>6</sup>BRYAN L.L. and JOYCE C. (2007), A Better strategy through organizational design, *The McKinsey Quarterly*, May.

It is widely recognized that, within an organization, the CEO is a leader. According to Pearman (1998) *“leadership is a process used by anyone to create meaningful collaboration among individuals for a common purpose”*. Research around the leadership of an organization, particularly the role of CEOs, has been widely studied during the last quarter of a century under many different aspects (e.g. personal traits, characteristics, educational and career background, leadership effectiveness, innovation level, succession choices, etc) but, however, it appears that very few authors have explored the process by which an executive becomes the leader of an organization. In this way the author rooted the hypothesis of our research, whereby executives’ choices in terms of education and career path have substantial impacts on their career progression.

## 1.2 RESEARCH METHODOLOGY

Among the objectives of a Ph.D. thesis, two are the most important ones:

- contribute to existing knowledge;
- apply a disciplined and rigorous research methodology.

A research, according to Collis and Hussey (2003), is an investigation process, systematic and methodical, finalized to increase knowledge.

Our research has been developed by following the 7 steps which the author identified as main phases of the research process (see figure 1):

1. Identification of topic, research question and hypotheses: the first effort implies the choice of the field of interest and the formulation of the research question the author wants to analyze.
2. Analysis of the existing literature on the topic chosen (research of previous theories and studies regarding the subject): a literature review is a selection of available documents on the topic, which contain information, ideas, data, and evidence written to fulfill certain aims on the topic. It consists in the analysis of what previous authors have discovered on the same argument.
3. Definition of the sample and data collection: the researcher has to identify the sample he/she want to focus his/her analysis, especially regarding the size, the geographical area, the specific variables. Then, he/she has to collect data in a direct or indirect way (online sources, direct interview, etc).
4. Statistical data analysis: the statistical methodology is an important part in the research, because it gives rigor to the research. The author should choose the most appropriate tool depending on the data and the aim of its research.
5. Presentation of the results and discussion (plus model identification and interpretation if it has been forecasted): in writing the results of the analysis, the author should make a critical analysis of them taking in consideration the context in which they are. It could be possible, depending on the research, to develop a model or a framework, increasing the contribution of the work.

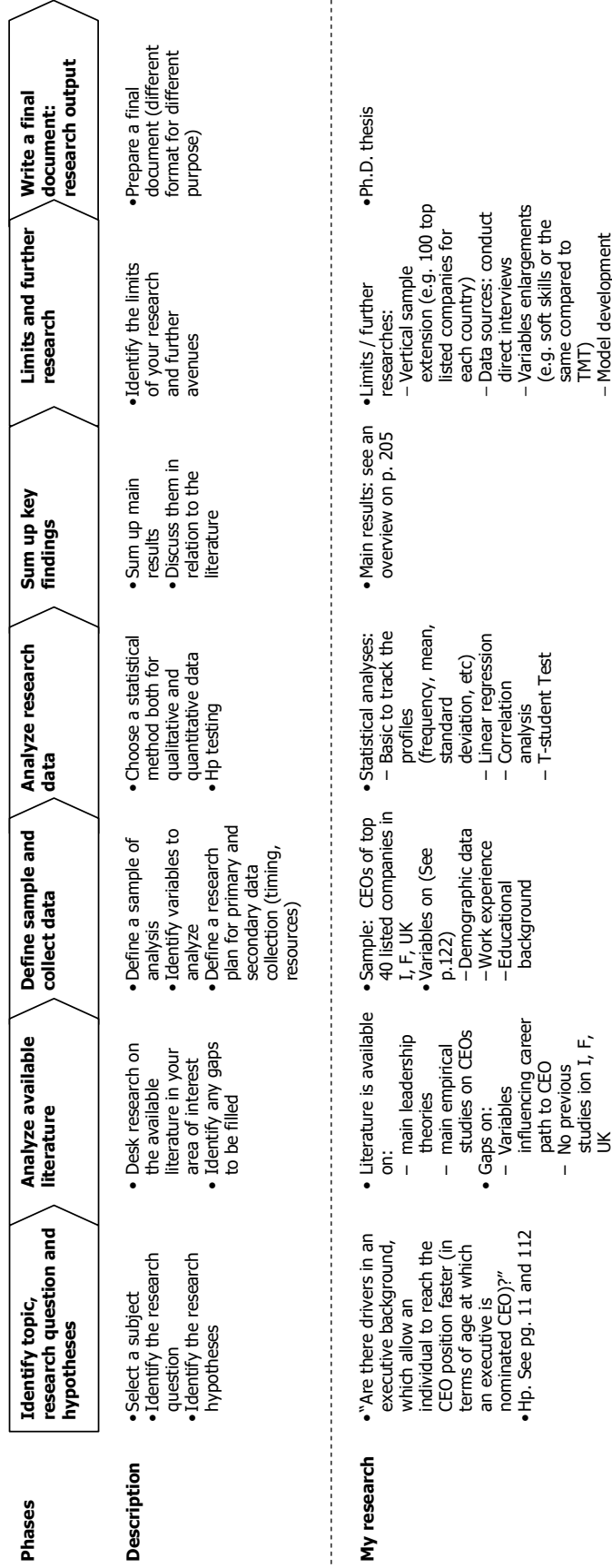
6. Identification of research limits and possible development for further researches: a good analysis of own research also implies an auto-critics, showing limits of the work and possibility for further analysis.
7. Final document writing research outputs: finally, the author of a Ph.D. tesis should write it down in a correct way, describing all the project, the aim, the steps the results and the conclusions.

In the following figure, the author provides a description of the main activities to do for each phase and the concrete application to this research.

**Figure 1:** Main phases of a research process and application to this study



## MAIN PHASES OF A RESEARCH PROCESS AND APPLICATION TO MY STUDY



## **1.3 RESEARCH PROJECT DESCRIPTION**

### **1.3.1. Objectives**

After an extensive review of the prominent international literature, the author has found that most of the previous researches focused on a handful of aspects of the role played by the CEO, such as personal qualities and characteristics, educational background, comparison to non-CEOs, link to firm performance and leadership effectiveness, innovation level, or succession choices.

It appears, however, that very few authors have explored the process by which an executive becomes the leader of an organization, especially in terms of educational choices and work experiences. There seems, in fact, to be a lack of studies providing evidence on what are the main contributing variables to accelerate the time at which an executive reaches the CEO's position. Furthermore, evidences and researches seem to only concentrate on the U.S. business environment, leaving countries such as Italy, France or the United Kingdom, out of the focus of academic research.

For the aforementioned reasons, three main objectives have been identified, in order to be reached through this research:

- fill the gaps in the literature;
- present a profile of the CEOs in the three countries: Italy, France and United Kingdom, considering three main kind of variables: demographic data, work experience information, educational background;
- investigate the speed at which an executive reaches the CEO position (in terms of the age an executive has at the time of the *first* nomination to CEO and the main drivers affecting the speed to reach that position).

### **1.3.2. Research Question and Hypotheses**

Our research aims at understanding if there are particular elements in the background of an executive that could accelerate the speed to reach a role of leadership such as becoming the CEO of an organization.

In particular, the main research question is:

“Are there drivers in an executive background, which allow an individual to reach the CEO position faster (in terms of age at which an executive is nominated CEO)?”.

Through the literature analysis, the author has identified a number of variables, both quantitative and qualitative (see pg. 122), such as education, international exposure, instances of change of employer and industry, which seem to contribute to the speed by which an executive becomes CEO. In this context, the author focused the hypotheses of the research on the choices made by leaders, in terms of education and career path, and their impact on the career progression.

Our hypotheses are that an executive becomes CEO faster if:

*Hp.1. EMPLOYER CHANGES:*

*Hp.1a. he/she has changed companies more times;*

*Hp. 1b. he/she has changed industries more times;*

*Hp.2. INTERNATIONAL WORK EXPERIENCE*

*Hp. 2a. he/she has done international work experience;*

*Hp. 2b. he/she has more international work experience, in terms of number of years spent abroad;*

*Hp.3.TENURE IN CURRENT COMPANY*

*Hp. 3a. he/she has been nominated inside the company;*

*Hp. 3b. he/she has more tenure within the company;*

*Hp.4. FIRST WORK EXPERIENCE*

*Hp. 4a. the industry of his/her first work experience was financials;*

*Hp.4b. the function of his/her first work experience was finance;*

*Hp.5: HE/SHE STUDIED ECONOMICS;*

*Hp.6: HE/SHE ATTENDED AN MBA;*

*Hp. 7: HE IS MALE.*

### 1.3.3. Sample, Source and Analysis

The author has decided to verify the few past empirical evidences and to test the hypotheses on 3 European countries: Italy, French and United Kingdom, choosing for each of them the 40 biggest listed companies in terms of capitalization:

- In Italy they composed the S&P/MIB Index at Borsa Italiana, the Milan Stock Exchange;
- In France, they composed the CAC 40 Index at the Bourse de Paris, renamed Euronext Paris in 2000;
- In the U.K., the author considers the top 40 companies of the FTSE 100 Index at the London Stock Exchange.

For each of the 120 CEOs, data have been collected (see methodology part on pg. 171 for major details) through the *Who's who*<sup>7</sup> database, an on-line trusted source for leaders' biographies, and they have been complemented analyzing companies' official websites.

The data regarding CEOs was collected in March 2008, with two main objectives:

- provide a profile picture of the current CEOs of the most important companies, showing frequencies from the point of view of general demographic data, educational information, work experience background, underlying differences and similarities among countries;
- prove correlations between the speed at which a manager becomes CEO and the variables of our hypotheses.

For each variable basic statistics have been calculated, such as frequencies, mean, mode, median, standard deviation (the dispersion measure that offers information about the grouping of values around the average), maximum and minimum value. To answer to the hypotheses regarding the most effective career path, a correlation matrix has been created analyzing all the variables. The calculation of the Bravais-Pearson correlation coefficient seems to be the most appropriate statistical measure, because it explains the relationship between two variables with a value ranging from 0 to 1. Then, we run a Two-Tailed Test (probability of 0.02 and 0.05), in order to verify if the correlation coefficients found were significant and meaningful or not.

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<sup>7</sup><http://www.whoswho.eu>

### **1.3.4. Relevance of the research**

The relevance of this research, in order to explain to the young generation of leaders the profile and especially the key decisions that current European top CEOs have taken during their professional and educational careers, can be argued by analyzing a number of points of evidence in the available management research. In particular, the elements which made this study interesting are:

- a. no other authors have analyzed this topic with the same approach;
- b. leaders are considered to be role models and their qualities have a substantial impact on firm performance;
- c. firm performance has a substantial impact on a nation's wealth.

First of all, there are few available empirical researches on European CEOs, especially regarding Italy and France, where they mainly concentrate on succession topic, compensation and performance. Regarding the United Kingdom, the CEO have been subjected to many studies, therefore there are more analysis on them, but they mainly focused on the relation between their characteristics and strategy development, firm performance or relationship with the board and shareholder, or between age and payment. Therefore, no other authors have approached this topic focusing on the process to reach the CEO position and more specifically on CEO profile and career path speed.

Most authors, as analyzed in the literature review, have focused their attention on the identification of leader characteristics and traits (the Great Man Theory, see Stogdill in 1948), on external influences on leadership styles (Contingency Models, see Fiedler in 1967, Hersey and Blanchard in 1988) and on leaders' influence on performance, culture and people (Behavioural Theories, see Burns in 1978, Bass in 1975, Schein in 1990, Douglas McGregor in 1960).

As leaders are considered to be role models (Bray, Campbell and Grant), their beliefs, attitudes and behaviours affect the team they manage (Stogdill, Conger and Kanungo, Kuhnert and Lewis, Boal and Brison, Sashkin, House and Podsakoff), therefore it is possible to affirm that their qualities have a substantial impact on firm performance (Hytt and Tyler in 1991, Thomas, Litschert and Ramaswamy in 1991), and that firm performance has a substantial impact on a nation's wealth (Murgatroyd and Porter).

### ***1.3.4.1. A new approach***

While analyzing empirical studies on CEOs, the author discovered that quite no other authors have analyzed the topic with our approach. Most of the authors, in fact, generally focused their analysis on CEO behaviour, the qualities required for this position, the attitude towards innovation and performance inside the firm as it relates to education, age or functional experience, and they give little attention to the CEOs' general profile in terms of education and career path.

The empirical studies, therefore, are quite different from our ultimate aim: in fact, only few authors analyzed the profile of their CEOs sample and only in terms of educational background (Gottesman and Morey in 2006) or international experience (Roth in 1995, Daily, Certo and Dalton in 1999); moreover, none of them found the most effective career path and the choices that speed up a potential CEO's career so as to reach the CEO position as young as possible.

In chapter 2 (see pg. 20) the author will describe the literature contributions; the review chapter is divided into two parts: one regarding leadership theories and another which covers empirical studies.

### ***1.3.4.2. Leaders are role models and their qualities impact firms' performance***

A role model is someone worthy of imitation, a person whose behaviour is copied by others, "*a person who serves as a model in a particular behavioural or social role for another person to emulate*"<sup>8</sup>.

Role models are people who are able to show and share expected beliefs and behaviours; they take symbolic actions and transmit strong messages to all the other members of the organization; they practice what they preach and they incite others to do the same and adopt required behaviours.

All the leaders of an organization can be considered role models and mentors, above all the CEOs: these are people whose character, life and behaviour are seen as good examples to be followed by the rest of the members within the organization. Role models make a commitment to the development of others. CEOs can have a role model effect on people outside their organization too, by inspiring future generations of leaders.

Exploring the literature, various authors (such as Stogdill in 1948, Conger and Kanungo in 1987, Kuhnert and Lewis 1987, Boal and Brison in 1988, Sashkin in 1988, House and Podsakoff in 1994), underlined that the actions, behaviours and attitudes of leaders have some effect on

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<sup>8</sup>Source: The American Heritage® Dictionary of the English Language, Fourth Edition copyright ©2000 by Houghton Mifflin Company (2003).

followers, who feel highly committed and are willing to make sacrifices. This can also be related to the leader's charisma and his ability to shape the work environment.

An existing role model could help to create a good leader. Bray, Campbell and Grant (1974) considered the bosses as role models and underlined the influence of the first boss to be a factor of success (see figure 2).

**Figure 2:** Five critical criteria to be an affective mentor

- *The mentor must be higher up in terms of organizational role than the person they are advising to be effective.*
- *A mentor must be a recognized authority in his or her field. For the most part, the mentor should be older or, at least, more advanced in experience and knowledge. He is someone absolutely credible.*
- *A mentor must be effective in the life of the firm, he must have a recognized "voice" in his profession and be near the centres of authority and power. Mentors usually have a long track record of being influential people.*
- *A mentor should have a genuine interest in the personal growth and development of the person under their wing, and recognize the potential contribution to the profession.*
- *A mentor should have the willingness to commit time and devotion to his relationship with people.*
- *He gives support, presents opportunities and highlights challenges, gives support and makes you feel secure enough to take risk.*

SOURCE: BRAY D.W., CAMPBELL R.J. and GRANT D.L. (1974), *Formative Years in Business: a long term AT&T Study of managerial lives*. New York: Wiley.

Successful CEOs can be an inspiring example to further generations of leaders. CEOs are the force within the firm that create and pursue opportunities, therefore the force that makes the difference in organizational performance. As affirmed by Daily, Certo and Dalton, "*the CEO has unique responsibility for the strategic success of the firm*". However, because CEOs differ in their skills and abilities and in their beliefs and perceptions, their actions will differ significantly: the resulting performance of their organizations, as a consequence, will vary considerably. Being at the top of a company, CEOs are able to shape its strategy, structure, culture and, therefore, performance.

Performance is conceived as a measure of leadership effectiveness, as it reflects the critical success factors of an organization. Performance, anyway, is a relative concept, even from an economic perspective, because it can be expressed through different variables; authors essentially consider and measure performance from two points of view:

- firm economic indicators (quantitative point of view);
- human resource acting (qualitative point of view: management, skills development, problem solving and decision making orientation, etc).

Most of the time the literature<sup>9</sup> focuses on giving a monetary value to performance, which can be quantified through many indicators such as: ROA (Return on Assets); ROE (Return on Equity); ROI (Return on Investments); ROS (Return on Sales); Market Value/Book Value; Stock Price; Assets Growth; Market Share; Sales Quantity; Profits or Losses.

The literature reveals different conclusions on how much impact CEOs will have on their companies' performance; all studies demonstrate a strong association between the characteristics of top level managers (such as their education level, functional experience, age) and strategy performance - see for example Hambrick and Mason (1984); Miller and Toulouse (1986); Hitt and Tyler (1991) and Rajagopalan (1996). Already in 1988 Norburn and Birley found that top manager teams which have functional experience, multi-company employment and wider educational training outperform those who do not.

Effectiveness requires judgments about a leader's impact on an organization's bottom line as defined by indicators such as profitability, quality of delivered services, wins and losses, but indices of effectiveness are often hard to specify. According to Yukl, major controversy in the leadership literature is whether CEOs have much impact on the effectiveness of an organization. Critics argue that a CEO has little influence on organizational performance due to constraints:

- internal constraints: coalition inside the organization, strong board, strong culture, resistance to change;
- external constraints: type of market, type of products/services, conditions dictated by stakeholders.

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<sup>9</sup>PETERS J.T. and WATERMAN R.H. (1982), *In Search of Excellence: Lessons from America's Best-Run Companies*, Harper & Row.  
KOTTER J.P. and HESKETT J.L. (1992), *Corporate Culture and Performance*, Free Press.  
ZOOK C. and ALLEN J. (2001), *Profit From the Core: Growth Strategy in an Era of Turbulence*, Harvard Business School Press.



Leaders affect performance and three types of performance determinants affect organizational effectiveness, which is the long-term prosperity and survival of the organization:

1. efficiency and process reliability (minimize costs, avoid delay, errors, simplify workflow);
2. human relations and resources (collective work is performed more effectively when members are strongly committed to task objectives, they have a high level of mutual trust and they develop cooperative relationships with people who can provide essential information);
3. innovation and adaptation to the environment. Leaders can improve organizational effectiveness by enhancing the performance determinants.

People are mainly responsible for team performance. If we assume this, it is easy to recognize that team performance is an indicator of a leader's effectiveness. A leader, in fact, has a decisive impact on the results of a team. A company that wants to grow and improve its performance has to start, in fact, by focusing on the firm culture.

The link between the monetary side and the human one is, in fact, firm culture. As such, we should not be surprised if many researchers have tried to study both the link between a firm's culture and human resources and between a firm's culture and that firm performance (Peters and Waterman in 1982, Kotter and Heskett in 1992, Katzenbach in 2000).

It is possible to say that leaders' characteristics, qualities and decisions can affect performance in two ways: by increasing a firm's external economic performance indicators and by acting on people and culture.

Finally, the character of the CEO can be associated to that one of a leader, because of their role and because of literary contributors such as Norburn, who recognized the CEO as a leader. Indeed, the CEO is named in British law as a focus for strategic accountability, "*the role of the CEO is identified as the <<primus inter pares>>, the CEO corporate leader*".

#### ***1.3.4.3. Firm performance has a substantial impact on a nation's wealth***

Adam Smith (1776) in "An Inquiry into the Nature and Causes of the Wealth of Nations" dealt with "Real Wealth" as "*the annual production of the land and labor of the society*": he stated that he considers the annual income of a society to be its real wealth.

The annual income of a society can be named as the G.D.P. (Gross Domestic Product<sup>10</sup>); in fact, G.D.P. per capita is often used as an indicator of the standard of living<sup>11</sup> in an economy.

The G.D.P. is the total value of all final goods produced and services provided within an economy<sup>12</sup>, increased by indirect taxes on net consumption, during a given period, usually one year. Moreover, it is one of the ways of measuring the size of its economy. The most common approach to measuring and understanding GDP is the expenditure method:

$$\begin{aligned}GDP^{13} &= (C + I + G + NX) = \\ &= \textit{consumption} + \textit{investment} + (\textit{government spending}) + (\textit{exports} - \textit{imports}).\end{aligned}$$

The G.D.P. definition specifies that “it captures the amount a country produces”, including goods and services produced for overseas consumption<sup>14</sup>. Therefore, it represents the fundamental measure of the economic activity trend, implying that, if this trend is positive, it is also thanks to the good performance of the country’s firms.

Firm performance therefore directly impacts G.D.P. and therefore a Nations’ wealth.

The Oxford English Dictionary definition of performance is “*a profitable return*”, taking into account the value created for shareholders and client satisfaction.

According to Stephen Murgatroyd (2005), “*productivity is the basis on which prosperity is built and it is the most important factor in determining the standard of living of a Nation*” and,

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<sup>10</sup>G.D.P. – Gross Domestic Product, “Gross” means depreciation of capital stock is not included (with depreciation, it is the net domestic product). Economists (since Keynes) have preferred to split the general consumption term into two parts: private consumption, and public sector (or government) spending.

<sup>11</sup>The standard of living refers to the quality and quantity of goods and services available to people and the way these services and goods are distributed within a population. It is generally measured by standards such as income inequality, poverty rate and real (i.e. inflation adjusted) income per person. Other measures such as access and quality of health care, educational standards and social rights are often used too. In sum, the object is to reflect the ease with which people living in a country are able to satisfy their wants.

<sup>12</sup>Source: Oxford English Dictionary.

<sup>13</sup>C is private consumption in the economy (such as food, rent, medical expenses and so on but does not include new housing); I is business investments in capital (examples of investment by a business includes purchase of software, or purchase of machinery and equipment for a factory). 'Investment' in GDP is meant very specifically as non-financial product purchases. Buying financial products is classed as 'saving', as opposed to investment. G is the sum of government expenditures on final goods and services (it includes salaries of public servants, it does not include any transfer payments, such as social security or unemployment benefits). NX are "net exports" in the economy: gross exports – gross imports. There is a fixed relation: (NX = X–M). X is gross exports: the G.D.P. captures the amount a country produces, including goods and services produced for overseas consumption, therefore exports are added. M is gross imports. Imports are subtracted since imported goods will be included in the terms G, I, or C, and must be deducted to avoid counting foreign supply as domestic.

<sup>14</sup>Source: Oxford English Dictionary.

therefore, the Gross National Product (the definition of G.D.P., as seen before, considers it an indicator of the standard of living in an economy). In fact, if productivity decreases, so the standard of living and the Country's wealth and well-being, because as a consequence it becomes harder to attract new investments and to produce goods and services as well. Moreover, the economic growth is not the only factor in a review of social well-being, because the decline of the standard of living has social, political, environmental and commercial implications.

Therefore, it is a firm's business to maintain high the level of new product generation, increasing performance and competition; companies have to maintain sustainable development through competitive advantage.

According to Porter (1990), competitive advantage can be obtained by having higher performance compared to the average of the sector, and performance is equal to profitability; it is the Government's role to encourage companies to raise their performance, so that this condition of well-being can be felt inside the Nation and can affect the G.D.P., which, at the end, is an index of a Country's economic growth.

## 2. MAIN CONCEPTS AND DEFINITIONS

To begin with, there are many possible terms to indicate the leading person within a company: these can be, as first level of analysis, CEO, manager or leader. In some cases, they also provide different meanings, roles and characteristics. It is therefore useful to define each term carefully and to track the main distinctions given in literature regarding them.

### 2.1. DEFINITION OF CEO

CEO is the acronym for *Chief Executive Officer*, which is the highest position held within a company: he is the person who takes the most important decisions and represents the company itself. He is the highest-ranked corporate officer, corporate administrator, in charge of total management of a corporation, company, organization or agency. He drives the firm defining the strategy, the objectives in the short and in the long term.

Norburn (1986) quoted “*the role of the CEO is identified as the <<primus inter pares>>, the CEO corporate leader*”.

About the reporting structure, usually a CEO has a cadre of subordinate executives, each of which has specific functional responsibilities. Those reporting directly to the CEO include:

- the CFO (Chief Financial Officer), responsible for managing the financial risks of the business and for financial planning, record-keeping and financial reporting to higher management;
- the COO (Chief Operating Officer), responsible for managing the day-to-day activities of the corporation;
- the CMO (Chief Marketing Officer), responsible for various marketing-related activities within the organization: product development, public relations and communications, market researches, etc;
- the CIO (Chief Information Officer), responsible for Information Technology team;
- the CSO (Chief Strategic Officer), responsible for defining, together with the CEO, the strategy of the company and to carry out its implementation;

- other functional areas may operate under the CEO's direct control (e.g. Chief Development Officer, Chief Knowledge Officer, etc), depending on the industry in which the company operates and the organizational structure.

Sometimes there is overlapping between CEO and COO, as well as between CEO and Chairman, which, depending on the country culture and the company organization, can be represented by just one person or two different people. In fact, in some European Union Countries, companies have two separated Boards, one Executive Board that oversees their day-to-day business and one Supervisory Board for control purposes (elected by the shareholders). In these countries, the Chief Executive Officer presides over the executive board, whilst the Chairman presides over the Supervisory Board, and these two roles must always be held by two different people. This will ensure a distinction between management, which is done by the Executive Board, and Governance, which is done by the Supervisory Board. This also allows for clear lines of authority. The aim is to prevent a conflict of interest or that too much power be concentrated in the hands of one person.

## **2.2. DEFINITION OF MANAGER**

A manager is someone exercising management. The word management is often used to convey very different meanings. Most of the time management is defined as “*what managers do*”: this definition is considered, by many people, far too narrow, but it shows the difficulty in defining management, the shifting nature of definitions. It is however possible to identify two main usages of this word in the mean of process: firstly “*a process by which the materials and the human resources are coordinated in the attempt of achieving a given goal*”<sup>15</sup>, and secondly “*a process of coordination of the resources connected with the product units of industrial nature, with the distribution, with the insuring process and with the services*”. In the first case management is present in every social organization where a body of people coordinate the activities of others; in the second case the scope of the definition is limited to private and public companies in the mixed and market economies and, to some extent, to collective companies.

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<sup>15</sup>SOURCE: Oxford English Dictionary “*a person who manages an organization, group of staff, or sports team; a person in charge of the business affairs of a sports player, actor, or performer*”. Wikipedia “*a person who direct and control a group of one or more people or entities for the purpose of coordinating and harmonizing that group towards accomplishing a goal*”.

The term appears for the first time in the 19<sup>th</sup> century quoted by economists such as Adam Smith and John Stuart Mill; later on also Alfred Marshall<sup>16</sup> and Leon Walras introduced some definitions and theories about management. Towards the end of the 20<sup>th</sup> century, business management came to consist of six separate branches: Human Resource Management, Operations or Production Management, Strategic Management, Marketing Management, Financial Management, Information Technology Management

The origins of the term management have been strongly influenced by the contributions of Weber, Taylor and Fayol.

Max Weber (1864-1920) was the first one to deal with organizations as “institutions”, realities that are self-perpetrating and that, even if they need a body of workers, have reasons for their own existence that are considered superior to all else. It is easy to see from this how Weber came to his theory of bureaucracy. According to Weber, the need to achieve consistency gave rise to need for rules and regulations. Bureaucracy, which often today conveys an idea of delay, inefficiency and absurdity, identifies the process by which people attempted to rationalize their office work (from the French word bureau, which means office) by passing down competencies and trying to apply logic to their directional decisions. The world of rules, procedures and routines was thus born.

In contrast, Frederick Winslow Taylor (1856-1915) focused on the immediate production goals and on the resulting output. According to him, man is a repository of energy that need distributing and managing. Taylor separate thought and thinkers from the action and the active parties and introduces the concept of industrial standardization which requires, to be effective, a study of working times and methods. Taylor’s scientific work organization is based on three principles:

- the division between the working process and workers competences:
  - it is up to the manager to collect the information that until recently was possessed by the workers, to sort through it and to come up with the rules and formulas;
- the division between the formulation of a plan and its execution:

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<sup>16</sup>MARSHALL Alfred (1842-1924) was an English economist, founder of the “*new economics*”: he rejected the traditional definition of economics as the “science of wealth” to establish a discipline concerned with social welfare. Source: website. MARSHALL A. (1890), *Principles of Economics*, vol.1, Macmillan and Co.

- the intellectual work must should not be done in the factory but instead abide by the program and execution office;
- the use of knowledge in order to split and control the working process and its execution:
  - each worker’s moves are planned by management at least 24 hours before so that each worker may receive written instructions complete with an execution timeline.

Between 1916 and 1925 Henry Fayol (1841-1925) gave birth to the “direction principles” school, whose main focus was the concept of function. According to Fayol, there are six organizational functions that can always be found in a company: the technical functions (production, manufacturing, transformation), the commercial ones (sales, purchases and exchanges), the financial ones (research and capital management), the protection ones (the protection of goods and people), the accountancy ones (inventories, financial statements and statistics) and the directive ones. Fayol distinguishes the directive function from the management one when he considered the way a company works, in order to achieve its goals through the optimization of its resources and the coordination of the above six functions. The directive function must direct, program, organize, coordinate and control.

As such, Fayol (1966) said managers operate mainly through five functions:

1. *Planning*

- deciding what needs to happen in the future (today, next week, next month, next year, over the next five years, etc.) and generating plans for action.

2. *Organizing*

- making optimum use of the resources required to enable the successful carrying out of plans and accomplish objectives.

3. *Leading and motivating*

- exhibiting skills in these areas for getting others to play an effective part in achieving plans.

4. *Coordinating*

- organizing people work in order to follow the same objective.

5. *Controlling*

- monitoring, checking progress against plans, which may need modification based on feedback.

Weber, Taylor and Fayol's contributions were of course highly influenced by the evolution of the concept of company that followed the industrial revolution and, similarly, of the concept of management that undergone great changes.

Mintzberg (1973) propose a list of 9 managerial position duties and responsibilities:

1. *Supervising*

- improving the performance of subordinates by working with them to analyze their strengths and weaknesses, providing training, developing skills, scheduling their work and setting performance goals.

2. *Planning and organizing*

- Formulating short-term plans, carrying out projects and developing budgets, determining optimal allocation and utilization of resources; translating long-range plans into short-term operational goals; recommending and developing operational policies and procedures.

3. *Decision making*

- Making business decisions without hesitation in an unstructured situation; authorizing minor or major deviations from established procedures to meet new or unusual situations.

4. *Monitoring indicators*

- Monitoring internal and external forces that may affect the company, including performance indicators, corporate finances and assets, market conditions and cultural, social and political climate.

5. *Controlling*

- Developing schedules and cost-time estimates for producing or delivering products or services, and analyzing operational effectiveness.

6. *Representing*

- Answering questions and responding to complaints from outsiders; communicating with outsiders to promote company relations; negotiating with outsiders; conducting promotional activities to establish or maintain company image; convincing others on your point of view.

7. *Coordinating*



- *Communicating with others in the company over whom one has no direct control in order to share information, meet previously established schedules, solve problems and achieve objectives; maintaining a smooth working relationship with peers; mediating disagreements and conflicts between key individuals.*

#### 8. *Consulting*

- *Keeping current with technical development in one's field, introducing new techniques or technologies into the organization, and acting as expert advisor, consultant or troubleshooter for other managers.*

#### 9. *Administering*

- *Performing basic administrative activities such as locating information on company practices and procedures, analyzing routine information or maintaining detailed and accurate records and document.*

Mary Parker Follett at the beginning of 21<sup>th</sup> century defined management as “*the art of getting things done through people*”. Nowadays, in fact, it is globally recognized that *the role of managers is to control a group of one or more people or entities for the purpose of coordinating and harmonizing that group towards accomplishing a goal*”<sup>17</sup>.

Management is the process through which a person defines the firm's objectives and administrates it towards them, deciding how to use available human, financial, technological and nature resources in order to accomplish goals set out. This person is the manager. He must coordinate a group of people and plan activities in order to obtain the results defined by the company's mission. The primary function of managers is to satisfy a range of stakeholders (people who have interests in company's positive performance and who vote for the Board of Directors), through making profits and creating products of value at reasonable costs.

In modern large organizations, there are usually three levels of managers:

- **Senior Managers** (also called **Top Managers** or **Upper Managers**): they are the few people (Chairman, CEO, Managing Director, General Secretary) who are responsible for the whole company. They respond to organs of government, of which most of the time they are also members. There are most often higher levels of responsibility, such as a

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<sup>17</sup>Source: Oxford English Dictionary and Wikipedia.

Board of Directors and shareholders who own the company, focused on managing the senior management instead of the day-to-day activities of the business.

- Middle Managers: their primary job responsibility is to monitor parts of the firm (usually divided per business units), check on the activities of subordinates and generating reports for upper management.
- Low-Level Managers (supervisors or team leaders): they are employees within the organization, with some of the powers and responsibilities of management, occupying a role between that of a true manager and a regular employee; this position is typically the first step towards being promoted into a management role.

### **2.3. DEFINITION OF LEADER**

A leader is someone exercising leadership. Leader is a person who influences a group of people towards the achievement of a goal. The word “*leader*” identifies a person who commands a group<sup>18</sup>. R.J. House (2004) defines the leader as “*a person able to influence, motivate and enable others to contribute toward the effectiveness and success of the organizations of which they are members*”. He is considered “*the principal wheel in any kind of machinery*” (G. Francis).

A leader by its meaning is one who goes first and leads by example (the so called “*learningship process*”), so that others are motivated to follow him. This is a basic requirement. To be a leader, a person must have a deep-rooted commitment to the goal that he/she will strive to achieve, even if nobody follows him. With their behaviour leaders influence the environment around themselves.

Lots has been written about the characteristics a leader should have and about his/her relations to others, but all can be brought back to the final aim of achieving a goal together, everybody looking for reach the same objectives.

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<sup>18</sup>Source: Oxford English Dictionary and Wikipedia.

## 2.4. TOWARD AN EXPLANATION OF THE CHARACTERS OF LEADER AND MANAGER

As seen above, there are not defined boundaries between the three personalities of managers, leaders and CEOs, and authors many times use one or the other word to explain the same concept. A few authors tried to track some of the differences among the three.

Zaleznik (1977) notes that *leaders are “inspiring visionaries”*, that look at the substance, while *managers are “planners”*, and focus on the process. He claimed the two profiles are different in their personality, attitude towards goals and their conception of work:

- *Personality*
  - managers focus mainly on rationality and control (hard work, analytical skills and tolerance),
  - leaders are more creative people, who lead others works in an ingenuous way and deserve power;
- *Attitude towards goals*
  - managers are quite passive, believing that objectives are linked to the history and culture of each organization,
  - leaders are active, able to propose and suggest actions, lead the business in the desired and chosen direction and define the expectations and the results to be obtained;
- *Work conception*
  - managers believe work is the interactions between people and ideas and like to plan everything,
  - leaders do not initially have clear and defined choices, and as a result they take more risk looking for new approaches to solve problems.

Also Kotter (1988) offers a distinction between the two characters that is similar to the previous one:

- Managers take decisions in a regular and coherent way, define the budget, plan actions and allocate roles to workers; then, they use results control systems;

- Leaders respond better to changes in action, and have a long term vision of the future; they try to orient people through motivation and focus on their real potential.

In his conclusion Kotter states these are very slight differences, and that both the roles are necessary in a complex and uncertain environment.

Yukl (1989) affirmed managers value stability, order and efficiency, whereas leaders value flexibility, innovation and adaptation. Managers are concerned about how things get done and they try to get people to perform better. Leaders are concerned with what things mean to people and they try to get people to agree about the most important things to be done.

Also Warren Bennis (1990) draws a distinction between the two figures (see Table 1).

Paul Birch (1999) observed that, broadly “*managers concerned themselves with tasks, while leaders concerned themselves with people*”. Leaders see people as people, not as another resource to be deployed in support of "the task"; managers often have the role of organizing resources to get something done. Leaders realize that the achievement of the task comes about through the goodwill and support of others (influence), while the manager may not; the things that characterize a great leader include the fact that they achieve results. Differences in the mix of leadership and management can define various management styles, as we will see later on in this chapter.

**Table 1:** Bennis' distinction between managers and leaders

<b>MANAGERS</b>	<b>LEADERS</b>
<ul style="list-style-type: none"> <li>• Administer</li> <li>• Ask how and when</li> <li>• Focus on systems</li> <li>• Do things right</li> <li>• Maintain</li> <li>• Rely on control</li> <li>• Have a short -term perspective</li> <li>• Accept the status -quo</li> <li>• Have an eye on the bottom line</li> <li>• Imitate</li> <li>• Emulate the classic good soldier</li> <li>• Copy</li> </ul>	<ul style="list-style-type: none"> <li>• Innovate</li> <li>• Ask what and why</li> <li>• Focus on people</li> <li>• Do the right things</li> <li>• Develop</li> <li>• Inspire trust</li> <li>• Have a longer -term perspective</li> <li>• Challenge the status -quo</li> <li>• Have an eye on the horizon</li> <li>• Originate</li> <li>• Are their own person</li> <li>• Show originality</li> </ul>

SOURCE: BENNIS W.G. (1990), *Come si diventa leader*, Sperling & Kupfer Editori, Milano.

Regarding the topic of *Leadership Vs. Management*, there is a continuing controversy about the difference between the two. Some commentators link leadership closely with the idea of management, some regard the two as synonymous, and others consider management skills a subset of leadership skills. A lot of different distinctions and definitions have been proposed but, in practice, *leadership and management are usually overlapping concepts*.

Hersey and Blanchard (1969) claimed that “*management merely consists of leadership applied to business situations; or in other words: management forms a sub-set of the broader process of leadership*”. In 1982 they affirmed it seems that “*leadership occurs any time one attempts to influence the behaviour of an individual or group, regardless of the reason. Management instead is a kind of leadership in which the achievement of organizational goals is paramount*”.

In 1990 Kotter provided his contribution to the distinction of the two concept (see table 2). According to him, both involve deciding what needs to be done, creating networks of relationships to do it and trying to ensure it happens. However, they have some incompatible

elements, even if both leadership and management are necessary for the success of an organization.

**Table 2:** Kotter’s distinction among management and leadership

<b>Activity</b>	<b>Management</b>	<b>Leadership</b>
• <b>Agenda creation</b>	•Planning/Budgeting: – Developing detailed strategic plans – Allocating resources	•Establishing direction: – Developing future vision – Articulating the vision in a way to inspire others
• <b>HR development for achievement</b>	•Organizing staffing: – Developing planning and staffing structures, aims and objectives – Providing policies and procedures for guidance and monitoring system	•Aligning people: – Enthusing others to join in achieving the vision – Creating teams that understand and are engaged in developing the vision and means to achieve it
• <b>Execution</b>	•Controlling/problem solving: – Detailed monitoring of results – Identifying deviations, organizing corrections	•Motivating/inspiring: – Energising staff to overcome barriers
• <b>Outcomes</b>	•Tends to produce: – Order/predictability, efficiency – Results expected by stakeholders	•Tends to produce: – Change

SOURCE: KOTTER P. (1990), *A force for change: how leadership differs from management*. New York: Free Press.

Mullins (1996) thought the two concept are closely related, but *management is usually viewed as getting things done through other people in order to achieve stated organizational objectives, whereas the emphasis on leadership is on international skills in a broader context. It is often associated with the willing and enthusiastic behaviour of followers*”. According to him, leadership does not necessary take place within the hierarchical structure of the organization. Leadership can be seen primarily as an inspirational process.

More recently, Conger, Spreitzer and Lawren (2000) highlight that *management* is focused more to daily, short term problems, and it incites people to reach performance goals thanks to contractual arrangements, while *leadership* is reflected during long term problems and it allows change through empowerment, in which each person feels he belongs to an organization, that he is doing something for the organization and that he is responsible for it.

From the various definitions provided, it seems that a leadership is exercised by someone who knows where to go; management skills are how they actually get there. Someone who is trying to act like a leader, but wants nothing to do with management is like a child: he has vision, a goal, and a sense of purpose is all present, but his ability to plan and execute is lacking. People who want to lead, but not to manage, may have wonderful ideas, but, without the ability to plan and to oversee the necessary work, their ideas will not going to be realized, at least not by them. If their ideas do get implemented it will be done by another leader who embraces the management function.

While management is an important part of leadership, the reverse is not necessarily true: there are many people who are very skilled at implementing someone else's vision who are not leaders. *“A leader who sets the vision, defines success and determines the measurements of success will be more effective than the same leader who wants to set the vision but refuses to undertake any work in the management area”*<sup>19</sup>.

However, a clear distinction between management and leadership may nevertheless prove useful. This would allow for a reciprocal relationship between leadership and management, implying that an effective manager should possess leadership skills, and an effective leader should demonstrate management skills. One clear distinction may be provided by the following definition: management involves power by position, leadership involves power by influence. As such, managers have power because of the position they hold, whereas leaders have power because of their by influence. In both cases, a form of control is exercised.

Several types of entities may provide or exhibit leadership (actual or potential<sup>20</sup>), including:

- a person in a position or office or authority, such as a President, a CEO or a Chairman;
- a person in a position or office associated with expertise, skills or experience, such as team leaders or chief engineers;
- a group of respected people, or a so called “reference group”.

For the aforementioned statement, we can say that a *CEO is a leader, who exercises power and guides and influences other people*; moreover, his actions directly impact on many of the firm’s

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<sup>19</sup>CONGER J., SPREITZER G. and LAWREN III E.E. (2000), *Un’efficace leadership per il cambiamento*, “Iter” June, Torino.

<sup>20</sup>Actual: giving guidance or direction, as in the phrase "the emperor has provided satisfactory leadership". Potential: the capacity or ability to lead, as in the phrase "she could have exercised effective leadership"; or in the concept "born to lead". Web source

variables, such as: cost effectiveness, revenue generation and sustainability, market value, share price, earnings, service level, client satisfaction, employees motivation, engagement. He really is the “pivot point” of a company.

Before covering what other authors have addressed on the subject of our research, the author will describe why leadership is important and the main definitions of it.

## **2.5. THE CONCEPT OF LEADERSHIP**

### **2.5.1. Definition of leadership**

Leadership is a subject that has long arouse interest among people. The literature about leadership is wide and varied<sup>21</sup> and there is no simple definition of leadership that is acceptable to a majority of people; lots of authors provided many definitions of the concept. Stogdill (1974) affirmed “*there are almost as many definitions of leadership as there are the persons who have attempted to define the concept*”.

Although, Prentice’s definition (2005), one of the most recent ones, is notable: “*Leadership is the accomplishment of a goal through the direction of human assistants - a human and social achievement that stems from the leader’s understanding of his or her fellow workers and the relationship of their individual goals to the group’s aim*”.

In figure 3 there is an overview of the main definitions given by authors during the last 60 years under many different aspects (traits, behaviours, influence, interactions, relationships, etc).

Burns (1978) pointed out that a study of the definition of the word *leadership* revealed 130 definitions. However, several generally-accepted variations on the definition appear in the management and leadership literature. In the end, he presents five characteristics of leadership (see table 3).

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<sup>21</sup>In this regard, Kellerman’s statement is noteworthy: “*To read Tom Peters, Jay Conger, John Kotter, and most of their colleagues, leaders are, as Warren Bennis puts it, individuals who create shared meaning, have a distinctive voice, have the capacity to adapt, and have integrity. According to today’s business literature, to be a leader is, by definition, to be benevolent. But leadership is not a moral concept, and it is high time we acknowledge that fact. (...) Leaders are like the rest of us: trustworthy and deceitful, cowardly and brave, greedy and generous. To assume that all good leaders are good people is to be willfully blind to the reality of the human condition, and it severely limits our ability to become better leaders*”.

KELLERMAN B. (2005), *Leadership-Warts and All*, in AA.VV., Harvard Business Review on The Mind of The Leader, Harvard Business School Press, p. 2.



**Table 3:** Burns' characteristics of leadership

<i>1. Leadership is collective</i>	<ul style="list-style-type: none"><li>• Burns regards the notion of one-person leadership as "a contradiction in terms", because both leaders and followers must exist. Also, an organization may have multiple leaders all acting in consort with one another.</li></ul>
<i>2. Leadership is dissension</i>	<ul style="list-style-type: none"><li>• Leadership coexists with dissent.</li></ul>
<i>3. Leadership is causative</i>	<ul style="list-style-type: none"><li>• Leadership affects the motives of individuals and groups of peoples and alters the course of the organizational history; it causes positive change.</li></ul>
<i>4. Leadership is morally purposeful</i>	<ul style="list-style-type: none"><li>• Burns sees leadership as goal-oriented, with leaders and followers pointing the way to some future state of the organization, with plans about how those goals might be met.</li></ul>
<i>5. Transforming leadership is elevating</i>	<ul style="list-style-type: none"><li>• Engagement between leaders and followers takes place on a moral – but not a moralistic - plane, as both leaders and followers rise to live more principled lives.</li></ul>

SOURCE: BURNS J.M. (1978), *Leadership*, New York: Harper&Row.

**Figure 3:** Leadership definitions

<p><b>Leadership is...</b></p> <ul style="list-style-type: none"><li>• <i>"the behavior of an individual ... directing the activities of a group toward a shared goal"</i> (Hemphill &amp; Coons, 1957).</li><li>• <i>"the activity of influencing people to strive willingly for group objectives"</i> (George Terry, 1960)</li><li>• <i>"the process of influencing the activities of an organized group toward goal achievement"</i> (Rauch &amp; Behling, 1984).</li><li>• <i>"about articulating visions, embodying values and creating the environment within which things can be accomplished"</i> (Richards &amp; Engle, 1986).</li><li>• <i>"a process of giving purpose (meaningful direction) to collective effort and causing willing effort to be expended to achieve purpose"</i> (Jacobs &amp; Jaques, 1990).</li><li>• <i>"the ability to step outside the culture ... to start evolutionary change processes that are more adaptive"</i> (Schein, 1992).</li><li>• <i>"the ability of an individual to influence, motivate and enable others to contribute toward the effectiveness and success of the organization"</i> (House &amp; Podsakoff, 1994).</li><li>• <i>"a process used by anyone, regardless, of rank, to create meaningful collaboration among individuals for a common purpose"</i> (Pearman, 1998).</li></ul>
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SOURCE: Author's personal elaboration.

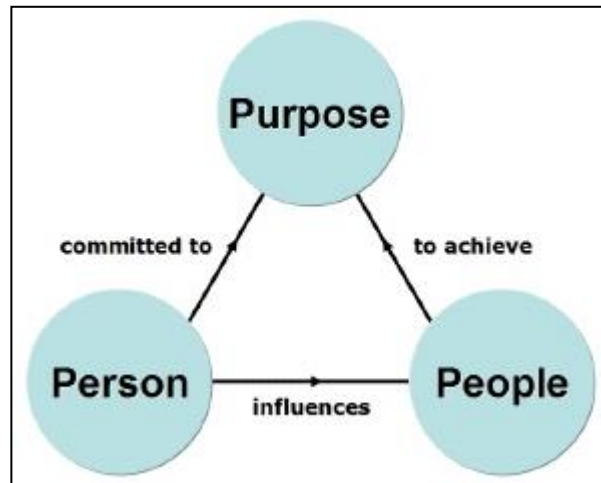
Bass and Avolio (1995), in their manual on leadership, relate leadership behaviour to emotional intelligence and propose eleven categories for the meaning of leadership, as defined in the last century:

1. Leadership as a focus on group dynamics: the leader is seen as the protagonist, the polarization point, the centre of the group. The trend is to consider leadership as strictly linked to the concept of structure and group dynamics.
2. Leadership as personality and its effects: this definition belongs to “Trait Theory” (see the next paragraph) – one should look for the qualities which allow some people to have more opportunities than others to exercise leadership. This category does not provide a real definition, but tries to discover the qualities a leader must possess.
3. Leadership as the art of induce agreement: this is the ability to “manipulate” people in order to obtain the best results with the least conflicts and the maximum cooperation through face-to-face contact between leaders and dependents. It is a kind of mono-directional influence, where group members are seen as passive subjects.
4. Leadership as the exercise of influence: this definition is from the 1950s. The concept of influence implies a reciprocal relation among individuals, not characterized by dominance, control or consensus induction from the leader.
5. Leader as a behaviour pattern: this definition comes from Organizational Behaviour (also born in the 1950s); authors tried to define the main actions and attitudes shown by a leader within a group activity.
6. Leadership as a form of persuasion: the negative concept of manipulation is removed, and the focus is on the leader’s relationship with the followers. Recently, the persuasion strategy has been quoted among leadership styles.
7. Leadership as a power relationship: the explanation of this definition requires two profiles, A and B, and simulation of the exercise of power between them. If A causes B to do something to reach an objective, A exercise his leadership over B.
8. Leadership as tool to reach a particular objective: this focuses on the concept of leadership as a strength to stimulate, motivate and coordinate people who have to reach a common objective.
9. Leadership as emerging factor of interaction: this implies a casual connection; leadership is considered as the effect of group action and not one of its shaping elements. Without people it does not exist.
10. Leadership as differentiation role: this definition is typical of Role Theory, which affirms each person interacts with others while playing a defined role.

11. Leadership as the initiation of a structure: leadership function is necessary to start an organization and to maintain it.

It appears that leadership concerns **the 3P's diagram**: Person, People and Purpose (see figure 4).

**Figure 4:** the 3P's diagram



The concept of person reminds to the concept of leader already analyzed in the previous paragraphs. It is worth providing a distinction between leaders and followers. The person expected to perform the specialized leadership role and “influencing others to some purpose” is usually designated as the “leader”, compared to the “followers”, those who “become influenced by others to accept (willingly or unwillingly) some purpose”<sup>22</sup>; Then, leadership and followership emerge as two sides of the same coin and, actually, a person can performs both rules at the same time. In this scenario, leadership - whether successful or not - has not occurred until at least one follower joins in. Likewise, no followership exists without someone or something (not necessarily a leader) to follow.

The concept of purpose means that a leader should have a personal vision - the ability to visualize goal as an accomplished fact. *The leader must be able to set a good vision*, which, to be effective, should have the following characteristics:

- appear as a simple, yet vibrant, image in the mind of the leader;
- describe a future state, credible and preferable to the present state;

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<sup>22</sup>See also VAN VUGT M. (2004), *Follow the leader... but at what cost?*, in *The Psychologist*, Vol. 17 No.5 (May). He quoted: “*Leadership is a process of influence to attain important group, organizational or societal goals*”.

- act as a bridge between the current state and a future optimum state;
- appear desirable enough to energize followers;
- succeed in speaking to followers at an emotional or spiritual level (logical appeals by themselves seldom muster a following).

Followers have to adopt the vision as their own. Leaders do not only have to see the vision themselves, they must have the ability to get others to see it too.

The concept of people means that the realization that the goal cannot be achieved alone, without the help of others. The leader must integrate his/her (or the organization's) goal with his/her team's personal goals and then communicates this goal in such a way that they embrace it too and it becomes a common goal.

### **2.5.2. Typologies of leadership**

We can highlight different typologies and characteristics of leadership:

- Formal or Informal Leadership
  - the first one is often related to someone coming from the outside, whereas in the second one the leader comes from within the organization. In English it is possible to differentiate “leadership”, as ability to influence, and “headship”, as the ability to conduct something.
- Direct or Indirect Leadership
  - sometimes one person is able to influence through the intermediation of other people. Direct leadership implies contacts, relations and interactions between a recognized leader and his co-workers, whereas indirect leadership, also called “distance leadership”, consists of influencing people not directly dependent on him. The two types are not mutually exclusive, they can be used together in a consistent way to magnify their effects.
- Leadership by a group
  - in contrast to individual leadership, some organizations have adopted group leadership, where more than one person provides direction to the group as a whole. A common example of group leadership involves cross-functional teams. A team of

people with diverse skills and from all parts of an organization assembles to lead a project. Different approaches<sup>23</sup> to group dynamics see leadership as a product of awareness and command of the reactions and influences of a group on the emotions of the individual: leadership does not involve changing the mindset of the group, but the cultivation of an environment that brings out the best (inspires) the individuals in that group. In groups, leadership is believed to fulfill two primary goals<sup>24</sup>: the completion of group tasks and the fulfillment of group members' needs.

- Co-leadership
  - as a compromise between individual leadership and an open group, it is common to have leadership structures of two or three people or entities (since ancient Rome were preferred two consuls to a single king)
- Divided Leadership
  - whereas sometimes one can readily and definitively identify the locus of leadership, in other circumstances the situation remains obscured. Pre-modern Japan offers a classical example: the emperors provided symbolic and religious leadership, but the shoguns embodied virtually all political and administrative leadership. Similar dichotomies appear in many places and in many periods (Heads of State may operate at cross-purposes with heads of government, not to mention the potentially conflicting leadership manifestations of Boards of Directors and of Chief Executives).

Whilst research on leadership is abundant, there is no clear classification of leadership; in the following pages we analyze the major approaches to leadership.

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<sup>23</sup>CARMAZZI A.F., *Directive Communication Methodology*.

BARSADE S.G. (2002), *Theory of The Ripple Effect: Emotional Contagion and its influence on group behaviour*, *Administrative Science Quarterly*.

<sup>24</sup>CARTWRIGHT & ZANDER (1953), in VAN VUGT M. (2004), *Follow the leader... but at what cost?*, *The Psychologist*, Vol.17 No.5 (May).

# PART II

## LITERATURE REVIEW

### 3. HISTORICAL PERSPECTIVE OF LEADERSHIP

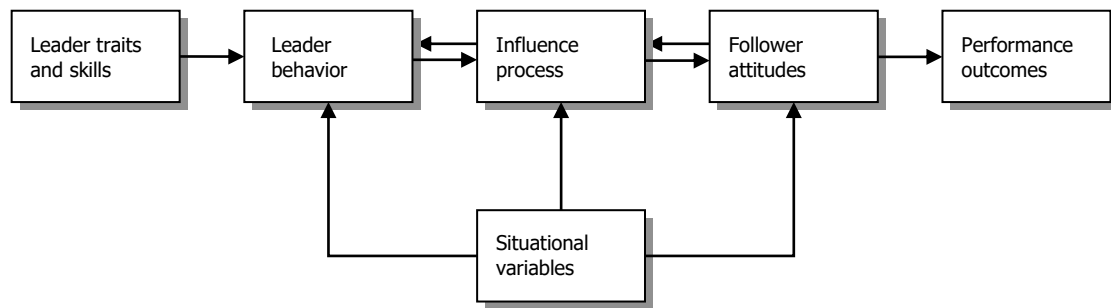
There is abundant research on the topic, but no one has really provided a clear classification of leadership. It could be helpful to classify the main theories and empirical researches about leadership into the following three approaches, each one focusing on some particular elements:

1. **The trait approach**, focused on the *qualities* and *skills* of a leader. This group does not consider the context but only the function of conduct and intrinsic features of a leader.
2. **The behavioural approach**, focused on the *control*, the motivation, the incentive, the actions or *behaviour* a leader can have on other people or groups.
3. **The contingency approach**, focused on the act of *influencing*, involving a useful change to reach the group's objectives. It includes the main studies on how the situation affects leader's effectiveness, as exposed by Fiedler's theory, Hersey and Blanchard, House's Path Goal Theory.

The first and the second approaches can be considered as functional approaches, because they do not recognize nor a particular group of people that are leaders, nor they define actions or qualities through which one might obtain a leadership. The third one can be considered as situational approach, because, in fact, it is related to situations, such as the type and the size of organizational unit, the environment, the external dependencies etc.

Yukl (1989) created a framework showing the causal relationship among the types of leadership process and the primary people involved (see figure 5), starting from the point of view that three types of variables that are relevant to understand leadership effectiveness, included characteristics of leaders, characteristics of followers and characteristics of situations. In fact, it is easy to see, the traits of a leader affect his/her behaviour, which, in turn, influences the process and reaches followers and therefore performance outcome. Also followers influence both process and outcome. External to all this flow, the situational variables affect both leaders and followers and, therefore, the whole process.

**Figure 5:** Yukl's framework



SOURCE: Yukl G. (1989), *Leadership in organizations*, Pearson International Edition, Upper Saddle River, New Jersey, p.13

### **3.1. THE TRAIT APPROACH**

This approach emphasizes leaders' attributes, such as personality, values and skills. The *Great Man Theory* was born at the end of 17<sup>th</sup> century thanks to the Scottish historian Cartyle and philosophers such as Emerson (1850) and Nietzsche (1885), and developed thereafter around the end of 19<sup>th</sup> and the beginning of the 20<sup>th</sup> century. Many authors identified leadership with the charisma of great historical characters such as Churchill, Eisenhower, Lenin and Jefferson (so called "*charismatic leadership*", which usually occurs during a social crisis and attracts followers who believe in the vision).

During the 1920s and 30s, the *Traits Theory* assumed that a good leader was determined by the characteristics of his personality and his aptitudes; anyone could cultivate and develop certain traits or characteristics that would tend to lead to effective leadership. The "strongest" versions of Trait Theory see these "*leadership characteristics*" as innate, and accordingly labels some people as "*born leaders*" due to their psychological makeup. According to this reading of the theory, leadership development involves identifying and measuring leadership qualities, screening potential leaders from non-leaders, then training those with potential.



The Theory postulates that a leader is that person who has inborn qualities which distinguish him/her from everyone else<sup>25</sup>, and these particular features can be identified<sup>26</sup>. From 1900 and until the World War II many research projects aimed to identify distinctive features which allow a person to be a leader, according to:

- the physical features (aspect, height, weight, etc);
- the personality (self-estimation, dominance, sensitiveness);
- skills (creativity, cleverness, ability to socialize).

In particular, skills refer to the ability to do something in an effective manner. There could be identified four levels of skills:

- *the technical skills*, concerned with things (knowledge about methods, procedures, use of tools relevant for the activity);
- *the interpersonal skills*, concerned with people (knowledge about human behaviour, attitudes, ability to communicate, etc);
- *the conceptual skills*, concerned with ideas (ability to analyze, logical thinking, creativity in idea generation);
- *the administrative skills*, concerned with a specific function, such as planning, negotiating, etc.

Stogdill (1948 and 1974) considered the empirical results of 124 studies done between 1904 and 1908, and found that the common conception of a leader as someone who acquires status by showing the ability to help the group in attaining its goals. Those studies highlighted the similarity in traits of leaders: the people in question were extremely clever, enterprising, self-confident, results oriented and attentive to others' needs<sup>27</sup>. Stogdill provided a framework on leader traits and skills (see table 4).

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<sup>25</sup>ARGYRIS C. (1955), Some characteristics of successful executives, *Personal Journal*, June.  
HORNADAY J.A. and BUNKERC.J. (1970), The nature of the Entrepreneur, *Personal Psychology*, Spring. These authors consider important features of a leader the integrity, originality, self-confidence.

<sup>26</sup>STOGDILL R.M. (1974), *Handbook of leadership. A survey of literature*. Free Press, New York.

<sup>27</sup>Stogdill underlines that individual characteristics are not only the unique element to allow the identification of a good leader. In fact, it also depends on the environment and on the situation of that particular moment.

**Table 4:** Stogdill's findings in early research on leader traits and skills

<b>Leaders' traits</b>	<b>Leaders' skills</b>
<ul style="list-style-type: none"><li>•Adaptable to situations</li><li>•Alert to social environment</li><li>•Ambitious, achievement oriented</li><li>•Assertive</li><li>•Cooperative</li><li>•Decisive</li><li>•Dependable</li><li>•Dominant (power motivation)</li><li>•Energic (high activity level)</li><li>•Persistent</li><li>•Self-confident</li><li>•Tolerant of stress</li><li>•Willing to assume responsibility</li></ul>	<ul style="list-style-type: none"><li>•Clever</li><li>•Conceptually skilled</li><li>•Creative</li><li>•Diplomatic and tactful</li><li>•Fluent in speaking</li><li>•Knowledgeable about the work</li><li>•Organized</li><li>•Persuasive</li><li>•Socially skilled</li></ul>

SOURCE: STOGDILL R.M. (1974), *Handbook of leadership. A survey of literature*, Free Press, New York.

Studies of leadership have suggested qualities that people often associate with leadership. They include:

- Guiding others through modelling (in the sense of providing a role model, or leading by example) and through a willingness to serve others first.
- Talent and technical/specific skill in the task at hand.
- Initiative and entrepreneurial drive; optimism.
- Charismatic inspiration (attractiveness to others and the ability to motivate others).
- A clear sense of purpose (or mission): clear goals, focus and commitment.

- Results-orientation - directing every action towards a mission - prioritizing activities to spend time where results accrue the most.
- Cooperation (working well with others) and ability to encourage (delegating in such a way that people will grow).
- Understanding *what* others say, rather than listening to *how* they say things (this quality could be partly summed up as “*walking in someone else's shoes*”).

At the beginning this approach was a static one, simply descriptive, trying to identify the main qualities of a leader. Over the years, researchers made progress in discovering how leader’s attributes are related to leadership behaviour and effectiveness.

A recent publication (“Good leadership is good business”, in *World Business* - Jan. 2007), The Hay Group presented a research in which they identified the top 20 companies with excellent leadership in 2006 (and found that shareholder return for those companies outperformed the S&P 500 over 5 years). The article highlighted the best practices for identifying leadership talent; they include:

- having leaders who focus on creating a motivating work environment for employees;
- ensuring that senior management make leadership development a priority;
- providing training and coaching to help existing leadership teams and individual leaders to work more effectively.

The first position (see Table 5) went to General Electric. European companies represented only 6 firms out of 20 and these were mainly by companies of United Kingdom (HSBC Bank, 6<sup>th</sup>, GlaxoSmithKleine, 17<sup>th</sup> and BAE Systems, 20<sup>th</sup>), Switzerland (Novartis and Nestle`, 13<sup>th</sup> and 15<sup>th</sup>) and Holland (BASF, 7<sup>th</sup>).

**Table 5:** 2006 Top 20 Companies for Leaders

1. General Electric – U.S.
2. Procter & Gamble – U.S.
3. PepsiCo – U.S.
4. Citigroup – U.S.
5. Johnson & Johnson – U.S.
6. HSBC Holdings – U.K.
7. BASF – NL
8. Home Depot – U.S.
9. IBM – U.S.
10. Coca-Cola – U.S.
11. Dell – U.S.
12. Microsoft – U.S.
13. Novartis – CH
14. Verizon Communications – U.S.
15. Nestle` - CH
16. Lockheed Martin – U.S.
17. GlaxoSmithKlein – U.K.
18. Amgen – U.S.
19. Hewlett-Packard – U.S.
20. BAE System – U.K..

## **3.2. BEHAVIOURAL APPROACH**

This approach emerged in the early 1950s after many researchers became discouraged with the Trait approach and began to pay closer attention to what managers actually do on the job<sup>28</sup>. They started investigating the nature of the role of leadership, comparing leaders' behaviours in terms of effectiveness, influence and styles. The next pages will focus on three of these theories: Transactional Leadership, Image of Man and Leadership Styles.

### **3.2.1. Transactional and Transformational Leadership**

In comparing various leadership styles in many different cultures, academic studies have examined the patterns in which leadership emerges and then fades, and other cases in which it maintains its effectiveness. The simplest way to measure the effectiveness of leadership involves evaluating the size of the following that the leader can muster. To measure leadership more specifically, one may assess the extent of influence on the followers, that is, in other words, the amount of leading. Within an organizational context, this means financially valuing productivity.

Effective leaders are those able to:

- generate higher productivity;
- generate lower costs;
- generate more opportunities than ineffective leaders;
- create results;
- attain goals;
- realize vision;
- reach other objectives more quickly and at a higher level of quality than other leaders.

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<sup>28</sup>YUKL G. (1989), *Leadership in organizations*, Pearson International Edition, Upper Saddle River, New Jersey.

In 1978 Burns introduced the concept of *transformational leadership*, distinguishing it from the transactional one. For him, transformational leadership delivers "true" value, integrity and trust, indicating that an effective leader will unite followers in a shared vision that will improve both the organization and society at large. *Transactional leadership*, instead, builds power by doing whatever will get more followers. For him, "*a transformational leader is the person who recognizes followers' needs and is able to transform his followers into new leaders*".

Transactional appeals to self-interest, transformational to values and common goals.

*Transactional Leadership* is concerned with the relation between leaders and the followers being led. Behaviour is contingent on reward (incentives), active or passive management by exception and laissez faire leadership. The theory shows effectiveness in certain immediate context, but it seems it fails to motivate people long-term to perform beyond their job assignment. *Transactional leadership* is equated with closed-ended, relatively static, management, whereas *transformational* is related to leadership per se, to the need to transform individuals, teams and firms by going beyond the status quo and, in so doing, affect the firm's ability to innovate and adapt.

Bass, Bennis, Nanus and Schein (1985-90) have also dealt with *transformational leadership*. Bass (1975, 1985 and 1994) defined leadership as "*the effort of a person, as seen from the outside, to change other people's behaviour by acting on motivation and attitudes*". In his opinion, *transformational leaders* encourage collaborators by giving the example and motivating them to reaching goals. He introduced four factors, which are the optimal mix of skills, behaviour and actions for a transformational leadership profile (these differ from the leader profile of the previous theories):

- Individual appraisal: a good communication helps growth and the learning process; moreover, the leaders should recognize the needs of others and provide support, encouragement and coaching.
- Stimulation: innovation and creation allows people to think about their own beliefs, attitudes and problems as well from a new perspective.
- Motivation: showing satisfaction help expectations to grow and generates new challenges; communicating a compelling vision of the future and emphasize how everyone's work contributes to the achievement of the vision; energizing followers to go beyond self-interest.

- Influence: it is necessary to be an example for other people and trust ones own co-workers.

The transformational leader is not only a charismatic person but a guide able to make each team member aware of the goals to be reached. Bass (1990a), similarly to Burns, identified differences between *transactional leader* (previous theories) and *transformational leader* (see Table 6).

**Table 6:** Shift from transactional to transformational leader

<b><i>Transactional Leader</i></b> (old)	<b><i>Transformational Leader</i></b> (new)
<i>Contingent Reward</i> : the leader recognizes when goals have been reached through reward systems.	<i>Charisma</i> : the leader communicates the mission and vision and allows employees to be active in the definition of the organization's objectives.
<i>Management by Exceptions</i> (active): he/she looks for deviations and finds corrective actions.	<i>Inspiration</i> : he/she communicates high expectations.
<i>Management by Exceptions</i> (passive): he/she acts only if standards are not reached.	<i>Intellectual stimulation</i> : he/she promotes <i>problem solving</i>
<i>Laissez-Faire</i> : he/she avoids taking decisions that imply responsibilities.	<i>Individualized Consideration</i> : He/she takes care of each employee, trains him and gives him/her suggestions.

SOURCE: BASS B.M. (1990), *From Transactional to Transformational Leadership: Learning to Share the Vision*, Organizational Dynamics, Winter.

In 1995 Bass and Avolio developed the *Multifactor Leadership Questionnaire* (MLQ), still used nowadays in the assessments of transformational and transactional leadership: they related leadership behaviour to emotional intelligence. In particular, in the MLQ is asked to people to evaluate their leader under three main areas (leading and developing others, personal qualities, leading the organization) and under different dimensions (see an example in figure 6):

- five dimensions of transformational leadership:

1. idealized influence – attributions
  2. idealized influence – behaviour
  3. inspirational motivation
  4. individualized consideration
  5. intellectual stimulation
- three dimensions of transactional leadership:
    1. contingent reward
    2. management by exception (active)
    3. management by exception (passive).

The authors outline the strengths and weaknesses found in the sample of 130 executives studied, in relation to developing transformational leadership behaviours. Of particular importance is the identification of interpersonal skills and empathy traits, as key emotional intelligence behaviours, which are important as classical traits of intelligence and experience in developing the leaders of tomorrow's construction organizations.



**Figure 6:** Example of MLQ – Multifactor Leadership Questionnaire

Scale/Criterion variable	LG (N = 2348)	NHS (N = 2013)	School leaders (N = 732)	A.N. other Public sector 1 (N = 332)	A.N. other Public sector 2 (N = 435)	Private sector (N = 685)
<i>Leading and developing others</i>						
Showing genuine concern	4.1 <sup>bc</sup>	4.2 <sup>b</sup>	4.7 <sup>b</sup>	4.2 <sup>b</sup>	4.6	3.2
Enabling	4.8 <sup>a</sup>	4.6	5.0 <sup>a</sup>	4.7 <sup>a</sup>	4.7 <sup>a</sup>	3.1
Being accessible	4.7 <sup>a</sup>	4.6	5.2 <sup>a</sup>	4.7 <sup>a</sup>	4.6 <sup>c</sup>	2.9
Encouraging change	4.3 <sup>bc</sup>	4.3 <sup>bc</sup>	4.8	4.4 <sup>b</sup>	4.3	3.1 <sup>bc</sup>
<i>Personal qualities</i>						
Being honest and consistent	4.3 <sup>bc</sup>	4.3 <sup>bc</sup>	4.9 <sup>a</sup>	4.5	4.9 <sup>a</sup>	–
Acting with integrity	4.4 <sup>bc</sup>	4.4 <sup>bc</sup>	4.8 <sup>a</sup>	4.5	4.6	2.8
Being decisive; risk-taking	4.7 <sup>a</sup>	4.7 <sup>a</sup>	5.1 <sup>a</sup>	4.7 <sup>a</sup>	4.6 <sup>c</sup>	3.1
Inspiring others	3.9 <sup>bc</sup>	4.1 <sup>b</sup>	4.6 <sup>b</sup>	4.1 <sup>b</sup>	4.6	2.9
Resolving complex problems	4.7 <sup>a</sup>	4.6 <sup>c</sup>	5.0 <sup>a</sup>	4.6 <sup>b</sup>	4.7 <sup>a</sup>	2.8
<i>Leading the organisation</i>						
Networking and achieving	4.5 <sup>bc</sup>	4.5 <sup>bc</sup>	4.9 <sup>a</sup>	4.5 <sup>c</sup>	4.7	2.8
Focusing team effort	4.2 <sup>bc</sup>	4.8 <sup>a</sup>	4.8	4.3 <sup>b</sup>	4.8 <sup>a</sup>	3.1
Building shared vision	4.5 <sup>c</sup>	4.6	5.0 <sup>a</sup>	4.5 <sup>c</sup>	4.6	3.5
Supporting a developmental culture	4.1 <sup>bc</sup>	4.1 <sup>bc</sup>	4.8 <sup>a</sup>	4.2 <sup>b</sup>	4.6	–
Facilitating change sensitively	4.5 <sup>c</sup>	4.5 <sup>c</sup>	4.9 <sup>a</sup>	4.5 <sup>c</sup>	4.6	2.9

**Table I.**  
Comparisons between the average leadership scores of senior managers in public and private sector organisations, provided anonymously by staff, on

**Notes:** <sup>a</sup> Highest scores in each column (i.e. particular sector); <sup>b</sup> Lowest scores in each column (i.e. particular sector); <sup>c</sup> Lowest scores across the various public sector organisations; <sup>d</sup> Private sector scores consistently lower, so rank ordering shown within this sector/column

SOURCE: ALIMO B. and ALBAN-METCALFE J. (2006), More good leaders for public sector, *International Journal of Public Sector Management*.

### 3.2.2. Image of man

Theory X and Theory Y are theories of human motivation, created and developed by Douglas McGregor<sup>29</sup> at the MIT Sloan School of Management in the 1960s, that have been used in human resource management, organizational behaviour, and organizational development: they describe two different attitudes toward workforce motivation.

The author focused on motivation and thoughts of leaders regarding people and the image they have of others:

- “*Theory X*” affirms employees are inherently lazy and therefore need to be constantly supervised through control systems; it implies a hierarchical structure with a certain span of control at each level. Without incentives, employees would be not unambitious and will avoid responsibilities. For their part, managers believe the only interest of employees is money. As a result, under Theory X managers adopt a more authoritarian style based on the threat of punishment and blame; they direct and control and are an impediment to employee morale and productivity.
- “*Theory Y*” affirms employees *may be* ambitious and self-motivated to take on responsibility. In this hypothesis they enjoy their mental and physical work duties and therefore there is a chance for greater productivity by giving employees the freedom to perform at the best of their abilities without being bogged down by rules. In counterpart, managers believe that the satisfaction of doing a good job is a strong motivation in and of itself. A Theory Y manager will therefore try to remove the barriers that prevent workers’ creativity.

### 3.2.3. Leadership styles

Over the years, leadership has been analyzed from different perspectives, such as the characteristics of effective leaders, the influence of leader on a firm performance, and the main leadership styles. In fact, a leader’s style can make the difference: style becomes the key to the implementation of strategy and plays an important role in work-group members’ activity. Until now we have seen theories regarding the relationship between leadership styles and followers; we present now the contribution of other researches.

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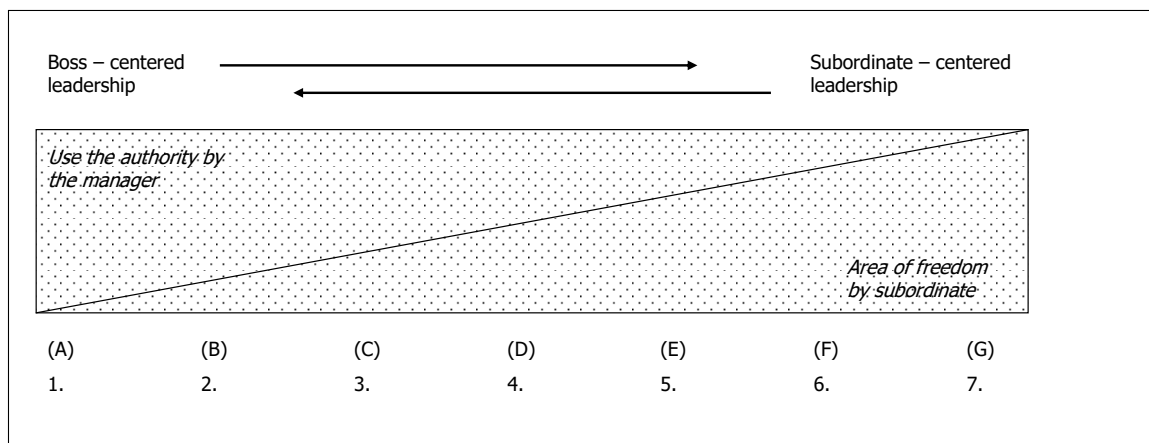
<sup>29</sup>MCGREGOR D. (1960), *Theory X and Y*, National Collegiate Software.

From the 50s and up until the 70s, authors focused their attention on examining intrinsic qualities of a leader and defining his roles and tasks within the company. In the following, the author describes the main contribution on leadership styles and the importance of the environmental situations.

Tannenbaum and Schimdt (1958) described leadership styles starting from two basic characteristics: the use of authority and the discretion given to dependents. They investigated how decision and authority can be integrated with employees' relation and they developed a model from this (see Figure 7).

The figure is divided into two parts: the first one represents a range of different activities and behaviour a manager can adopt, depending on different levels of authority; the second one represents the amount of a freedom an employee has to take decisions. The extremities represent borderline cases: on the left we have a completely authoritarian leadership, on the right total democratic leadership.

**Figure 7:** Tannenbaum and Schimdt's model



SOURCE: TANNENBAUM R. and SCHMIDT W.H. (1958) How to choose a leadership pattern, *Harvard Business Review*, n. 36 (2).

Moving from left to right inside the model, we can identify *seven different leadership styles*, with an increase of employees' freedom going from 1 to 7:

1. The manager makes the decision and announces it: the manager identifies the problem, considers different possible decisions and chooses among one of them.
2. The manager “sells” his decision: in comparison to the first style, here the manager tries to persuade his dependents to accept his decision.
3. The manager presents his ideas, invites questions: after having taken his/her decision, the manager opens the floor to questions so that his/her subordinates fully understand what he/she wants.
4. The manager presents a tentative decision subject to change: from this point on employees start to have some influence on decisions to be taken.
5. The manager presents the problem, gets suggestion and then makes his/her decision: he/she had not thought about a solution until then, so the group has the first chance to propose it.
6. The managers defines the constraints and within these asks the group to make a decision: the manager defines the problem and the group takes the decision.
7. The manager permits the group to make the decision: this is the biggest degree of freedom to decide for the group; it is typical of informal organizations.

After this classification, Tannenbaum and Schmidt analyzed how managers, employees and environmental features influence the proposed model. They distinguished three categories of forces at work:

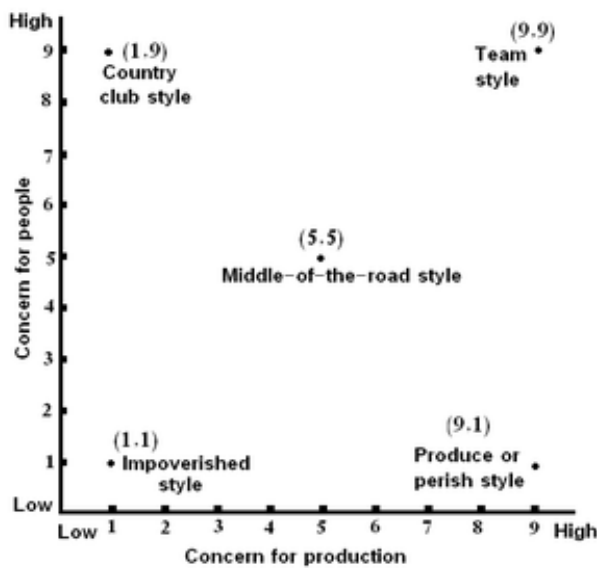
- *Forces in the manager*: they describe how a manager’s behaviour is influenced by his own personality, knowledge and experience;
- *Forces in the subordinates*: they describe how employees’ behaviour can be influenced by the relationship between the group and with the manager himself/herself;
- *Forces in the situation*: they describe how a manager’s behaviour depends on the general situations and environmental pressures.

In 1973 the authors reviewed their work and recognized that it is still valid and actual, but in modern organizations the relationship between management, the work force and the environment is becoming more and more complex. As such, the three strengths are now really correlated. Moreover, they considered other aspects such as new skills and roles and new trends in the society, such as ecology, movement for civil law or for consumer safeguard.

Blake and Mouton (1964) developed a behavioural leadership-model called “*Managerial Grid Model*” (see Figure 8), which suggests five different leadership styles, based on leaders’ strength of concern for people and leaders’ concern for achieving the goals set out.

As shown in figure 8, the model is represented on the X-axis by concern for production, and on the Y-axis by concern for people. Each axis ranges from 1 (low) to 9 (high).

**Figure 8:** The Managerial Grid Model of Blake and Mouton: graphical representation



SOURCE: BLAKE, R. and MOUTON, J. (1964). *The Managerial Grid: The Key to Leadership Excellence*, Houston: Gulf Publishing Co.

The five resulting leadership styles are:

1. *Impoverished style (1,1)*: managers are little concerned with either people or production. They behave in a way to avoid getting into trouble, because they do not want to be responsible for any mistakes, in order to preserve their job.

2. *Country Club Style (1,1)*: managers are little concerned about production and highly about people. Managers using this style pay much attention to the security and comfort of the employees, in hopes that this would increase performance. The resulting atmosphere is usually friendly, but not necessarily that productive.
3. *Produce or perish style (9,1)*: managers are highly concerned about production and little about people. They consider important employees needs and give money expecting performance backing return. This implies rules and punishments, similar to the dictatorial style (based on *Theory X* of Douglas McGregor) and is mostly used in cases of crisis management.
4. *Middle-of-the-road style (5,5)*: managers use this style to balance company goals and workers' needs.
5. *Team style (9,0)*: managers are highly concerned for both people and production; they (based on Theory Y) encourage teamwork and commitment among employees, who in turn feel they belong to the firm.

For Blake and Mouton, the optimal leadership style in this model is number 5 (Team style).

Rao (1986) classified leadership styles, based on earlier researches at the Indian Institute of Management, into:

1. *paternalistic*: top level managers believe that all employees should be guided with affection and are relationship oriented;
2. *critical*: top level managers believe that employees should be constantly supervised (similar to Theory X of McGregor – see pg. 50);
3. *developmental*: top level managers adopt an empowering style, in order to develop competencies in the staff.

House and Podsakoff (1994) tried to summarize the behaviours and approaches of “*outstanding leaders*”, which they identify from some more modern theories and research findings. These ten leadership behaviours and approaches are not really specific styles, but they probably characterize the most effective style of leaders/managers. The attributes cover:

- *Vision*: outstanding leaders transmit a vision that describes a better future to followers in a way that is congruent with the deeply-held values of followers;

- *Passion and self-sacrifice*: leaders display a passion for what they regard as the moral correctness of their vision. They engage in extraordinary behaviour in the interest of their vision and mission;
- *Confidence, determination and persistence*: outstanding leaders display a high degree of self-confidence and moral conviction;
- *Image-building*: outstanding leaders recognize followers' desire to be perceived as competent, credible and trustworthy;
- *Role-modelling*: leader-image-building sets the stage for effective role-modelling because followers identify with the values of role models that they perceived of in positive terms;
- *External representation*: outstanding leaders represent their organizations in external environment;
- *Expectations and confidence in followers*: outstanding leaders communicate expectations of high performance to their followers and as well as confidence in their ability to meet such expectations;
- *Selective motive-arousal*: outstanding leaders selectively arouse those motives of followers that the outstanding leaders see as being of special relevance to the successful accomplishment of the vision and mission;
- *Frame alignment*: to persuade followers to accept and implement change, outstanding leaders engage in "frame alignment", so that some set of the followers' interests, values and beliefs, as well as the leader's activities, goals and ideology becomes congruent and complementary;
- *Inspirational communication*: outstanding leaders often, but not always, communicate their message in an inspirational manner using vivid stories, slogans, symbols and ceremonies.

Farr (1999) argues there is not any one "*correct leadership style*" but that each situation requires a different leadership style. Great leaders must therefore be able to adopt the use of nearly every leadership style: *one must apply the correct style to meet the situation*. Farr called this "*conscious leadership*", which consists of "*the art and science of leading change from a self-aware perspective, with clarity of purpose and an acute insight into others' perspectives and state of mind*". This fully-aware state allows leaders to properly inspire motivation in others and

to choose the most appropriate course of action both to solve pressing problems and to effectively achieve long-term organizational goals.

Spreier, Fontaine and Malloy (2006) affirmed that motivation affects leadership behaviour, and according to them achievement is the primary motive to reach the top. They quoted David McClelland, a Harvard psychologist, who identified three internal drivers (called “social motives”) that explain how people behave:

- *Achievement*, which generates passion and energy, and can be expressed as the meeting or exceeding a standard of excellence or improving personal performance;
- *Affiliation*, which implies maintaining close personal relationship;
- *Power*, which means being strong and influencing or having an impact on others. There are two kind of power: personalized (the leader draws strength from controlling others and making them feel weak) and socialized (the leader’s strength comes from empowering people).

In the research the authors identified six styles of leadership that managers and executive use to motivate, reward, direct and develop others:

1. *Directive* - it’s a strong and sometimes coercive behaviour. It implies executives telling people what to do, when to do, controlling them and tell the consequences in case of failure. It is useful during crisis or to manage poor performers.
2. *Visionary* - it focuses on clarity and communication of the challenges; it is authoritative but do not simply tell people what to do, here the leader gains the employees’ support, increasing their commitment, clearing the goals.
3. *Affiliative* - it emphasizes harmony and relationships, tending to avoid conflicts. It is useful in high-stress situations or when employees are beset by personal crises.
4. *Participative* - it is collaborative and democratic, implying the engagement of others in the decision-making process. It is great for building trust and consensus, especially when the team is highly competent and the leader has limited knowledge or lack of formal power and authority.
5. *Pacesetting* - it characterized by personal heroics, who lead by example because they usually have high standards and wanted to reach them, even if they have to do the work themselves. In the can be effective in the short term, but can demoralize employees over the long term.



6. *Coaching* - it focuses on long-term development and mentoring of employees.

There is not one best style of leadership, each one having limits and strengths. The most effective leaders are adept at all six leadership styles and use each when appropriate.

In the paragraph of Contingency Approach, we will provide other authors' classification of leadership styles, as defined by Fiedler, House, Bass and Hersey and Blanchard.

### **3.2.4. Managing diversity**

An important responsibility for leaders in this century is the management of diversity; diversity can take many forms, including differences in race, gender, education, sexual orientation, culture, etc. The research mainly focuses on gender and culture. Regarding the gender, a topic of great interest among practitioners as well as scholars is the possible difference between men and women in leadership behaviour: many studies have examined gender-based differences but the findings are weak. Regarding the culture, with the rapid globalization, cross-cultural leadership has become an important topic for the research, which investigate different management styles across countries, different governance, etc. However, leaders play an important role in eliminating every kind of "discrimination" and in encouraging the appreciation of diversity within the organization.

#### ***3.2.4.1. Gender and leadership***

Many studies compared men and women leaders with regard to their leadership behaviour. It is worth saying that in our anti-discriminative society the gender criterion shouldn't have an impact on the ability to become a leader or not; however, perhaps surprisingly, some researchers have found that the gender of a person can influence their ability to lead. In 1986, Lord, DeVader and Alliger conducted a meta-analysis of 35 of the early studies dealing with six leadership traits and they found that masculinity was significantly associated with the follower's perceptions of leadership.

Old beliefs affirmed men were more qualified than women for leadership roles, mainly due to skills required for effective leadership and to appropriate behaviour. There is no strong empirical support for these beliefs, nevertheless they persist within organizations. For a long time it was assumed that effective leaders must be confident, task-oriented, competitive, objective, assertive, all elements typically viewed as masculine attributes (Schein, 1975; Stogdill, 1974). Actually,

effective leadership also requires interpersonal skills, building relationship, traditionally view as feminine qualities.

Sex-based discrimination in leadership selection also reflects the influence of popular stereotypes and role expectations for men and women. For a long time women were assumed to be unable or unwilling to use the masculine behaviour considered essential for effective leadership (Rojahn and Willemsem, 1994). Recent feminine advantage theory (Hegelsen, 1990; Carr-Ruffino, 1993; Book, 2000) contended that women are more concerned with consensus building and interpersonal relations. Results of empirical research are slightly different: someone affirmed there are no important gender differences in leadership behaviour, while for others yes. Eagly and Johnson (1990) said women used more participative leadership, whereas Eagly, Johannesen-Schmidt and Van Engen (2003) found out that women used more transformational behaviour than men and their primary effort is to develop subordinates skills and confidence. People are more likely to attribute gender differences to inherent biological factors than to stereotypes. A possible explanation for different leadership behaviours between men and women is due to different treatment during childhood which provokes different values, traits, skills and ways of dealing with situations. Another can be that due to stereotypes they have different expectations which influence behaviour and perception. In 1990 Powell stated there is little reason to believe that either women or men make superior managers, and success in today's competitive marketplace calls for the best use of talents, regardless of the sex.

Anyway, discrimination can be seen in the low number of women who hold important, high-level leadership positions in most types of organizations. The leaders of large public companies the world over are almost universally male. In America, only seven Fortune 500 CEOs are female; in Britain, only one woman runs a FTSE 100 company. It seems that an easier route for women to the top is to inherit, but those companies are generally small. Women still face problems in climbing the corporate ladder, because of the prejudice than men are seen as more adapt to turn around companies, because of the lack of networks that combine work and social life for women, which have proved hugely beneficial to men, because of the difficulty for women to develop an image compatible with leadership (e.g. aggressive male leaders are appreciated, female are disliked).

An article published in 2003 in *The Economist*<sup>30</sup> revealed that only seven Fortune 500 CEOs in America are female (1.4%); in Britain, only one woman runs a FTSE100Company. It seems that

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<sup>30</sup>THE ECONOMIST, October 2003, *The trouble with woman*. The author reported women faced two main problems: they lack networks (that combine work and social life) and they find more difficult than men to develop an image compatible with leadership.

an easier way for women to reach the top is to inherit the company, but usually those companies in question are small. Another article of HBR, September 2007, quoted, as main obstructions that women run up against, the fact of having lower wages and fast promotions than men, the belief of having less traits that connote leadership, less laissez-faire leaders, more oriented to transformational<sup>31</sup> leadership, more participative and collaborative, but less available for socializing in extra time outside the office.

#### ***3.2.4.2. Cross cultural leadership***

Nowadays leaders are confronted with the need to influence people of other countries, of other cultures, and successful influence requires a good understanding of these cultures. Research on cross cultural behaviour is not so reach and interpretation of results is often difficult. However, it requires to consider situational variables, such as religion, history, language, laws, politics, etc.

The available research finds both similarities and differences among countries with regard to specific managerial practices, subordinates' relationship, power distance among people and authority, level of individualism, type of communication, etc. For example, Dorfman (1996) analyzed the leadership style in U.S., Mexico, Japan and Korea. He found that American managers use more participative leadership than in Mexico or Korea, and it is related to subordinate performance. He affirmed directive leadership is related to organizational commitment in Mexico and Taiwan, but not in the United States, South Korea or Japan. Supportive leadership is related to satisfaction in all the five countries, but cross-cultural differences were found for the relation of supportive leadership to subordinate performance and organizational commitment. In 2004 House started the *Globe Project*, a cross-cultural study of leadership in 62 different cultures in the world. It emerged that in all the countries leaders are integer, visionary, inspirational, decisive, diplomatic, achievement-oriented. Team-oriented leadership is widely used in collectivistic cultures, whereas participative leadership is relevant in cultures with low-power distance and charismatic leadership is typical of performance oriented cultures.

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<sup>31</sup>Transformational leadership establish themselves as role models by gaining followers' trust and confidence, developing for them plans to achieve the goals, mentoring and empowering followers. By contrast, transactional leaders establish give-and-take relationship that appeal to subordinates' self interest, clarifying subordinates' responsibilities. Cfr. EAGLY A.H., CARLI L.L. (2007), Women and the labyrinth of leadership, *Harvard Business Review*, September.

### 3.3. CONTINGENCY APPROACH

Lots of studies of the late 60s assumed that leadership was not only a result of people's style or behaviour, so they tried to isolate critical situational factors which could influence effectiveness. Examples of such factors are organizational culture, deadlines, the leader's supervision style and his rules for the group<sup>32</sup>. Theories on this offer an alternative approach, proceeding from the assumption that different situations call for different characteristics, so leaders must be flexible enough to adopt their style to the situation they are in. Aspects of the situation that enhance or nullify the effects of a leader's traits or behaviour are called situational moderator variables. Theories that explain leadership effectiveness in terms of situational moderator variables are called contingency theories of leadership. Several "contingency approaches" were developed: they suggested that previous theories (such as Weber's theory of bureaucracy<sup>33</sup> and Taylor's scientific management theory<sup>34</sup> - see pg. 22) had failed because they neglected to take into account that management style and organizational structure were influenced by various aspects of the environment, dubbed the "contingency factors". In the following, we will examine Fiedler's Contingency model, Hersey and Blanchard's Situational Model, House's Path-Goal Theory.

#### 3.3.1 Contingency model of Fiedler

The *Fiedler Contingency Model* (1967) is a leadership theory<sup>35</sup> of industrial and organizational psychology, focused on individual leadership and developed by Fred Fiedler, one of the leading scientists who helped his field move from the research of traits and personal characteristics of leaders to leadership styles and behaviours.

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<sup>32</sup>BARROW J.C. (1977), The variables of leadership: a review and conceptual framework, *The Academy of Management Review*, April, pp.231-252.

<sup>33</sup>WEBER was a sociologist writing at the turn of the 20th century. His typology on authority – traditional, rational-legal, and charismatic – proposed that rational-legal authority was becoming the dominant system (supplanting traditional authority) through the modern state and capitalism, mainly due to its "purely technical superiority over any other form of organization". Charismatic authority mainly arises in times of crisis, and has to move to traditional or rational-legal forms for long term stability. Bureaucracy arose by sub-dividing the functions that the owner-managers originally did themselves such as supervision, employer selection, accounting and financial management, record keeping, job design, and planning. WEBER M. and BENDIX R. (1960), *An Intellectual Portrait*, New York.

<sup>34</sup>TAYLOR F.W. (1856-1915) was the father of "scientific management"; he believed that the industrial management could be formulated as an academic discipline, and that the best results would come from the partnership between a trained and qualified management and a cooperative and innovative workforce. Each side needed the other, and there was no need for trade unions. TAYLOR F.W. (1975), *Principi di organizzazione scientifica del lavoro*, Franco Angeli, Milano.

<sup>35</sup>For an explanation of the model, see also QUAGLINO G.P. and GHISLIERI C. (2000), Il tempo della leadership, in *Sviluppo & Organizzazione*, Milano, Nov.–Dic.

Fiedler's contingency model postulates there is no ideal leader: a leader's effectiveness is based on "*situational contingency*", that is a result of the intersection of two different aspects:

- The *Leadership Style* used with collaborators;
- The *Degree of Control* (*situational favourableness*, later called *Situational Control*) and influence allowed to the leader by the situation<sup>36</sup>.

More than 400 studies have since investigated this relationship.

The author developed the questionnaire *Least – Preferred – Co-worker* (LPC), in order to investigate people's orientation in two directions: *task oriented* or *relationship oriented*.

The leadership style is the consistent system of interactions that takes place between a leader and a work group. According to Fiedler, this depends on the personality of the leader, thus, fixed and measured by what he calls *the least preferred co-worker (LPC) scale*, an instrument for measuring an individual's leadership orientation.

The LPC scale asks a leader to think of all the persons with whom he or she has ever worked, and then to describe the one person with whom he or she worked the least well with. From a scale of 1 through 8, the leader is asked to describe this person on a series of bipolar scales such as those shown below (see Figure 9 for more details). The responses to these scales (usually 16-25 in total) are summed and averaged: a high LPC score suggests that the leader has a human relations orientation, while a low LPC score indicates a task orientation.

The Least Preferred Co-worker (LPC) scale is actually not about the least preferred worker at all; instead, it is about the person who takes the test and their motivation type<sup>37</sup>. This method reveals an individual's emotional reaction to people with whom he or she cannot work. Critics point out that this is not always an accurate measurement of leadership effectiveness.

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<sup>36</sup>The authors recognized that leadership is the meeting between "a leader's style of interaction with subordinates and the degree to which the situation gives control and influence to the leader".

ROBBINS S.P. and COULTAR M. (1996), *Management* (Fifth Edition), Prentice Hall, New Jersey p. 579.

<sup>37</sup>Fiedler assumes that everybody's least preferred co-worker in fact is on average about equally unpleasant. But people who are indeed relationship motivated, tend to describe their least preferred co-workers in a more positive manner, e.g., more pleasant and more efficient. Therefore, they receive higher LPC scores. People who are task motivated, on the other hand, tend to rate their least preferred co-workers in a more negative manner. Therefore, they receive lower LPC scores. Individuals who rate their least preferred co-worker in relatively favourable light on these scales derive satisfaction out of interpersonal relationship, and those who rate the co-worker in a relatively unfavourable light get satisfaction out of successful task performance.

According to Fiedler, there is no ideal leader. Both low-LPC (task-oriented) and high-LPC (relationship-oriented) leaders can be effective if their leadership orientation fits the situation. The contingency theory allows us to predict the situation in which any given leader will be most effective. Three situational components determine the relationship between leader LPC score and effectiveness, which management style will guarantee a perfect interaction with leader behaviour; the so called “*favourableness or situational control*”:

- Leader–Member Relations: degree of respect, confidence, loyalty and trust of the employees regarding their leader;
- Task Structure: degree of tasks structure and clarity of the assignment;
- Leader’s Position Power: degree of control and power inherent in the leader’s position itself, such as hiring, firing, discipline, promotions and wage increases. It expresses authority to evaluate subordinates performance.

The causal relationship among the variables can be seen on figure 10.

When there is a good leader-member relation, a highly structured task and the leader’s position power is strong, the situation is considered “favourable”, and subordinates are more likely to comply with leader requests and direction. Fiedler found that low-LPC leaders, task oriented, are more effective in extremely favourable or unfavourable situations, whereas high-LPC leaders, relationship oriented, perform best in situations with intermediate favourability. As a result, he concluded, it is easier to change leadership situations rather than leadership style, in order to achieve effectiveness.

As shown in Figure 9, the LPC survey has 16 couples of opposite adjectives, through which team member are evaluated on a 8 points scale.

**Figure 9:** Two examples of LPC questionnaire

Think of the person with whom you can work least well. This person may be someone you work with now or someone you knew in the past. This person does not have to be the person you like least well, but should be the person with whom you had the most difficulty in getting a job done.

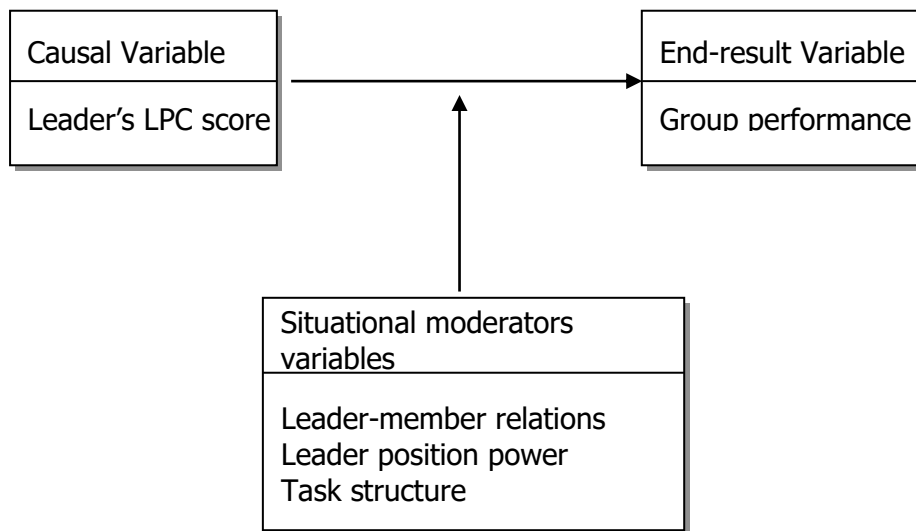
Please describe this person as he or she appears to you by putting an "X" in the appropriate space on the following scales

Pleasant									Unpleasant
Friendly									Unfriendly
Rejecting									Accepting
Helpful									Frustrating
Unenthusiastic									Enthusiastic
Tense									Relaxed
Distant									Close
Cold									Warm
Cooperative									Uncooperative
Supportive									Hostile
Boring									Interesting
Quarrelsome									Harmonious
Self-assured									Hesitant
Efficient									Inefficient
Gloomy									Cheerful
Open									Guarded

Unfriendly	1 2 3 4 5 6 7 8	Friendly
Uncooperative	1 2 3 4 5 6 7 8	Cooperative
Hostile	1 2 3 4 5 6 7 8	Supportive
....	1 2 3 4 5 6 7 8	....
Guarded	1 2 3 4 5 6 7 8	Open

SOURCE: BASS B.M. (1990), *Bass & Stogdill's Handbook of Leadership. Theory, Research and Managerial Applications* (Third Edition), Free Press, New York.

**Figure 10:** Causal relationships in the LPC Contingency Model



SOURCE: YUKL G. (1989), *Leadership in organizations*, Pearson International Edition, Upper Saddle River, New Jersey.

If the team member is described in a positive way, it means the person interviewed is really interested in maintaining a good interpersonal relationship with this co-worker, and can be classified as *relationship oriented*. Otherwise, when if team member is described in a negative way, the person interviewed is mainly interested in results, and is classified as *task oriented*. Fiedler studied this phenomenon on 1.200 cases, and showed that task-oriented leaders obtain better results in situation that were “very favourable” to them, whereas relation-oriented leaders obtain better performance in situations that were “moderately favourable”<sup>38</sup>.

Some criticism of Fiedler's theory is that it falls short on flexibility and it implies that the only alternative for an unalterable mismatch between leader orientation and an unfavourable situation is changing the leader. Fiedler and his associates have provided decades of research to support and refine the contingency theory<sup>39</sup> and its interpretation has varied across time. According to Yukl (1989), the model is not really a theory, because it does not really explain how a leader's LPC score affects group performance; the lack of explicit leader behaviours and intervening

<sup>38</sup>ROBBINS S.P. (1994), *Essentials of Organizational Behaviour* (Fourth Edition), Prentice Hall, New Jersey.

<sup>39</sup>*Cognitive Resource Theory* (CRT) modifies Fiedler's basic contingency model by adding traits of the leader (Fiedler and Garcia 1987). CRT tries to identify the conditions under which leaders and group members will use their intellectual resources, skills and knowledge effectively. While it has been generally assumed that more intelligent and more experienced leaders will perform better than those with less intelligence and experience, this assumption is not supported by Fiedler's research.



variables limit the utility of the model. Moreover, it does not provide any guidance for training leaders how to adapt to the situations. Despite all the criticism, *Fiedler's Contingency Theory* is an important theory because it established a brand new perspective for the study of leadership. Many approaches after Fiedler's theory adopted the contingency perspective. Vroom and Yetton (1973) adopted the Contingency Model using other situational variables, including: the nature of the problem, the requirements for accuracy, the degree of acceptance of an initiative, time-constraints and cost constraints.

### **3.3.2. Path Goal Theory**

This theory examined the influence of leadership behaviour on satisfaction and on performance. *It states that a leader's function is to clear the path toward the goals of the group*, increasing motivation and the attractiveness of the goals themselves, by meeting the needs of subordinates. The model was developed jointly by Martin Evans and Robert House in the 70s, to explain how the behaviour of a leader influences the satisfaction and performance of subordinates.

House's (1971) theory viewed a manager's job as coaching or guiding workers to choose the best paths to reach their goals. The best path is determined by the accompanying achievement of organizational goals, which means that a leader helps his team to achieve results. Leaders will have to engage in different types of leadership behaviour, depending on the nature and the demands of a particular situation. It is the leader's job to assist followers in attaining goals, to provide the direction and to support their needs in order to ensure that their goals are compatible with the organization's goals. A leader's behaviour is acceptable to subordinates when viewed as a source of satisfaction and motivation, when satisfaction need is contingent on performance, and when the leader facilitates, coaches and rewards effective performance.

Path-Goal Theory identifies four types of leadership styles:

1. *Directive*: the leader lets followers know what is expected of them and tells them how to perform their tasks. He/she asks subordinates to follow rules and procedures, and schedule and coordinate the work. This style is appropriate when the follower has an ambiguous job.
2. *Supportive*: the leader is friendly and approachable; he/she gives consideration to the needs of subordinates. The leader shows concern for the followers' psychological well being. This style is appropriate when the followers lack confidence.

3. *Participative*: leadership involves leaders consulting with followers and asking for their suggestions before making a decision. This style is appropriate when the follower is using improper procedures or is making poor decisions.
4. *Achievement-oriented*: the leader sets challenging goals for followers, expects them to perform at their highest level, and shows confidence in their ability to meet this expectation. This style is appropriate when the follower suffers from a lack of job challenge.

Path-Goal Theory assumes that leaders are flexible and that they can change their style as the situations require. The theory proposes two contingency variables, which are the environment and the followers' characteristics, that moderate the leader behaviour-outcome relationship:

- the environment is *outside* the control of the follower-task structure, authority system and work group. Environmental factors determine the type of leader behaviour required if the followers' performance are to be maximized.
- the followers' characteristics are their locus of control, experience and perceived ability. Personal characteristics of subordinates determine how the environment and their leader are interpreted. Effective leaders clarify the path to help their followers achieve theory goals and make the journey easier by reducing roadblocks and pitfalls. Research demonstrates that employee performance and satisfaction are positively influenced when the leader compensates for the shortcomings in either the employee or the work setting.

In contrast to the Fiedler contingency model, the path-goal model states that the four leadership styles are fluid, and that leaders can adopt any of the four depending on what the situation demands.

According to Path-Goal Theory, the effect of leader behaviour on subordinates satisfaction and effort depends on aspects of the situation, including task characteristics and subordinates characteristics. These situational moderator variables determine both the potential for increased subordinates motivation and the manner in which the leader must act to improve it:

- when the task is stressful, boring or dangerous, supportive leadership lead to increase team effort and satisfaction by increasing self-confidence;
- when the task is complex, the subordinates are inexperienced, there is little formalization of rules, then directive leadership is the right one;
- when the task is complex, participative leadership increases role clarity;

- when the task is complex and non repetitive, achievement-oriented leadership increases self-confidence in accomplishing a challenging task.

The theory, anyway, has some conceptual deficiencies that limit its utility, such as the reliance on expectancy theory which, from one hand provide a description of human behaviour, from the other, it does not consider emotion, motivation aspects and it limits the explanation of leadership influence to changes in subordinate perceptions about the outcomes of different actions. Moreover, each type of leadership behaviour is considered separately, and likely interactions among behaviours are not analyzed (Yukl, 1989). Despite its limitations, path-goal theory has made an important contribution to the study of leadership by providing a conceptual framework to guide researchers in identifying potentially relevant situational variables.

### **3.3.3. Situational Leadership Model of Hersey and Blanchard**

Hersey and Blanchard (1974), already seen when distinguishing between a manager, a leader and a CEO, returned to their situational theories of 70s and ten years later. The theory is based on the assumption that *the key success factors are followers*<sup>40</sup>: a successful leadership can be obtained only by choosing the better style on the basis of co-workers' maturity<sup>41</sup>. The authors developed the first globally recognized successful model of leadership<sup>42</sup>. They proposed a contingency theory that specifies appropriate type of leadership behaviour for different levels of subordinate's maturity in relation to the work. A high-maturity subordinate has both the ability and confidence to do a task, whereas a low-maturity subordinate lacks ability and self-confidence. The ability to accomplish assigned tasks in an independent way, the tendency to take over added responsibilities and aspirations, to become a successful person, are the main characteristics that define the maturity of employees. Indeed, the term is not related to age but to the abilities in reference to a specific task.

*The situational leadership model* of Hersey and Blanchard allows one person to analyze the needs of the situation and then adopt the most appropriate leadership style based on collaborators' maturity. It suggests:

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<sup>40</sup>OFFERMAN L.R. (2005), *When Followers Become Toxic*, in AA.VV., Harvard Business Review on The Mind of The Leader, Harvard Business School Press, p. 37.

<sup>41</sup>ROBBINS S.P. (1996), *Organizational Behaviour. Concepts Controversies Applications*, Prentice Hall, New York.

<sup>42</sup>The model was introduced in many famous companies in the U.S., such as BankAmerica, Caterpillar, Ibm, Mobil Oil e Xerox; it has also been accepted in the army structure.

1. *four leadership-styles*: they are characterized in terms of the amount of direction and support the leader provides to his followers.
2. *four levels of follower-development*: they are characterized by the competences and commitment of the followers.

For effectiveness, the model posits that the leadership-style must match the appropriate level of followership development. In this model, leadership behaviour becomes a function not only of the characteristics of the leader, but of the characteristics of followers as well. They considered the 1967 Fiedler model introducing two levels (*high e low*) for each dimensions of Fiedler (*relationship oriented e task oriented*), in order to obtain four specific styles of leadership (see Figures 11 and 12).

**Figure 11:** Hersey and Blanchard’s model: leadership styles

<b>HIGH</b>  <b>TASK</b>	<b>TELL WHAT TO DO</b>  (Directing Leadership Style)	<b>SELL AN IDEA</b>  (Coaching Leadership Style)
	<b>DELEGATE</b>  (Delegating Leadership Style)	<b>PARTICIPATE</b>  (Supporting Leadership Style)
<b>LOW</b>	<b>LOW</b>	<b>HIGH</b>
<b>RELATIONSHIP</b>		

SOURCE: Author’s personal elaboration

**Figure 12:** Hersey and Blanchard’s model: follower development levels

<i>Subordinates Level of Maturity</i>	<i>Leader’s Behaviour Should be Oriented Toward</i>		<i>Prescribed Leadership behaviour</i>
	<i>Low</i>	<i>High</i>	
I. Unable / Unwilling	Low	High	Telling
II. Unable / Willing	High	High	Selling
III. Able / Unwilling	High	Low	Participating
IV. Able / Willing	Low	Low	Delegating

SOURCE: BASS B.M. (1990), *Bass and Stogdill’s handbook of leadership. Theory, research and applications*. Free Press, New York.

Depending on the degree of *Relationship* and *Task*, it is possible to identify four different leadership styles, named S1 to S4 by the authors:

1. *S1 – Directing Leader* (“*Telling what to do*” - *high task, low relationship*): the leader defines roles and tasks and *communicates* to people objectives and how to reach them (one-way communication). It focalized on managerial behaviour, supervising followers.
2. *S2 – Coaching Leader* (“*Selling an idea*” - *high task, high relationship*): the leader has both a managerial behaviour and people’s support; he still defines roles and tasks, but looks for ideas and suggestions from the followers (communication is more two-ways).
3. *S3 – Supporting Leader* (“*Participate*” - *low task, high relationship*): leader and followers take decisions together; the primary role of the leader is to facilitate and communicate, but the follower takes day-to-day decisions.
4. *S4 – Delegating Leader* (“*Delegate*” - *low task, low relationship*): the leader has a little managerial and supporting role. Control is with the followers, who decide when and how the leader will be involved.

No one style is considered optimal to possess: *effective leaders need to be flexible and must adapt themselves to the situation*. However, each leader tends to have a natural style.

Followers maturity degree can be of 4 types, labelled D1 to D4 by the authors:

- *D1 - Unable/Willing*: people lack specific knowledge, but they want to gain it in order to reach objectives;
- *D2 - Able/Unwilling*: people have knowledge but do not want to be engaged;
- *D3 - Unable/Unwilling*: people do not want and are not able to have responsibilities. They do not have skills and others do not trust them;
- *D4 - Able/Willing*: people are capable and interested in doing what others ask of them.

As a result, a leader's style also depends on the degree of maturity of his team, of the people being led. Hersey and Blanchard posit that the leadership style (S1-S4) of the leader must correspond to the development level (D1-D4) of the follower. Furthermore it is the leader who must adapt, not the followers. To get the most of situational leadership, a leader should be trained in how to effectively adopt various leadership styles, and how to determine the development level of others. As collaborators' maturity increases, leadership should be more relationship-oriented. When a subordinate is very immature in relation to the task, the leader should use a substantial task-oriented behaviour and be directive in defining roles, clarifying procedures, monitoring progress. As subordinate maturity increases, the leader should be more relations-oriented. When the subordinate is very mature, the leader should only be a support.

A weakness of the Hersey and Blanchard's theory is that they did not define leadership behaviour in a clear and consistent way from quadrant to quadrant, and sometimes tasks and relation behaviours are defined in terms of decision styles. They affirmed leaders can influence some components of subordinates' maturity with developmental interventions, but there is not clear explanation of the process by which leader behaviour influences subordinate performance. Despite the critics, the theory has made positive contributions, focusing on flexible behaviour, need to adapt to different types of subordinates.

## 4. MAIN RESEARCHES ABOUT CEOs

Our ultimate aim, to restate it, is to discover similar educational and work experience patterns among European CEOs (specifically, Italian, French and British ones), in order to track a profile, and to verify if there is a most effective career path under some hypotheses. In this chapter the author will underline that there is little theory available, because very few authors in the past have addressed this. For example, an inspection of the 13 Sociology Journal and 14 Economics Journals included in JSTOR electronic database only presented 6 articles with the word “CEO” in their title or abstract<sup>43</sup>.

A review of the specific CEOs researches, made through main on-line databases<sup>44</sup> (such as EBSCO, Emerald, JSTOR, SSRN, etc), reveals that empirical research has often regarded different aspects and reached different conclusions. Apart from some similar methodological approach (all conclusions are based on empirical research and each author has to define the criteria he/she uses to determine CEO characteristics), differences among different studies are quite important, from the choice of criteria to the industries under consideration and the results and explanation that derives from this.

However, the author has identified 6 main clusters with regards to empirical literature:

- a) CEOs qualitative *characteristics* and profile
- b) CEOs *educational background*
- c) CEOs influence on *company's performance*
- d) CEOs attitudes towards *innovation*
- e) CEOs previous experience
- f) CEOs nomination and *succession* choices

In the following, we will describe the main contributions for each cluster.

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<sup>43</sup>WASSERMAN N., NOHRIA N. and ANAND B. (2001), *When does leadership matter? The contingency opportunities view of CEO leadership*, Strategy Unit, Harvard University, working papers No.02-04.

<sup>44</sup>[www.emeraldinsight.com](http://www.emeraldinsight.com); [www.jstor.org](http://www.jstor.org); [www.ssrn.com](http://www.ssrn.com);

## 4.1. CEOs QUALITATIVE CHARACTERISTICS AND PROFILE

One of the authors who has most inspired this research is Norburn (1986) with his work: *“The Chief Executive: A Breed Apart”*. The author aims to determine whether the characteristics of British CEOs are different from those of the subordinate senior executives of the Top Management Team (TMT) from which they emanated.

He focused his analysis on the U.K.’s largest companies quoted in the Times 500, and upon variations in experiences over three sets of variables:

1. Corporate Influence: this considers job characteristics, functional tracks, properties, fame;
2. Domestic Influence: this considers socio-economic background, family education and studies undertaken;
3. Self-concept: this considers aspirations, attitudes, motivation and personal beliefs.

Each variables is composed of different criteria (see table 7) and classified by scales or ranges.

Norburn recognized the CEO as a leader. To support this, he quotes British law and the CEOs importance as a focus for strategic accountability, *“the role of the CEO is identified as the <<primus inter pares>>, the CEO is corporate leader”*.

In the early 80s, Goldsmith and Vance proposed that the CEO should not only be the major catalyst for strategic choice, but should also be responsible for its implementation. They argued that strategic success is determined by personal skills.



**Table 7:** Variables and criteria considered by Norburn to establish potential differences between CEOs and TMTs

CORPORATE INFLUENCE	DOMESTIC INFLUENCE	SELF-CONCEPT
<ul style="list-style-type: none"> <li>• Tenure with current company</li> <li>• Number of companies worked for</li> <li>• Reasons for changing companies</li> <li>• Functional experiences – starting, predominant, current</li> <li>• Fastest functional route to the top</li> <li>• Run own business</li> <li>• International exposure</li> <li>• Workloads, night away from home, holidays</li> <li>• Relocations</li> </ul>	<ul style="list-style-type: none"> <li>• Education: primary, secondary, tertiary</li> <li>• University, type of degree, sport at university: team, individual</li> <li>• Importance of winning at sport</li> <li>• Childhood: region, locality</li> <li>• Parental influence. Parental marriage pattern. Parental occupation</li> <li>• Siblings. Birth position</li> <li>• Marital status. Number of children</li> <li>• Outside interests</li> </ul>	<ul style="list-style-type: none"> <li>• Aspirations levels. Continue if financially independent</li> <li>• Retirement age wish. Career replication. Stay in one company</li> <li>• Mentor effect. Corporate status</li> <li>• Executive success traits. Self-perception of managerial style</li> <li>• Family time. Religious importance. Political affiliation</li> <li>• Drink, smoke, stress, exercise, sleep</li> <li>• Age</li> </ul>

SOURCE: Author’s personal elaboration

Big differences emerged between the CEO and TMT groups; in particular, the corporate category delineated the strongest differences. The main results of Norburn research where:

- *Corporate influence:*
  - CEOs have a longer tenure (number of years inside the company on average) than TMT: 20.6 vs. 16.5 years.
  - CEOs run their own business before joining the company, TMT do not. This does not mean that it is a prerequisite for being a CEO, but it will reinforce the opportunities and abilities to take decisions.
  - CEOs have been in environments where they have been exposed to different experiences and become more self-reliant in taking decisions.
  - CEOs work longer hours a week than TMT and spend many nights away from home.
- *Domestic influence:*
  - Most of the CEOs studied in Oxford or in London, while Cambridge does not show differences in education between CEO and TMT. Moreover, TMT tend to come from the poorer economic areas.

- CEOs tend to have an arts degree, TMT a science degree.
- CEOs have a higher number of children (2.7 Vs. 2.3), and also a higher divorce rate (58.0%) than TMT.
- *Self-concept*:
  - CEOs would replicate their careers and continue in the same job, whereas TMT would prefer better positions.
  - CEOs are on average older than TMT: 51.7 Vs. 48.4 years old.
  - Other typical descriptions of a CEO were: clever, participative style, creative, highly stressed, operating with participative style and little hours of sleep and an alcohol and tobacco consumer.

Norburn's results seem to have some implications with regards to management recruitment, development and succession: in particular, recruitment should be more focused upon specific disciplines at particular universities.

Most other studies on the topic focused on leaders and CEOs characteristics as individual people: Bowers and Seashore (1966), Gordon (1976), Katz and Kahn (1978) suggested success traits connected with top management levels, such as strong responsibility, risk-taking, originality, drive, self-confidence. Bray, Campbell and Grant (1974) also considered the influence of the first boss to be a factor of success.

Stogdill (1948 updated in 1974), a proponent of the *Traits Theory*, started from the point of view that some *people are born with inherited traits* (such as a desire to lead, integrity, self-confidence, intelligence and job-knowledge). He analyzed characteristics that differentiate leaders from non-leaders; he does not speak specifically about CEOs, but it is possible to approach his work starting from Norburn's statement that a CEO is a recognized leader. Stogdill considered previous studies done between 1904 and 1940, and again between 1949 and 1970, studying specific qualities and skills<sup>45</sup>. He found that the main traits of leaders are:

- *capacity* (intelligence, alertness, verbal facility, originality, judgment);

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<sup>45</sup>Main *traits* studied: adaptability to situations, alertness to social involvement, ambitiousness and achievement orientation, assertion, cooperation, decision, dependence, dominance, influence, energy, persistence, self-confidence, tolerance of stress, willing to assume responsibility.  
Main *skills* studied: intelligence, creativity, diplomacy and tact, fluent speaking, knowledge about group task, organization, persuasion, social skills.

- *achievement* (scholarship, knowledge, athletic accomplishments);
- *responsibility* (dependability, initiative, persistence, aggressiveness, self-confidence, desire to excel);
- *participation* (activity, social liability, cooperation, adaptability, humour);
- *status* (socioeconomic, position, popularity).

After this, it has been possible to highlight similar traits among leaders: they tend to be extremely clever, enterprising, self-confident, results oriented people, attentive to other people's needs<sup>46</sup>. It seems, however, that these traits varied by *situation*: two leaders with different traits could be successful in the same situation. Moreover, if someone has all these traits, it does not mean that he/she is a leader: possessing all of above traits only increases traits at once, these depend on the situations ("*situational conditions*").

According to Stogdill, *intelligence* is one of the most important traits pertaining to leadership: 88.0% of the 196 relations between leadership and intelligence were positive. Moreover, there is a *strong relationship between sociability* (social involvement) *and leadership*: leaders have to be able to interact with various groups of people having different needs and expectations. Nevertheless, that doesn't mean that they are socially involved; it just means they have the ability to communicate and to interact easily. Stogdill also found that achievement at school is a requirement to become a leader. Social background traits include being educated at the "right" schools and being socially prominent or upwardly mobile (Paul Favaro - 2002 -, in his paper "Making the Leap from CFO to CEO", arrived at the conclusion that most of the Chief Financial Officers who become Chief Executive Officers have a *business administration degree*. Hadlock, Scott Lee and Parrino - 2002 - on the contrary, show that the CEOs of electric and gas utilities companies have more a legal background).

Stogdill's study received some criticism<sup>47</sup> regarding the lack of information about traits measurement; moreover, some traits are atheoretical and no explanation is provided for their association with leadership effectiveness.

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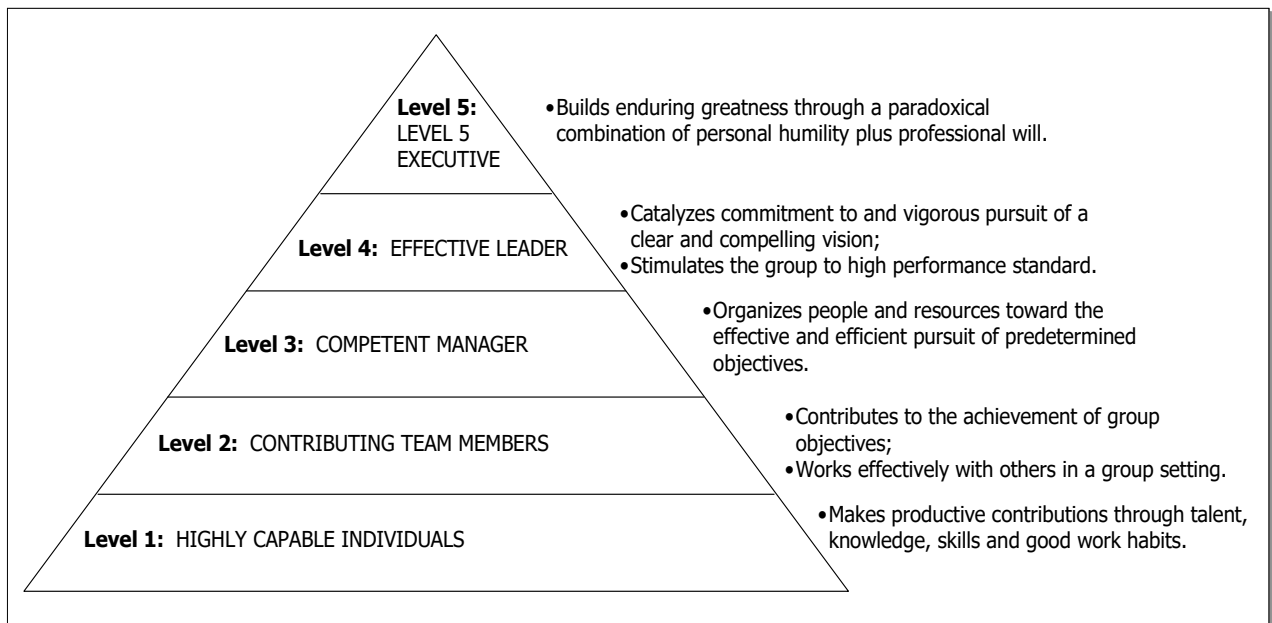
<sup>46</sup>Stogdill underlines that individual characteristics are not the only elements to identify a good leader. They also depend on fact on the environment and on the situation in that particular moment.  
STOGDILL R.M. (1948), Personal factors associated with leadership. A survey of the literature, *Journal of Psychology*, n. 25.

<sup>47</sup>SCHNEIDER B. (1983), *Interactional Psychology and Organizational Behaviour*, Research in Organizational Behavior.

In the last decade, lots of articles in the main management reviews highlights what a good leader, a good CEO should do in running the company and which skills need to develop. It is a bit different from the empirical researched examined above, because these articles do not only quote personal characteristics, but in a certain way they give recommendations.

For example, Collins (2001) proposed the “*Level 5 Leadership*” framework, blending the paradoxical combination of deep personal humility with intense professional will. This rare combination defines what makes a great leader. Out of 1.435 Fortune 500 companies he studied, only 11 achieved and sustained greatness (garnering stock returns at least three times the market’s) for 15 years after a major transition period. The level 5 leader sits on top of a hierarchy of capabilities (see figure 13), but requires all the lower levels capabilities, plus the special characteristics of being at the top.

**Figure 13:** Collins Level 5 Leadership framework



SOURCE: COLLINS J. (2001), *Level 5 Leadership – the triumph of humility and fierce resolve*, *Harvard Business Review On Point*, January.

In particular, the two main characteristics for being at the top and their sub-elements are:

- *Personal humility*
  - a. Demonstrate a compelling modesty
  - b. Act with quiet, calm determination; relies principally on inspired standards, not inspiring charisma, to motivate
  - c. Channel ambition into the company, not the self
  - d. Look in the mirror, not out of the window, to apportion responsibility for poor results, never blaming other people, external factors or bad luck.
  
- *Professional will*
  - a. Create superb results, a clear catalyst in the transition from good to great
  - b. Demonstrate an unwavering resolve to do whatever must be done to produce the best long-term results, no matter how difficult
  - c. Set the standard of building an enduring great company
  - d. Look out of the window, not in the mirror, to apportion credit for the success of the company – to other people, external factors or good luck.

An article<sup>48</sup> in The Economist of October 2003, described 10 “commandments” for successful leaders:

1. Have ethical values: if the boss’s values are undemanding, people do not like working for such an organization and you will have to pay a premium
2. Be able to take unpleasant decisions: many judgement must be made on the basis of ambiguous information, without being sure of the facts
3. Be clear and focused: screen out unnecessary noise and focus on what really matters
4. Have ambition: aim at creating something that outlast yourself
5. Have effective communications skills: be able to talk convincingly to the media, the shareholders, the analysts, etc, trusting and conveying authenticity

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<sup>48</sup>“THE ECONOMIST, *How to run a company well*, 25<sup>th</sup> October 2005, pp.21-22.

6. Be able to judge people: use both intuition and experience and prize who will work best
7. Have a knack for developing talent: build a stock of the future leaders. Be teacher, convey skills to others around you
8. Have emotional self-confidence: do not be jealous of followers; be able to work also with people who may be better at their job than you at yours
9. Be able to adapt: consider many different approaches, especially when things go wrong
10. Have charm: be lucky and give board a sense of responsibility.

Ciampia (2005), affirmed three most important criteria to become CEO are:

1. *Management savvy*:
  - e. Avoid jumping in personally to solve problems others can handle
  - f. Make the right judgments about what to expend energy on
  - g. Maintain control of the key decisions and a full pipeline of talented people
  - h. Make people feel appreciated and stay loyal.
2. *Political intelligence*:
  - a. Do not be labelled “political”
  - b. Recognize how relationships are likely to affect early success
  - c. Get peers and subordinates to go out of their way to help
  - d. Do not seem self-serving.
3. *Personal style*:
  - a. Make success look effortless
  - b. Allow others’ performance to be recognized too
  - c. Manage energy to stay on the “rested edge” and to avoid the “ragged edge”
  - d. Enable peers to improve their performance
  - e. Stay grounded and make sure basic needs are met while mastering new concepts.

In the same article, Jan B. King provided five defining characteristics of great CEOs:

1. Great CEOs are great leaders: they know themselves and what they stand for. Others know them to be fair and impartial. People respect their opinions and look to them for guidance. Finally, great CEOs seek out feedback from an employee perspective in order to continue to grow as people and create a dialogue to make things better.
2. Resourcefulness: great CEOs seem to have boundless energy and enthusiasm.
3. Courage: it is hard to keep the company going and growing, and a CEO has to decide what is right all the time. It takes courage to fire people, for example.
4. Willing to look at risk: CEOs should always have a back up plan, analyze also the worst scenarios, be prepared to answer to the hardest questions and to be able to take immediate actions.
5. Foresight: predict the future, look for opportunities and be able to convert them into realities. Foresight is also the ability to hire and retain the right people, looking ahead toward the growth of the company.

A research<sup>49</sup> conducted in 2007 by the Isle of Man Government on 100 CEOs of the U.K.'S FTSE 500 companies, reveals that chief executives tend to be energetic, enthusiastic and highly optimistic; they eagerly embrace anything original and are constantly on the look out for fresh opportunities to grow themselves as individuals and their companies. Moreover, a good work/life balance contributes significantly to their quality of life. They investigated background and upbringing, decision-making and management style. No matter how diverse their career paths or different the businesses they lead, successful CEOs tend to have three key psychological characteristics in common:

- they are team players
  - they seek to achieve their ambitions by leading others instead of through their individual effort;
  - they acquired this strategy while at school, where success in team games helped them develop a mindset ideally suited to run a business and to achieve ambitions.
- they have a higher than average level of emotional intelligence

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<sup>49</sup>Isle of Man Government (2007), *The Naked Chief Executive*.

- they are able to persuade others to buy into their vision, follow their leadership, act on their decisions and continue to trust them, even in the face of serious setbacks.
- they tend to be intuitive rather than thinker:
  - they rely more on practical experience and reactions than on abstract theories.

## **4.2. CEOs EDUCATIONAL BACKGROUNDS**

In the literature articles, the education level of top managers has been the subject of a number of studies: there has been, in fact, some interest in discerning how a CEO's education influences the organizational structure of the firm.

Boone, Kurtz and Fleenor (1988) analyzed CEOs' background in terms of education and extra-curricular activities at college and discovered some common elements. They wanted to investigate whether individuals who possess the ability, drive and perseverance needed to reach the top of the corporate hierarchy can be identified at an early age. They took a sample of 243 CEOs of the largest companies in the U.S., in the following industries: banking, transportation, retailing, manufacturing, service, food and beverage, utilities, medical products and wholesaling and found that:

- 99.0% of CEOs attended college, 91.0% graduated from college and 47.0% have a master.
- 44.0% studied economics, 24.0% engineering and 12.0% arts.
- 79.0% worked while attending school and 56.0% paid for their own education.
- 38.0% were involved in sport activities, mainly football and baseball. Athletic involvement is a way to develop interpersonal skills and ability to work in teams and to delegate. Sports are also a way for people to learn how to give their best (in particular some CEOs were involved in sport competitions).
- 70.0% were members of clubs or organizations in college.
- On average, CEOs stayed in the same company for 20 years.

It is clear that, through the upbringing and the education they provide, parents influence the ability of their children to lead. It is less obvious, anyway, that parents' genes can influence this



ability. To find out whether this may be true, Bouchard, Lykken, McGue, Segal and Tellegen (1990) studied the effects of genes on personality traits and found heritability coefficients of as much as 78.0% for the g-factor in mental ability, and a mean of 50.0% for a wide variety of personality traits measured by the Multidimensional Personality Questionnaire and the California Personality Inventory. These coefficients express the amount of variance attributable to heritability: they imply that, at least to the extent that these traits are correlated with effective leadership behaviour, the potential for leadership may be genetically influenced.

Gottesman and Morey (2006) conducted research partly similar to ours, but focusing on performances: they examined the background of CEOs and the relationship between the quality of a CEO's education and their firm performance, starting from the assumption that firms with highly educated CEOs will perform better than other firms. Currently, several papers<sup>50</sup> in the literature argue that CEOs with graduate degree have a greater capacity to process information and are more receptive to change than CEOs with lower education; they do not examine firm performance in depth, but assume firms with highly educated CEOs will perform better than other firms. Furthermore, Gottesman and Morey assume managers with a better quality of education will be more adaptive and innovative, and more likely to possess other characteristics that may improve a firm performance. They define educational quality in two ways: the level of educational attainment and the prestige of the school from which the CEO graduated. They surveyed every firms listed on the NYSE (New York Stock Exchange) and gathered the list of CEOs from these firms that have at least an undergraduate degree. For each CEO they extracted biographical information from the Register Executives publication provided by Standard & Poor's NetAdvantage database and considered age, tenure, gender, educational background, place of study and whether they have an MBA. They than gathered data on the firm, such as monthly return, performance indicators (ROA, ROE, liquidity, leverage) and compensation. They discovered that 33.6% of firms have CEOs who hold MBA degree and 12.2% law degree. The performance regression brought two main findings:

1. there was no evidence that firm run by CEOs from higher prestige undergraduate institutions perform better that firms lead by CEOs who had not attended a prestigious university

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<sup>50</sup>Cfr. KIMBERLY J.R. and EVANSIKO M.J. (1981); BANTEL K.A. and JACKSON S.E. (1989); HITT M.A. and TYLER B.B. (1991); THOMAS A.S., LITSCHERT R.J and RAMASWAMY K. (1991); WIERSEMA M.F. and BANTEL A.K. (1992); WALLY S. and BAUM J. (1994); TYLER B.B. and STEENSMA H.K. (1998); FINKELSTEIN S. and HAMBRICK D.C. (1996); BARKER V.L. and MUELLER G.C. (2002).

2. there was no evidence that firms managed by CEOs with an MBA or a law degree perform better than those without a graduate degree.

Even though CEOs with higher education have management styles and characteristics that may help the firm, this does not imply that these characteristics improve firm performance. On the other hand, the quality of a CEO's education is related to management style and influences his compensation. In conclusion, anyone who becomes a CEO of NYSE firm surely has certain skills developed over a lifetime and which enabled them to achieve their position; consequently, the quality of a CEO's education may have little influence on the CEO's current performance.

Baray and Bournois (2007), have revealed an American enquiry about 800 managers in U.S. and conducted a research on 442 French managers working in the companies listed at CAC 40, the most important Index of the French Stock Exchange. They found out that

- Manager in U.S.:
  - are male for more than 90.0%;
  - are 56 years old on average;
  - have 21 years of tenure in the current company;
  - 23.0% of them are engineers and 34.0% hold an MBA;
  - 22.0% of them started with an experience in financial function;
  - They mainly came from Germany, United Kingdom, India and Japan.
- Managers in France:
  - are mainly men;
  - the average age is 55 years old;
  - the tenure in current company is 18 years;
  - they speak at least another language, but they do not have lots of international experience;
  - during their career made a significant change of field, have national recognitions and worked in more than one company.

The authors identified three clusters among them: the first one (“Stipes”) is composed by industrial managers, with a French degree, who made career in the present company they lead;

the second one (“Apex”) is composed by professional managers, who have awards, belong to particular clubs and different Boards of Directors, so they exercise their power on more than one company; the third-one (“Succus”) is composed by those who could become Apex in the future.

### **4.3. CEOs ATTITUDES INFLUENCE COMPANIES’ PERFORMANCE**

The question whether leaders have an impact on firm performance has been addressed by many researches<sup>51</sup> which demonstrate strong associations between the characteristics of top level managers and the strategy/performance of the firm. Being at the top of a company, CEOs are able to shape its strategy, structure and culture and, therefore, its performance. However, different behaviours, abilities, beliefs and perceptions causes different actions and therefore different resulting firm performance.

As said in the introduction, performance can be conceived and measured from an economic point of view (firm indicators) or from a human point of view (people and culture).

Authors have studied the link with performance and traits, education, experience, demographic variables. Few studies have emphasized the importance of understanding the background, experience and values of top managers in explaining the choices they make within the company. Already Norburn and Birley in 1988 found that top managers teams with functional experience, multi-company employment and wider educational training outperform managers without this background. Indeed, in 1982, dealing with functional experience, Songs demonstrated that firms pursuing internal diversification tended to have CEOs with background in marketing and production, whereas firms pursuing acquisitive diversification tended to have CEOs with background in accounting, finance or law.

Hitt and Tyler (1991) tried to explain the impact of the characteristics and strategic orientation of top executives on organizational performance. They analyzed whether managers affect strategic choices, starting from Hambrick and Mason’s assumption (1984) that strategic choices include not only the variables associated with strategy but also their implementation. As a result, strategic choices have an important behavioural component and reflect the different values and

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<sup>51</sup>HAMBRICK D.C. and MASON P.A. (1984), Upper Echelons: the organization as a reflection of its top managers, *The Academy of Management Review*, Vol.9, No.2 (Apr.), pp. 193-206.  
MILLER D. and TOULOUSE J. (1986), Chief Executive Personality and Corporate Strategy and structure in small firms, *Management Science*, Vol.32, No.11 (Nov.), pp.1389-1409.

backgrounds of the top executives. In their study, they considered 122 top executives chosen randomly from among 950 American executives<sup>52</sup> and analyzed the impact of the following variables on their decision making process: external control (the environment and type of industry they operate within), age, educational background, experiences, level of executive and risk propensity. The firm criteria included diversification, market share, annual sales, stock process, marketing and R&D. They hypothesized that a set of objective criteria, industry and executive' personal characteristics explain a significant amount of variance in the strategic evaluation of acquisition candidates. Moreover, they advanced that the industry in which the executive operates and some of the specific executives' characteristics moderate the relationship between the objective criteria and the strategic evaluation of acquisition candidates. The characteristics include:

- *age*: Hambrick and Mason (1984) had already assumed executive age affects strategic decisions; Ireland, Hitt, Bettis and Auld de Porras (1987) suggested that individuals of a similar age have similar life experience and potentially hold similar values and beliefs.
- *educational background (degree type) and level*: this provides an indication of the executives' knowledge and skill base. We might expect those with engineering degree to use different decision models than those with a degree in liberal arts or business.
- *combinations of different functional experiences*: the amount and type of work experience are both important. Less experienced managers have less knowledge of the outcomes of past decisions. Experience in certain functions affects strategy and therefore performance.
- *risk propensity*: it seems that executives with higher risk propensity choose more uncertain decision alternatives.

These hypotheses were supported by research: industry and executive's characteristics produced statistically significant but small main effects on strategic decision, as well as moderating effects on the criteria used in those decisions. As such, the executives' approaches to strategic decisions were simultaneously rational and intuitive.

Thomas, Litschert and Ramaswamy (1991) tried to verify if characteristics of top managers have an independent and direct impact on organizational performance. The scope of this research was restricted to 224 firms of a single industry, that of electronic computing equipment. They took

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<sup>52</sup>Hitt and Tyler research (1991) started from the choice of 122 American executives from among 950 of them: 69 responded, 57% response rate, average age 47 and work experience on average 24.

the Miles and Snow criteria (1978) to distinguish between three kinds of organizational CEOs strategic types:

- *Prospectors* – they are externally oriented organizations that compete by pioneering new products and marketing techniques; they are creators of change;
- *Defenders* – they are internally oriented organizations that focus on penetrating existing markets and improving efficiency;
- *Analyzers* – these organizations are an hybrid and have features of both prospectors and defenders;

The authors considered different variables in order to measure:

- *managerial characteristics*: tenure, functional background, age, level of education, co-alignment and performance.
- *strategic orientation*: marketing expenditure, R&D expenditures, net sales per employee, total number of product lines and number of new products.
- *performance*: ROI and market share.

They affirmed that different CEOs profile are associated with different strategic types (identified as prospectors, defenders and analyzers) and the match between executive characteristics and strategy has performance implications.

Rajagopalan (1996) studied executive CEOs of 410 single business firms within the U.S. manufacturing industry, and compared the ones with high performance to those with low-ones. His aim was to investigate whether *industry matters* when choosing CEO characteristics, under the hypothesis that CEOs impact both organizational activities and performance. He analyzed the relation between top managers characteristics and their environment in different organizational contexts, studying the influence of different industry factors (products differentiation, industry growth, demand instability and capital intensity) on three main variables over three time periods: 1983-87 (170 firms), 1978-82 (135 firms), 1973-77 (105 firms); the variables were:

- *CEO firm tenure*: it indicates stability and efficiency of strategies; it is determined by the number of years a CEO has served in a firm;

- *CEO educational level*<sup>53</sup>: it indicates ability to process information and to receive innovation;
- *CEO past functional experience*: people with more varied functional experiences are able to consider different alternatives to problems from different perspectives.

In his study, Rajagopalan found that *executives who spend longer periods in a firm have a higher degree of organization-specific knowledge*. He was not able to answer whether industry conditions drive the selection of certain types of CEOs, but did find that they play a limited role in explaining variations in CEO firm tenure, educational level, functional background and the performance implications of such variables.

Seven years later, Rajagopalan updated his research by studying three CEO demographic characteristics that have been mostly related to firm-level changes in his prior analysis: CEO firm tenure, age and educational background. He then affirmed that in general, high levels of firm tenure (21.5 years on average in his sample), low levels of education and higher executive age have all been linked to low levels of propensity for change, greater levels of risk aversion and the limited use of sources. As such, he concluded, *higher openness to change will be associated with lower firm tenure and age*.

Wasserman, Nohria and Anand (2001) conducted an empirical research on 531 companies from 42 industries in order to investigate whether the impact a leader has will vary by industry and whether it was the same in different conditions, such as high-exchange rate constraints, in high-growth industries or under, high levels of debt. To measure performance, in concordance to the researches previous cited, they used balance sheet indicators such as ROA (Return on Assets); ROE (Return on Equity); ROI (Return on Investments), market share.

Another way to measure a leader's performance is to consider his effect on people and culture: a leader, in fact, has a determinant impact on the results of a team and therefore, through culture, on firm performance. As such, we should not be surprised if many researchers tried to study both the link between a firm's culture and human resource and between a firm's culture and firm performance (Peters and Waterman, 1982; Kotter and Heskett, 1992; Katzenbach in 2000).

The concept of company culture was created by Deal and Kennedy in 1982 to refer to all the expectations, taboos, fears, compensations and the sanctions that are part of life in a company.

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<sup>53</sup>Rajagopalan for the educational level used seven levels: high school, some college, undergraduate degree, graduate school, master's degree, doctoral program and doctorate.

In 1986 Schein defined company culture as the “*consistent group of fundamental assumptions that a given body of persons invented, discovered and developed in an attempt to learn how to deal with external adaptation problems and internal integration, that worked well enough to be considered worthy of being taught to new dependants as a correct way to assess, think and feel about said problems. Company culture, which is unique in a corporation, is therefore an answer to the problem of the satisfaction of his own needs that a group has interiorized*”.

Four years later, Schein (1990) better completes his definition stating that “*culture is the union of values and principles shared by an organization members; these factors act on unconscious level and they define how an organization perceives itself and its environment*”. In 1992, Moran and Volkwein quoted culture as “*the production of shared beliefs created by the interaction among members and that affects them*”.

Schein, as quoted by Thévenet (2007), believes that managers have a substantial impact on the organization’s culture (e.g. through the management style, the importance of founders’ imprinting or the case of leaders’ role in change management). He affirms that culture is related to performance and therefore to firms’ success. Due to the fact that culture is defined by managers and managers are normal people, it is possible to act on them, through selection of top levels, training and control, in order to verify if they are committed in firm’s mission, arriving also to fire them in the case they are not aligned to firm’s culture.

According to Goffee and Jones (1996), culture is a powerful way to keep an organization together in the face of disaggregating dynamics such as the passing down of knowledge and competency from the central management to the single executive and downsizing. As a result, there is not a correct general culture that applies to every situation. *However company culture contributes to the creation of an organizational identity necessary to engender company values and to achieve company goals.* Company culture is the result of the interaction of the different people that form the “community”. Outside of the company we find families, schools and other social organizations. Belonging to such associations also implies accepting the duties and rights a member enjoys, in the same way the bonds forged in a company are built on cooperation, respect and friendship.

Actually, the relationship between human resources and performance is debated and remain unclear, because performance is a relative concept and because results vary depending on the basis on the context. Researchers began addressing the question in the 1980s, and stressed that qualitative aspects (as opposed to financial ones), such as human capital and the company’s mission, vision and values, can affect the performance of a firm.

The first studies trying to link firm's culture to human resource or to firm performance were carried over by Peters and Waterman in 1982. After determining a set of criteria to choose the best performing companies, the two authors identified 43 companies that in a period of more than twenty years constantly obtained better results than their competitors. The analysis highlighted the main factors that contributed to generating competitive advantages over their competitors<sup>54</sup>. These were found to be:

- proximity to the client, promotion of autonomy and entrepreneurship;
- HR policies given top priority;
- lean organization;
- management endorsing the company values.

Peters and Waterman thought that the actions of the management and the way managers acted during the course of their everyday work life could determine if a company was going to be a "winner" or a "loser".

The work of Peters and Waterman opened the gates to further research of these previously unexplored areas. The two authors, however, could never find a satisfactory theory to explain the interrogative they had set out to investigate. Observation showed, in fact, that many companies that at some point had been outstanding ceased to outperform the others after a while. Their model, accordingly, began to lose popularity. Nevertheless many scholars couldn't since resist the temptation of identifying a relation between performance and human capital, as was suggested in Peters and Waterman's studies.

In 1992 Kotter and Heskett conducted further research based on the studies of Peters and Waterman. They made an analysis on a sample of 207 big sized companies belonging to 22 business industries over a period of 11 years. The authors, using financial criteria<sup>55</sup>, then identified the companies that could be considered leading examples<sup>56</sup>. However, in the elaboration of the model, they were not much more accurate than Peters and Waterman when they stated that a good company culture in a certain business industry could be entirely ill in another. The companies identified, in fact, were those that possessed a company culture in line

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<sup>54</sup>Among companies we could quote 3M, Atari, Boeing, Data General, DEC, Delta Airlines, HP, IBM, McDonald's.

<sup>55</sup>Net income annual growth, ROI and increase on stock price.

<sup>56</sup>American Express Travel Related Services, Banker Trust, British Airways, ConAgra, First Chicago, General Electric, ICI, Nissan, SAS, Xerox.



with the interest of all the stakeholders and in which decisional power was regularly passed down at all organizational levels.

The first researchers starting not to exclusively use financial criteria in order to identify the best performing companies were Collins and Porras in 1994. The two authors asked themselves a simple question: “what distinguishes an outstanding company from the others?” In order to find out the answer, they began a series of interviews to the CEOs of a series of small, medium and big sized companies. The CEOs were asked to state in their opinions which companies were the best in their industry. This criterion was a qualitative one but was also relied on the fact that in answering the question the respondents would be influenced to some extent by financial factors. The study<sup>57</sup> identified a certain number of companies considered particularly outstanding. These were then compared to another sample of companies also considered successful but not to the same extent. After analyzing the characteristics of these 18 “visionary” companies (i.e. companies driven by principles and goals that go beyond the maximization of profits), the authors found an increase of shareholders profit 12 times greater to that registered on average on the markets between 1926 and 1990. In the time span considered<sup>58</sup>, the 18 companies had outperformed the market several times over. From an analysis of the sample a certain number of success factors were identified:

- the organizational focus must be on the “construction” of the organization;
- alternatives must not be considered as dichotomies but as viable possibilities;
- workers must endorse company values and goals.

In 1998 research conducted by Jain took into consideration new criteria for the identification of outstanding companies. Alongside a few financial criteria (e.g. the annual growth of sales, profits capitalization), the author considered the strategic thinking, the core values and the company purpose, vision and empowerment. The analysis conducted on a sample of Indian companies showed that in some of the outstanding companies<sup>59</sup> there were some common features. Among these, there were:

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<sup>57</sup>At the end, firms were 18: 3M, American Express, Boeing, Citicorp, Ford, GE, HP, IBM, Johnson & Johnson, Marriot, Merck, Motorola, Nordstrom, Philip Morris, Procter & Gamble, Sony, Wal-Mart and Walt Disney.

<sup>58</sup>The considered time period was 1926-1990.

<sup>59</sup>Infosys Technologies, Larsen & Toubro, Nirma, Ranbaxy, Sundaram Fasteners and Wipro Technologies.

- a strong sense of involvement that pervaded the entire company decisional process, the communication of the company values and goals;
- a clear roadmap about how to achieve said goals;
- a strong sense of belonging to the company.

Since the year 2000, the amount of research and studies on this matter has increased enormously. As was said before, once Peters and Waterman had open a door on an interesting landscape, many researchers decided accordingly to cross the threshold. In the last years the aim of these researches hasn't changed: they seek either to understand what the common features among companies that are considered outstanding are, or to find out what the strengths of the companies that, over certain periods, have achieved and maintain a level of excellence. Nonetheless, even if the goal of the research conducted never changed from the times of Peters and Waterman onwards, the criteria used to determine the excellence of the companies underwent many changes. Many non-financial factors began to be seen as important variables.

As early as 2000, Katzenbach developed a new point of view: in a research conducted on 25 different companies<sup>60</sup>, all being considered outstanding in their respective fields<sup>61</sup>, he highlighted the positive connection between success and the maximization of what he calls the “*emotional energy*” of the employees. The author maintains that companies employ different tools to “build up” their workers performance, no matter which environment or field they are in. Those tools are:

- the mission, values and pride. Those features were, for instance, strongly evident in the U.S. marines or in the company 3M organizations that had noble goals, a long tradition, a strong feeling of belonging that bound the individuals to the group and a value driven leadership;
- processes and the metrics known across the company and are focused on results and on the employee (e.g. Avon Manufacturing and Hill's Pet Nutrition);
- entrepreneurial spirit based on entrepreneurial risk (the positive relationship between high revenues and high risks) and on the potential of “proprietors” employees, as in the cases of BMC and Hambrecht & Quist;

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<sup>60</sup>Among analyzed firms there were: Avon Products, BMC Software, Hambrecht & Quist, Hill's Pet Nutrition, Home Depot, KFC, Marriot International, NASA, Southwest Airlines and U.S. Marine Corps.

<sup>61</sup>Firms chosen on the basis of their superiority in many years regarding financial criteria and market share.

- the importance of individual achievement: a set of bonuses, working opportunities and rewards for the employees (e.g. Home Depot, McKinsey & Company);
- recognition and the celebration of success: rewarding successful employees with non-monetary gratifications (e.g. KFC and Southwest Airlines).

In short, the author explains how to use the above tools in order to give birth to such emotions that build a sense of belonging to the company and that boost its performance. He also explains how to harness and transmit the energy thus created in order to achieve excellence. However, Katzenbach's work is focused on how to improve the performance of the individual employees and not on finding a relation between company's performance and individual abilities.

In recent studies, qualitative factors such as the company values, the organizational culture and the capacity to think out of the box were seen under a new light and human capital began to be considered the most important feature to determine the company performance.

#### **4.4. CEOs ATTITUDES TOWARDS INNOVATION**

The way in which firm internal and external characteristics, as well as CEO's background affect the CEO approach toward innovation has interested few authors in the last decade.

Papadakis and Bourantas (1998) focused on innovation studying a sample of 97 Greek manufacturing firms, trying to explain the impact of the CEOs' qualities on four types of innovation: 1. introduction of new products; 2. innovation in existing products; 3. incremental innovation in existing products; 4. innovation in the technology of the production process.

In their study, the organization is conceived as an open system that seeks to adapt to or match the characteristics of the environment and those of the organization in order to survive, innovate and perform. In other words, the authors wanted to investigate how technological innovation can be driven by organizational variables, environmental factors and CEOs' characteristics (attitude and personality).

- With regards to *personality*, they found that the most important personality characteristics which affect levels of innovation are the needs for achievement (ambitiousness, drive and competitiveness), reputation and power. They did not find conclusive evidence that linked a CEO's need for control and his propensity of risk with levels of innovation.

- With regards to *demography*, variables considered were age, tenure, functional background, experience, education and financial position: none of them were shown to have a real link with innovation.
- With regards to the *environment*, when it was dynamic, CEOs tend to have more influence on innovation.

Furthermore, the criteria of tenure with the company, as measured by the number of years in the company, is also important for someone who become CEO according to Papadakis and Bourantas, as they found that executives who spend their entire career in one single organization seem to have limited perspective. In their study of 97 CEOs, the average time-served in the firm was of 16.9 years, in contrast to Rajagopalan's study of 410 CEOs where the average was of 21.5 years.

When looking at education, the authors found that it contribute to explain how the CEO accepts new ideas and why the organizations succeed or fail. *The kind of education of the CEO has an influence on the types of leadership and on the strategic decisions making process.*

Finally, the authors claim that different types of innovations (specifically incremental vs. significant) are influenced by different contextual factors. For example, new product introduction is determined mainly by the dynamism of the environment; significant product innovation and incremental innovation are also driven by professional knowledge in the company; in turn, innovation in the production process comes from decision-making process and organic structure. As a result, a CEO's influence on new product introduction is very important, whereas his impact on incremental innovations is not. CEOs' characteristics therefore play an important role in affecting innovation even if it is not always the most significant one.

Barker and Mueller (2002) considered innovation in terms of the amount of expenditure on Research & Development decided by the CEO, and whether this was influenced by his characteristics. They started from the assumption that spending money on R&D is one of the most fundamental investment decision made by top managers of many firms. Already in 1994 Datta and Guthrie showed that firms spending higher amounts on R&D were more likely to select new CEOs with more of an academic and technical background. Barker and Mueller affirmed R&D spending is higher at firms where CEOs are younger and have a background in output functions, such as marketing, sales or engineering, vs. those coming from throughput functions such as finance, accounting, law or production and operation. Given this, they suggested that the type of higher education attained by CEO may be more important for predicting R&D expenditures than the amount of higher education. Moreover, long-tenured

CEOs seem to have little interest in pursuing innovation through high R&D expenditure, preferring instead to emphasize stability and efficiency.

Another worthy source of findings on the subject of innovation, is the IBM Global CEO Study of 2006, where researchers interviewed 765 CEOs operating in 20 industries in 11 different geographic regions in America, Europe, Asia, that all saw innovation as an opportunity to achieve a sustainable growth. The authors of the report first defined innovation as the act of “*using new ideas or applying current thinking in fundamentally different ways to effect significant change*”. For the purpose of the current study one can note that the concept has now evolve from the traditional focus on pure inventions and new product developments to one that includes globalization, market forces, culture, management structure, leadership impact on innovation. CEOs general opinions as reported in this study are<sup>62</sup>:

- innovation in the business model matters, because of competitive pressure;
- external collaboration is indispensable;
- innovation requires orchestration from the top: CEOs have primary responsibility.

## **4.5. CEOs PREVIOUS WORK EXPERIENCES**

The influence of an executive’s career path on his decision making process has been much discussed. Researchers mainly focused on the functional background and on international experience.

### *Functional background*

Hambrick and Mason (1984) suggested that “*top managers inevitably bring to their job an orientation developed from experience in some primary functional area*”.

Waller, Huber and Glick (1995) found that top executives were more aware of changes in organizational effectiveness related to their own functional backgrounds: for example, executives with a functional background in operations were more sensitive to changes in operational efficiency for the organization.

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<sup>62</sup>Source: The IBM Global CEO Study, 2006.

Rajagopalan (1996) dealt with throughput *functional orientation*, which is a measure defined as the total number of years spent in functional categories. He classified functions into seven different categories:

1. production/operations
2. finance/accounting
3. marketing, sales and merchandising
4. product R&D
5. process R&D
6. entrepreneurial
7. planning and general management.

CEO functional heterogeneity depends on the proportion of a total career spent in each of the seven functional areas identified above (the higher the score, the lower functional specialization). Rajagopalan's study was based on a database of 410 CEOs: he obtained a mean of 33.0%, noting that most CEOs had reached their positions through a specialization in either *operations* or *finance*.

Both Favaro (2002) and Tabitha (2005) deepened the importance of the *functional experience* as a characteristic of CEOs and agreed with the hypothesis that CEOs mainly rise to their position after careers in *finance* or *operations*.

Paul Favaro (2002), in his paper "*Making the Leap from CFO to CEO*", looking a Financial Executive Survey of 2001 on companies with revenues greater than \$500m, found that:

- 33.0% of CEOs reached their position after past work in finance;
- 26.0% of CEOs have past experiences in operations;
- 21.0% come from sales and marketing.

Tabitha (2005) affirmed CEOs need to have an outstanding knowledge of finance, therefore the CFO is the best candidate to become CEO because he is control-oriented and can endorse responsibilities. He is able to look at the business not only from the finance point of view, but from all perspectives (strategic one, entrepreneurial one, sales and marketing one, managerial one, etc).

A Recent survey of McKinsey<sup>63</sup> (December 2007) on 164 current or former CFOs across industries and geographies, reveals the CFOs in their first hundreds days received explicit guidance from the CEOs, who were mentors and expected them to improve the quality of finance organization , to be active members of senior-management team and to challenge the company's strategy in order to contribute to company's performance. From their part CFOs, aside from understanding the company's business drivers, generally report that their most critical activities during the first hundred days were functional (such as providing input to the business strategy) and organizational (such as setting up the core finance team and upgrading capabilities).

Burton, Sorensen and Beckman (2002) examined 13 high-technology firms in Silicon Valley (start-ups), to investigate how the social structure influences entrepreneurship. They found out that career histories shape the entrepreneurial process: functional and educational backgrounds influences initial strategic choices, and management experience is important to external shareholders. Entrepreneurs with advanced degrees establish firm with innovative strategies, but entrepreneurs with sales or finance experience are less likely to pursue an innovation strategy.

Four years later, Beckman, Burton and O'Reilly (2006) affirmed, through another empirical research, that teams with higher levels of functional diversity (sales and marketing, administrative, manufacturing, science or engineering, finance) are more likely to reach critical entrepreneurial firm milestones than teams with less functional diversity.

### *International experience*

Both Roth (1995) and Daily, Certo and Dalton (1999) studied not functional experience but *international experience* as the fundamental characteristic that leads CEOs to succeed and perform in the company.

Roth (1995) studied 74 and then 311 middle size firms of 9 different industries, considering 5 variables and their impact on performance:

1. degree and scope of control;
2. problem-solving style;
3. functional experience;

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<sup>63</sup>COCKER S. and ZANDER K. (2007), The CFOs's first hundred days: A McKinsey Global Survey, *The McKinsey Quarterly*, December.

4. international responsibility;
5. international experience.

Regarding the last criteria, Roth affirms that “*broader experience is fundamental to understand corporate-wide operational activities*”. International firms are, by definition, composed of operations and resource stocks located in different nations. The level of firm’s international interdependence influences the ideal pattern of CEO characteristics, in order to enable a CEO to contribute to firm performance. A high level of interdependence exists when integration occurs in multiple activities across multiple locations. As international interdependence increases, a CEO’s role as an integrator and manager of the decision-making process becomes increasingly important; CEOs contributed more to performance as their international experience through expatriate assignments increased.

Daily, Certo and Dalton (1999) examined the relationships between a CEO’s international experience, tenure, firm internationalization, succession process, and corporate financial performance. In this study the authors explored contemporary CEOs’ international work experience: this includes the examination of CEOs’ seniority and international experience and the extent to which the relationship between CEOs’ tenure and international experience is influenced by corporate exposure to international markets. They also investigated the impact of a successor CEO from outside of the company on the internationalization of the firm, as a firm may elect as CEO an insider candidate with firm-specific knowledge or an outsider candidate who provides a fresh perspective.

Daily, Certo and Dalton examined 383 Fortune 500 firms (representing a 76.6% response rate) in order to test five hypotheses:

1. a CEO’s international exposure will be negatively related to the CEO’s tenure. In other words, younger CEOs have more international experience. This hypothesis was not supported by the research.
2. firm internationalization moderates the relationship between a CEO’s tenure and his international exposure: not supported.
3. outside succession moderates the relationship between a CEO’s tenure and his international exposure. This point was supported by the data, and will be explored below (See next paragraph for major details).
4. a CEO’s international experience will be predominantly related to the firm performance: not supported.



5. the degree of firm internationalization and outside succession will moderate the relation between a CEO's international experience and the firm performance: supported.

There are interactive effects between CEO tenure and outside succession on CEO international experience. Experienced managers with foreign assignments experienced greater job overload, external pressure compared to those with domestic assignments. Today international leaders manage operations in an increasingly global environment, and where effectively managing international business issues is critical to firms' success, it may be that international business experience provides firms executives with a competitive advantage, one crucial for their advancement to the CEO level. Direct experience in managing international operations provides an executive with a more complete understanding of the firm.

Given the rarity of international experience among organizational members, an insider candidate for the CEO succession with international experience may be unavailable. An outside successor, however, does not bring the firm specific knowledge possessed by the inside successor. To offset this situation the board could select a person from outside the firm with other valuable resources - i.e. an outstanding record in international initiatives. According to the authors, *international experience does, in fact, increase opportunities for a position in the executive suite*, even though that position may not be in the focus organization. This is because executives with substantial international experience in their portfolio are very attractive to other firms, who in turn seek this international experience because of their own international exposure. However, in the organization these executives normally have little or less direct information and internal networks, which represents a disadvantage.

In their study, Daily, Certo and Dalton quote a statement from Vance (1983): *"a CEO can be viewed as a unique organizational resource. The CEO has a unique responsibility for the strategic success of the firm"*.

International experience may provide ascending executives with career experiences that is crucial for eventual accession to the CEO position. Of course, a CEO's international experience may not be an issue for those firms with little international portfolio exposure (the company's products), but becomes increasingly important as firms increase levels of international exposure.

It is therefore correct to affirm that the importance of international experience is fundamental in the selection of an outsider successor for CEO and that this factor is likely to grow in importance in recent and coming years.

## 4.6. CEOs NOMINATION AND SUCCESSION CHOICES

The choice of a Chief Executive Officer is a key organizational decision with important implications for a firm's effectiveness; many authors have analyzed mainly the fit between the characteristics of the organization and those of the individuals in the CEO position, focusing on many different aspect of CEOs' choice and succession, such as compensation, composition of the Board, the choice between internal or external successor, etc.

In their 1988 study, Ermalin and Weisebach focused on Board composition, hypothesizing that it is affected by internal promotion, the CEO succession process and the firm performance: when the CEO nears to retirement, firms tend to add inside directors. Evidence in the literature<sup>64</sup> already suggested that *the CEO plays a large role in choosing the Board of Directors and his successor*. The authors therefore asked if firm performance, CEO tenure and changes in market structures lead to changes in board composition. They took a sample of Board of Directors of 142 NYSE-traded firms and collected data from 1971 to 1983 regarding earnings, stock return, CEO tenure and turnover. Statistical results indicated that *when firms performed poorly, outside directors are likely to be brought in and inside directors are likely to leave*. Directors with a very short tenure (0-3 years) or a very long one (>12 years) were the least likely to become the new CEO (average CEO tenure is 10 years). Almost three out of five CEOs had been on the Board less than seven years when they were promoted, so the majority of CEOs appeared to have been put on the board towards the end of the previous CEO's mandate.

Zajac (1990) analyzed 118 CEOs of the largest U.S. companies, in order to investigate the implications of the CEO succession process on a firm performance. He quotes the *Agency Theory* (Jensen and Meckling, 1976), which examines the problems that occur when a principal delegates decision-making responsibility to an agent that is paid a fee, but whose own objectives may conflict with those of the principal. This leads to the relationship between CEO's compensation and firm performance; how can a firm ensure that a CEO is making optimal strategic decisions and maximizing the firm performance? The author believed there is a basic difference between insider and outsider CEOs, and that this has implications on performance. His research demonstrated that:

- firms whose CEOs were promoted from within were higher-performing firms;

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<sup>64</sup>MACE M. (1971), *Directors: Myth and Reality*, Harvard Business School Press, Boston.

VANCIL R. (1987), *Passing the baton: managing the process of CEO succession*, Harvard Business School Press, Boston.

- firms whose CEOs had a specific successor in mind were higher performing firms: in fact this may be an indication that the CEO is active in top management development and will avoid potential disruption;
- firms whose CEOs perceived a greater connection between their personal financial wealth and the wealth of the firm were higher performing firms: there was therefore a connection between CEO rewards and firm performance;
- neither compensation nor personal reputation were significant predictors of firm performance.

Other authors have analyzed the choice between an internal successor or an external one, affirming that mainly firms with a bad or poor performance tend to choose outsider CEOs. In particular, Datta and Guthrie (1994) stated that firms with different characteristics, operating in different contexts, may hire leaders with different backgrounds. The choice of an internal CEO or an external one is influenced by the desire of a firm to improve its performance: this explains why poor performance should increase the likelihood that external CEO candidates will be recruited; outside CEOs, in fact, seem to have broader perspectives and a larger capacity for change. Datta and Guthrie studied a sample of 195 succession events among Business Week 1000 firms during the 1980-1989 time period, considering CEO's functional background experience and education level, and firm profitability, growth, R&D intensity, size and age.

Westphal and Zajac (1995) advanced that CEOs seek to appoint new board members who are demographically similar and sympathetic to them. They considered data of 413 Fortune/Forbes 500 companies from 1986-1991, studying CEOs decision making with respect to CEO compensation contracts. They found that in firms in which CEOs are relatively powerful, new directors are likely to be demographically similar to the firm's incumbent CEO; on the other hand, when the board of directors is more powerful than the CEO, new director resembles the existing board, rather than the CEO; moreover, increased demographic similarity between CEOs and the board is likely to result in more generous CEO compensation contracts. The authors one year later (1996) considered, by analyzing the same sample, that more powerful boards are more likely to change CEO characteristics in the direction of their own demographic profile. They considered the following variables: changes in functional backgrounds, types of degree and educational affiliation of the CEO, separation of the CEO and the chairman from the board position, tenure of the board compared to the one of the CEO, presence of outsider directors and outsider stock owners, as well as ROA of the whole company. It appears that outside successors are typically demographically different from insiders, but they are more similar to members of the board.

Borokovich, Parrino and Trapani (1996) highlighted the fact that shareholders tend to benefit more when an outsider is appointed as CEO than when an insider is promoted to the same position. After longer periods of poor performance, the board usually fires the CEO in place. The authors examined how directors' incentives affect the likelihood that a new CEO is hired from outside the firm, studying 969 CEO successions in 588 large public firms between 1970 and 1988, and noted that director groups replaced 56.0% of the fired CEOs with outsiders.

Harris and Helfat (1997) focused on managerial skills and the links between these and compensation; they affirmed that external successors, defined as those who lack firm-specific and industry-specific human capital, will earn greater initial compensation than internal ones for reasons related to skills (13.0% more salary and bonus); moreover, companies that hired external successors had lower past profitability, sales and profit than companies that promoted CEOs from within the firm. The sample of their empirical research was composed of 305 CEO successors of the listed firms across 10 years of survey.

Datta and Rajagopalan (1998) examined the relationship between industry structure and the characteristics of CEOs, looking how industry operates in the succession process. They analyzed 134 succession events in 119 non-diversified manufacturing firms during the 1977-1987 time periods. They considered three main industry characteristics: the degree of capital intensity, the product differentiability and the growth rate. Regarding CEO variables, they chose age, tenure, educational level and functional background. Results indicate that industry structure plays an important role in explaining variations in new CEOs. In particular, the higher the level of industry product differentiation, the lower the organizational tenure, the higher the educational level and the greater the likelihood of a non-throughput background in the CEO successor; the higher the industry growth rate, the lower the organizational tenure and age of the CEO successor.

Favaro (2002) referenced a survey of Fortune 1.000 CEOs (1999), saying that 36.0% of CEOs chose their successor among their CFOs. In his opinion, many CFOs become CEOs because they are more able to take risks, have leadership together with interpersonal skills to build consensus and motivate people. Tabitha agreed with the concept that most of the time CEOs are to be recruited internally, and that *firms mainly choose the CFO as future CEO* because of:

- their focus on verification;
- their ability to endorse responsibilities and delegate;
- their connections and access with the market (creditors and shareholders, even the CEO);

- their outstanding knowledge of finance (they know what the drivers of the company are);
- their understanding of operational finance and the commercial aspects of the business.

Moreover, he states that any CFO wanting to reach the top has to be:

- *a strategist*: capable of thinking with a strategic mindset;
- *an information specialist*: able to organize financial and strategic information and give guidelines to the entire firm;
- *a communication expert*: capable of deciding how to communicate the company's strategy and information regarding this to investors, the media, etc;
- *a corporate leader*: able to provide guidance on how to accomplish the company's goals.

Other necessary characteristics requested to CFOs who want to become CEOs are:

- ability to take risks, make quick decisions and work under a deadline;
- strong interpersonal and communication skills;
- capacity to create consensus between people and to motivate them;
- business administration degree or significant operating experience (financial and accounting skills).

These qualities, in fact, are demanded nowadays to CEOs, and inside the firm they are mainly possessed by the CFO, who has experience in accounting, treasury, HR, and he is the main actor who sets up a company's business strategy. It follows that during the last ten years the role of the CFO has become more dynamic and strategic: he is not only a functional head but also a leader within the organization. When CFOs are able to look at business not only from a finance point of view, but from all perspectives – strategic, entrepreneurial, sales and marketing – they increase their possibilities of becoming CEO. For Tabitha, most of the time, CEOs should be recruited internally.

Coyne and Rao (2005), after having conducted a research which shows that a third of executives who rise to the top of U.S. companies do not last three years, interviewed 15 current and former CEOs in order to provide together a guide for future CEOs, which prepared them for their increased responsibility. According to them, newly appointed CEOs should first of all identify and

address their areas of weakness in the field, instead of spent time trying to learn about the organization and the job. Secondly, they should know each board member on a personal level, as well as understand why previous CEO failed or succeed, what the board see as main threats and opportunities for the company. Finally, he/she should have a full agenda and the necessary changing actions to implement in the transition period.

#### **4.7. SIMILAR RESEARCHES IN THE FIELD**

Our ultimate aim, to restate it, is to present a profile of top 40 Italian, French and British CEOs and to verify if there are drivers which could speed up an executive to the CEO's nomination (where speed is conceived in terms of the earliest age). We saw until now from the literature review that no other authors have undertaken a research with similar geographical focus (Italy, France and United Kingdom) and more specifically analyzing profiles and career paths. Actually, it is possible to argue that some authors have studied specific aspects also considered in this research, such as education (Gottesman and Morey, 2006, compared it to performance), functional experience (Rajagopalan, 1996; Favaro, 2002) and international experience (Roth, 1995; Daily, Certo and Dalton, 1999); whereas other authors presented a description of their CEOs sample in terms of profiles, such as Norburn in 1986 about 500 British CEOs, Boone, Kurtz and Fleenor in 1988 about 243 U.S. CEOs of different industries or Baray and Bournois 2007 about 800 U.S. managers and 442 in France (see table 8 for a comparison of the results), but no one considered the process to reach the CEO position.

In terms of career path, a McKinsey Survey of November 2007<sup>65</sup> investigated the events that affected career choices (actually not in terms of speed to CEO nomination, as the author wants to do with this research, but considering what influence a change in the career). The survey was conducted on a sample of 891 executive around the world and across industries, revealing that the events that most affected careers originated largely at work, not from personal or family issues. This was true both for men and women and for executives with and without children. Executives said the most pivotal event occurred when they were around the age of 30, after they had spent about 8 years in the workforce. Nearly 40.0% say that an outcome of this event was taking a new job in a new industry, and 40.0% they had difficulty striking a balance between work and personal life. The survey uncovered few differences between the experiences of man

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<sup>65</sup>BAUMGARTEN P., DESVAUX G. and DEVILLARD S. (2007), What shapes careers, *The McKinsey Quarterly*, November.

and woman; however, women are more likely to have had a mentor or role model and to have experienced discrimination (see figure 14).

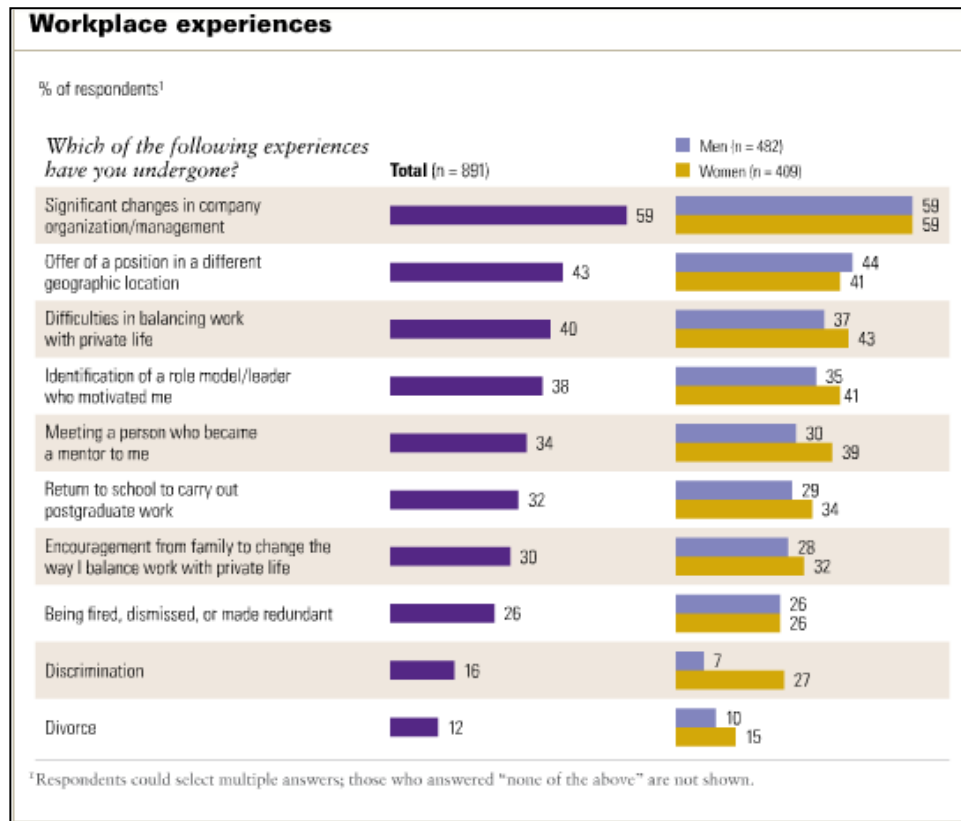
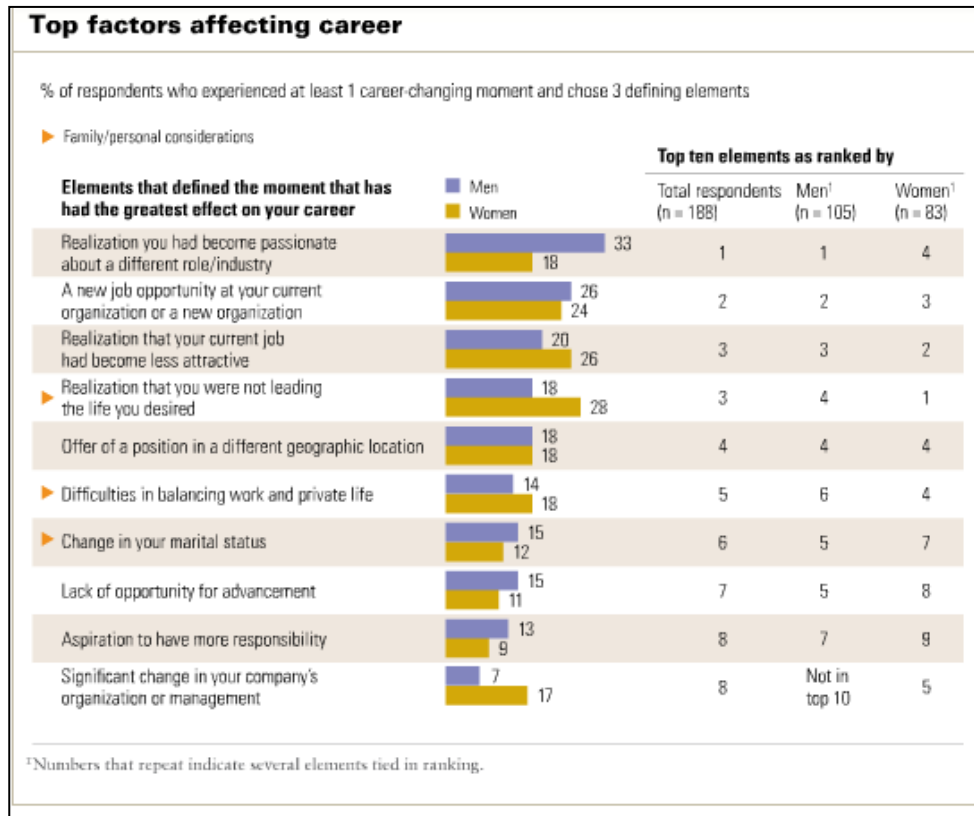
**Table 8:** Previous studies on CEOs profiles

PREVIOUS STUDIES PRESENTING CEOs PROFILE			
	NORBURN (1986)	BOONE, KURTZ AND FLEENOR (1898)	BARAY AND BOURNOIS (2007)
<b>Sample</b>	<ul style="list-style-type: none"> <li>• 500 <i>British</i> CEOs</li> </ul>	<ul style="list-style-type: none"> <li>• 243 U.S. CEOs of the largest companies in different industries</li> </ul>	<ul style="list-style-type: none"> <li>• 800 U.S. Managers</li> <li>• 442 <i>French</i> Managers of CAC 40 companies</li> </ul>
<b>Gender</b>	<ul style="list-style-type: none"> <li>• N.d.</li> </ul>	<ul style="list-style-type: none"> <li>• N.d.</li> </ul>	<ul style="list-style-type: none"> <li>• 90% male</li> <li>• Mainly male</li> </ul>
<b>Age</b>	<ul style="list-style-type: none"> <li>• 51,7</li> </ul>	<ul style="list-style-type: none"> <li>• N.d.</li> </ul>	<ul style="list-style-type: none"> <li>• 56</li> <li>• 55</li> </ul>
<b>Birthplace</b>	<ul style="list-style-type: none"> <li>• N.d.</li> </ul>	<ul style="list-style-type: none"> <li>• N.d.</li> </ul>	<ul style="list-style-type: none"> <li>• D, UK, J, India</li> <li>• N.d.</li> </ul>
<b>Tenure</b>	<ul style="list-style-type: none"> <li>• 20,6</li> </ul>	<ul style="list-style-type: none"> <li>• 20</li> </ul>	<ul style="list-style-type: none"> <li>• 21</li> <li>• 18</li> </ul>
<b>Education</b>	<ul style="list-style-type: none"> <li>• Oxford and London</li> <li>• Prestigious schools</li> </ul>	<ul style="list-style-type: none"> <li>• 99% attended college, of which 91% graduated</li> <li>• 47% have a master</li> <li>• 44% studied economics, 24% engineering, 12% arts</li> <li>• 79% worked while attending school and 56% paid for their own education</li> </ul>	<ul style="list-style-type: none"> <li>• 23% studied engineering</li> <li>• 34% hold an MBA</li> <li>• N.d.</li> </ul>
<b>Functional experience</b>	<ul style="list-style-type: none"> <li>• 2,7</li> </ul>	<ul style="list-style-type: none"> <li>• N.d.</li> </ul>	<ul style="list-style-type: none"> <li>• 22% financial function</li> <li>• N.d.</li> </ul>
<b>Children</b>	<ul style="list-style-type: none"> <li>• 2,7</li> </ul>	<ul style="list-style-type: none"> <li>• N.d.</li> </ul>	<ul style="list-style-type: none"> <li>• N.d.</li> </ul>
<b>Married</b>	<ul style="list-style-type: none"> <li>• 58% divorced</li> </ul>	<ul style="list-style-type: none"> <li>• N.d.</li> </ul>	<ul style="list-style-type: none"> <li>• N.d.</li> </ul>
<b>Sport</b>	<ul style="list-style-type: none"> <li>• N.d.</li> </ul>	<ul style="list-style-type: none"> <li>• 36% (mainly football and baseball)</li> </ul>	<ul style="list-style-type: none"> <li>• N.d.</li> </ul>

SOURCE: Author's personal elaboration



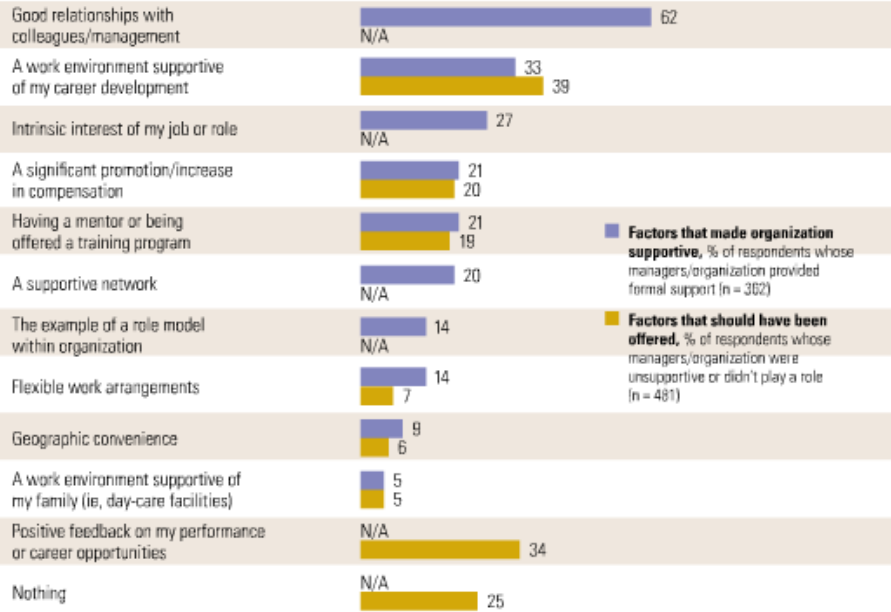
**Figure 14: McKinsey Survey 2007**



## Company's roles

% of respondents<sup>1</sup>

*Which factors at your organization made it supportive? What should your organization have offered to support you better?*

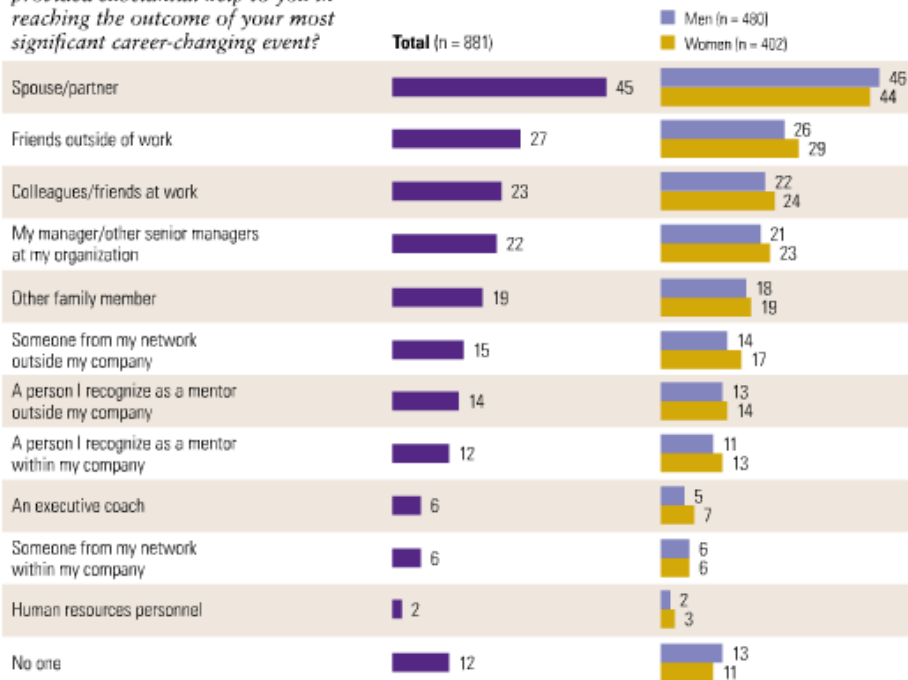


<sup>1</sup> Respondents who answered "other" or "don't know" are not shown.

## Helping hands

% of respondents who experienced at least 1 career-changing moment<sup>1</sup>

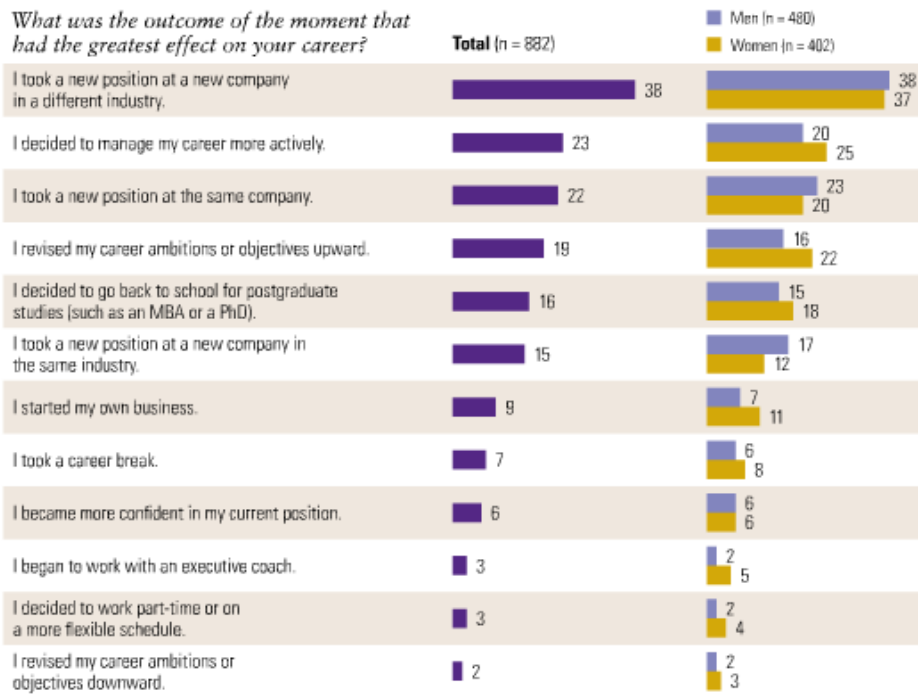
*Which of the following people provided substantial help to you in reaching the outcome of your most significant career-changing event?*



<sup>1</sup> Respondents could select multiple answers; those who answered "other" are not shown.

## Career outcomes

% of respondents who experienced at least 1 career-changing moment<sup>1</sup>



SOURCE: Mc Kinsey Survey.

## 5. LITERATURE REVIEW CRITICAL ANALYSIS

The objective of this part is to sum up the main evidences offered by the literature review about our research question, that, it is worth reminding, is “*are there drivers in an executive background, which allow an individual to reach the CEO position faster?*”

The author decided to make an excursus of the major theories of leadership, to go in depth with past studies focused on samples of CEOs. However, we will see in a while, the focus of previous researches has been on many different aspects of CEOs, and not exactly on the speed or the earliest age of CEO, as the author intends to analyze with the current study.

Regarding the major theories about leadership, the author examined the *Traits theory*, the *Behavioural theory* and the *Contingency theory*. According to the first one (Stogdill, 1948; Norburn, 1986), personality traits are considered relevant to successful leadership, such as energy, self-confidence, risk propensity, etc. In the second one, authors compared leaders' behaviour towards follower in terms of effectiveness, influence and styles: in particular, Burns (1978) distinguished transactional to transformational leadership, being the second more effective because it involves subordinates and motivate them in a shared vision. The third theory considered that situational factors can influence leadership effectiveness; here it is possible to identify many different contributions, from Fiedler (1967), who affirmed that leader-member relations, task structure and leader's position power determine management style, to Evans and House's Path Goal Theory (1971), which states a leader should clear the path of the group toward goals and help the team to achieve results; as a consequence, leaders will have to engage in different types of leadership behaviour, depending on the nature and the demands of a particular situation. Hersey and Blanchard's situational leadership (1988) said leaders must be flexible to adapt to different situations and they should be able to increase subordinates' maturity with a developmental intervention. Of course each theory has its own weaknesses, as described in the previous chapter, maybe because sometimes the interpretation of the theory itself has changed across time or because authors do not really say what to do to become more effective or influence others, or they do not considered all the possible conditions in different situations. In any case, all of them have made positive contributions in defining leadership and help us understand it.

Regarding major studies about CEOs, 6 main areas of interest have been identified, classified as CEOs main qualities and characteristics, CEOs educational background, CEOs influence on performance, CEOs attitudes toward innovation, CEOs previous working experiences, CEOs nomination and succession choice. About the first cluster, few authors identified main CEOs

qualities (Bowers and Seashore, 1966; Gordon, 1976; Katz and Kahn, 1978) being responsibility, self-confidence, risk-taking, while others (Norburn, 1986) analyzed CEOs differences and similarities with the top management team. About the second cluster, previous researchers analyzed the profiles of CEOs in different countries in terms of type of degree and post-degree (Boone, Kurtz and Flenoor, 1988; Baray and Bournois, 2007) or linked the level of education to the firm performance (Gottesman and Morey, 2006). In the third cluster, researchers have been interested in measuring leadership effectiveness and the relationship between leadership styles and company performance. Studies mainly concentrate on economic indicators of performance and on human factors, such as acting on culture. Thomas, Litschert and Ramaswamy (1991) demonstrated that different CEO profiles are associated with different strategic types and the match between characteristics and strategy has performance implications. Other authors (Peters and Waterman, 1982; Kotter and Heskett, 1992; Katzenbach, 2000) considered leaders' effect on people and organizational culture as determinants of firm performance. About the fourth cluster, some authors affirmed that CEOs achievement, reputation and power affect the quantity of innovation within a firm (Papadakis and Bourantas, 1998), while others considered the link between the level of education and the amount of R&D expenditure (Barker and Mueller, 2002). About the fifth cluster, the focus of previous studies has been on functional experience (Rajagopalan, 1996; Favaro, 2002) and international experience (Roth, 1995; Daily, Certo and Dalton, 1999), demonstrating that most CEOs have reached their positions through a career in finance or operations and that younger CEOs have more international experience. About the sixth cluster, there is lot of analysis regarding the choice of a new CEO and the decision process between current CEO and the Board; most of the authors (Zajac, 1990; Datta and Guthrie, 1994) agreed that when firms performed poorly, outside directors are likely to be brought in. Favaro (2002) and Tabitha (2005) affirmed that CEOs is mainly chosen among CFOs, because they are more able than others to analyze firms under more perspectives and are not risk-oriented. Of course every research has its points of strength and its limits, which can be related to the size of the sample, the statistical analysis used, the difficulty of interpretation, but, in any case, everyone has tried to give his/her contribution even if sometimes only related to their geographical area and without developing a general framework valid for other realities.

With this research, the author aims at presenting a profile of top 40 Italian, French and British CEOs and at verifying if there are drivers which could speed up an executive to the CEO nomination (where speed is conceived in terms of the earliest age). We saw from the literature review that no other authors have undertaken a research with similar geographical focus (Italy,

France and United Kingdom) and more specifically analyzing profiles and career paths variables affecting the speed of an executive toward the CEO position.

Analyzing the existing literature review considering the variables previous authors chose for their researches, it has been possible to derive some of them for the study in exam. In fact, lots of authors considered demographic data, educational background and work experience information (see table 13 on pg.170 in the next chapter), even if the final aim was different in each single research. Regarding demographic variables (CEO age, gender, married, number of children, etc), quite all the studies offered an overview of their sample and try to investigate how their characteristics could affect management style and firm performance (Norburn, 1986; Gottesman and Morey, 2006, etc). Regarding educational background, there has been some interest in discerning how it influences the firm, in terms of amount of R&D spending (as in Papadakis and Bourantas in 1998), openness to change (Datta, Rajagopalan and Zhang in 2003) and performance (Gottesman and Morey, 2006). Regarding work experience, main studies have analyzed the influence of past functional background on performance (Barker and Mueller, 2002), how industry affects CEOs characteristics (Datta and Rajagopalan, 1996) and the importance of international experience to reach an a position in the executive suite (Daily, Certo, Dalton, 1999). In the following part of the work, the author will provide a more detailed list of the variables considered in order to offer a profile overview of the CEOs of her sample and to test the hypotheses.

PART III  
EMPIRICAL RESEARCH

## 6. RESEARCH DESCRIPTION

The author decided to focus the empirical research on complementing existing literature with a specific European perspective, by trying to identify whether there are common characteristics among 120 of the principal Italian, French and English CEOs, and to define an optimal career path which allows a young person to speed up to the CEO position.

The two main objectives of this research, in other words, are:

- to track a profile of the 120 CEOs, looking at demographic information, background information and work experience information; the profile is presented both at whole sample level and for each country.
- to prove correlations between the speed at which an executive becomes CEO (where speed is expressed by the age at the time of the first nomination to CEO) and the variables of our hypotheses, in order to verify if there are some drivers that could speed up an executive's career toward the CEO position.

In terms of the most effective career paths of CEOs, the author wants to investigate if: *“Are there drivers in an executive background, which allow an individual to reach the CEO position faster?”*. The author aims at testing some hypotheses, which are career choices that could speed up a potential CEO career, helping in reaching the position as young as possible. More in detail, the hypotheses are that an executive becomes CEO faster if:

- Hp.1. EMPLOYER CHANGES:
  - Hp.1a. he/she has changed companies more times;
  - Hp. 1b. he/she has changed industries more times;
- Hp. 2. INTERNATIONAL WORK EXPERIENCE
  - Hp. 2a. he/she has done international work experience;
  - Hp. 2b. he/she has more international work experience, in terms of number of years spent abroad;
- Hp.3.TENURE IN CURRENT COMPANY
  - Hp. 3a. he/she has been nominated inside the company;
  - Hp. 3b. he/she has more tenure within the company;



- Hp.4. FIRST WORK EXPERIENCE
  - Hp. 4a. the industry of his/her first work experience was financials;
  - Hp.4b. the function of his/her first work experience was finance;
- Hp.5: HE/SHE STUDIED ECONOMICS;
- Hp.6: HE/SHE ATTENDED AN MBA;
- Hp. 7: HE IS MALE.

In the following paragraphs, the author will present the sample and the measures in depth.

## 6.1. THE SAMPLE

The research has been focused on the CEOs of the top 40 listed firms in Italy, France and United Kingdom. The top 40 can be defined as the companies which have the biggest capitalization<sup>66</sup> and are traded at the Stock Exchange of each country (BorsaItaliana in Italy, Euronext in France and London Stock Exchange in the U.K.). In particular, these companies in Italy are listed on S&P/MIB Index (Standard and Poor's) Index, in France on CAC 40 Index and in the U.K. on FTSE100 (for the U.K., the author only considered the top 40 out of 100). In total, the author collected data for 120 CEOs across the three European countries.

As already pointed out, the CEO is the “highest” person within a company, the one who defines the strategy, provides guidelines and diffuses culture and values among people.

It is worth highlighting that the term “CEO” is different in many countries, but it is becoming more and more accepted as an international word, even if sometimes, especially in the Anglo-Saxon world, it is “confused” with other terms, such as COO (Chief Operations Officer) or MD (managing director); actually, the nuances in the roles are very limited: this is the reason why in our research the author has decided to consider them as equal (even if, in particular, both in Italy

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<sup>66</sup>Capitalization is a measure of a public company's size; it is a market estimate of a company's value (based on perceived future prospects, economic and monetary conditions, and therefore independent of a company's history). It has been defined as “*the sum of a corporation's long-term debt, stock and retained earning*”; “*invested capital*”; “*market price of an entire company*” (calculated by multiplying the number of shares outstanding by the price per share). It worthy to remind that *market value* is different from *nominal value*: the first one is the price decided during the dealing on the stock exchange, whereas the second one is given by the share capital divided per number of shares.

and in France, the MD is considered below the CEO and the charge is covered by two different people).

In the next three tables there are the lists of all the CEOs in the sample divided per country.

**Table 9:** Italian top 40 companies, CEOs, Market capitalization and % weight on the S&P/MIB index

**S&P/MIB 40 ITALIAN COMPANIES CAPITALIZATION AND CEOs**

**TOP 40 PER MARKET CAPITALIZATION**

#	Company	CEO	Market capitalization (MLD euro) 31.08.08	% on the index
1	Eni	Scaroni Paolo	€ 86.035.110.000,00	<b>18,25%</b>
2	Unicredit Group S.p.A.	Profumo Alessandro	€ 50.633.300.000,00	<b>10,74%</b>
3	Intesa Sanpaolo S.p.A.	Passera Corrado	€ 48.586.730.000,00	<b>10,31%</b>
4	Enel S.p.A.	Conti Fulvio	€ 38.815.440.000,00	8,23%
5	Generali Assicurazioni S.p.A.	Balbinot Sergio	€ 32.517.200.000,00	6,90%
6	Tenaris S.A.	Rocca Paolo	€ 20.883.700.000,00	4,43%
7	Telecom Italia S.p.A.	Barnabè Franco	€ 20.324.560.000,00	4,31%
8	Fiat Group Automobiles S.p.A.	Marchionne Sergio	€ 13.720.310.000,00	2,91%
9	Banca Monte dei Paschi di Siena S.p.A.	Vigni Antonio	€ 12.164.670.000,00	2,58%
10	Saipem S.p.A.	Tali Pietro Franco	€ 11.075.240.000,00	2,35%
11	Atlantia S.p.A.	Castellucci Giovanni	€ 10.542.360.000,00	2,24%
12	Ubi Banca S.c.p.A.	Massiah Victor	€ 9.842.847.000,00	2,09%
13	Banco Popolare S.c.r.l.	Innocenzi Fabio	€ 8.633.690.000,00	1,83%
14	Stmicroelectronics	Bozotti Carlo	€ 8.588.578.000,00	1,82%
15	Luxottica S.p.A.	Guerra Andrea	€ 8.524.311.000,00	1,81%
16	Snam Rete Gas S.p.A.	Malacarne Carlo	€ 8.261.091.000,00	1,75%
17	Mediobanca S.p.A.	Nagel Alberto Nicola	€ 8.163.654.000,00	1,73%
18	Finmeccanica S.p.A.	Guarguaglini Pier Francesco	€ 7.947.331.000,00	1,69%
19	AZA S.p.A.	Ravanelli Renato	€ 6.727.914.000,00	1,43%
20	Mediaset S.p.A.	Adreani Giuliano	€ 6.015.402.000,00	1,28%
21	Alleanza Assicurazioni S.p.A.	Molinari Luigi Amato	€ 5.668.077.000,00	1,20%
22	Terna - Rete Elettrica Nazionale S.p.A.	Cattaneo Flavio	€ 5.457.479.000,00	1,16%
23	Unipol S.p.A.	Salvatori Carlo	€ 3.712.422.000,00	0,79%
24	Lottomatica	Sala Marco	€ 3.271.381.000,00	0,69%
25	Parmalat S.p.A.	Bondi Enrico	€ 3.195.200.000,00	0,68%
26	PRYSMIAN S.p.A.	Battista Valerio	€ 3.113.000.000,00	0,66%
27	Fondiarria-Sai S.p.A.	Marchionni Fausto	€ 3.054.293.000,00	0,65%
28	Banca Popolare di Milano S.c.r.l.	Viola Fabrizio	€ 2.909.390.000,00	0,62%
29	Buzzi Unicem S.p.A.	Buzzi Michele	€ 2.821.142.000,00	0,60%
30	Italcementi Group	Pesenti Carlo	€ 2.747.361.000,00	0,58%
31	Pirelli e C. S.p.A.	Puri Negri Carlo Alessandro	€ 2.582.940.000,00	0,55%
32	Mediolanum S.p.A.	Doris Ennio	€ 2.297.741.000,00	0,49%
33	Autogrill S.p.A.	Tondato Da Ruos Gianmario	€ 2.289.600.000,00	0,49%
34	Bulgari Group S.p.A.	Trapani Francesco	€ 2.214.665.000,00	0,47%
35	Geox S.p.A.	Bolzonello Diego	€ 2.167.901.000,00	0,46%
36	Fastweb S.p.A.	Parisi Stefano	€ 1.630.711.000,00	0,35%
37	Impregilo S.p.A.	Rubegni Alberto	€ 1.566.015.000,00	0,33%
38	Mondadori (Arnoldo) Editore S.p.A.	Costa Maurizio	€ 1.005.939.000,00	0,21%
39	Seat Pagine Gialle S.p.A.	Majocchi Luca	€ 907.769.600,00	0,19%
40	Gruppo Editoriale L'Espresso S.p.A.	Benedetto Marco	€ 816.759.900,00	0,17%
			<b>€ 471.433.224.500,00</b>	<b>100,00%</b>

Source: Author's personal elaboration from Borsa Italiana.

**Table 10:** French top 40 companies, CEOs, Market capitalization and % weight on the CAC40 index

**CAC 40 FRENCH COMPANIES CAPITALIZATION AND CEOs**

**TOP 40 PER MARKET CAPITALIZATION**

#	Company	CEO	Market capitalization (MLD euro) 31.05.08	% on the index 22.7.08
1	Total	Christophe de Margerie	€ 111.717.100.000,00	9,81%
2	EDF	Pierre Gadonneix	€ 104.465.100.000,00	9,17%
3	SUEZ	Gerard Mestrallet	€ 79.398.330.000,00	6,97%
4	Arcelor Mittal	Lakshmi Mittal	€ 72.948.410.000,00	6,40%
5	Sanofi-Aventis	Gerard Le Fur	€ 64.265.980.000,00	5,64%
6	BNP Paribas	Baudoin Prot	€ 58.777.270.000,00	5,16%
7	France Télécom	Didier Lombard	€ 53.424.220.000,00	4,69%
8	AXA	Henri de Castries	€ 47.679.870.000,00	4,19%
9	L'Oréal	Jean-Paul Agon	€ 42.877.360.000,00	3,76%
10	Société Générale	Daniel Bouton	€ 40.116.290.000,00	3,52%
11	LVMH	Bernard Arnault	€ 36.809.810.000,00	3,23%
12	Credit Agricole SA	Georges Pauget	€ 33.239.290.000,00	2,92%
13	Vivendi	Jean-Bernard Lévy	€ 31.040.050.000,00	2,73%
14	Carrefour	José Luis Duran	€ 26.039.110.000,00	2,29%
15	Danone	Franck Riboud	€ 25.050.420.000,00	2,20%
16	Air Liquide	Benoît Potier	€ 21.954.580.000,00	1,93%
17	Alstom	Patrick Kron	€ 20.881.010.000,00	1,83%
18	VINCI	Xavier Huillard	€ 19.607.080.000,00	1,72%
19	Schneider Electric	Jean-Pascal Tricoire	€ 17.707.680.000,00	1,55%
20	Renault	Carlos Ghosn Bichara	€ 17.369.770.000,00	1,52%
21	Veolia Environnement	Henri Proglio	€ 17.188.510.000,00	1,51%
22	Saint-Gobain	Pierre-André de Chalendar	€ 16.989.750.000,00	1,49%
23	Lafarge	Bruno Lafont	€ 16.795.380.000,00	1,47%
24	Bouygues	Martin Bouygues	€ 14.715.170.000,00	1,29%
25	Pernod Ricard	Patrick Ricard	€ 14.501.100.000,00	1,27%
26	EADS	Louis Gallois	€ 13.468.130.000,00	1,18%
27	Unibail-Rodamco	Guillaume Poitrinal	€ 12.107.880.000,00	1,06%
28	Dexia	Axel Miller	€ 11.707.980.000,00	1,03%
29	Accor	Gilles Pélisson	€ 10.563.950.000,00	0,93%
30	PPR	François-Henri Pinault	€ 10.206.380.000,00	0,90%
31	Alcatel	Patricia Russo	€ 9.640.632.000,00	0,85%
32	Vallourec	Pierre Verluca	€ 9.397.665.000,00	0,83%
33	STMicroelectronics	Carlo Bozotti	€ 8.543.234.000,00	0,75%
34	Peugeot Citroen	Christian Streiff	€ 8.177.665.000,00	0,72%
35	Gaz de France	Jean-Francois Cirelli	€ 8.000.000.000,00	0,70%
36	Essilor	Xavier Fontanet	€ 7.879.617.000,00	0,69%
37	Michelin	Michel Rollier	€ 7.094.426.000,00	0,62%
38	Capgemini	Paul Hermelin	€ 6.099.915.000,00	0,54%
39	Air France-KLM	Jean-Cyril Spinetta	€ 5.462.490.000,00	0,48%
40	Lagardère	Arnaud Lagardere	€ 5.141.736.000,00	0,45%
			<b>€ 1.139.050.340.000,00</b>	<b>100,00%</b>

Source: Author's personal elaboration from Euronext Paris.

**Table 11:** Britain top 40 companies, CEOs, Market capitalization and % weight on the FTSE100 index

**FTSE100 UK COMPANIES CAPITALIZATION AND CEOs**

**TOP 40**

#	Società	CEO	Market capitalization 31.7.08 in GBPm	Conversion in euros (1,40) € 1,40	% on the index 31.07.08
1	Royal Dutch Shell	Jeroen van der Veer	£113.116	€ 158.362,40	<b>8,77%</b>
2	HSBC	Michael Francis Geoghegan	£100.719	€ 141.006,60	<b>7,81%</b>
3	BP	Tony Hayward	£98.265	€ 137.571,00	<b>7,62%</b>
4	Vodafone Group	Colao Vittorio	£71.602	€ 100.242,80	<b>5,55%</b>
5	GlaxoSmithKline	Jan Pierre Garnier	£61.627	€ 86.277,80	<b>4,78%</b>
6	Rio Tinto	Tom Albanese	£53.480	€ 74.872,00	<b>4,15%</b>
7	Anglo American	Cynthia Carroll	£38.731	€ 54.223,40	<b>3,00%</b>
8	BG Group	Frank Joseph Chapman	£38.611	€ 54.055,40	<b>2,99%</b>
9	BHP Billiton	Marius Kloppers	£37.365	€ 52.311,00	<b>2,90%</b>
10	AstraZeneca	David Brennan	£36.018	€ 50.425,20	<b>2,79%</b>
11	Royal Bank of Scotland Group	Fred Goodwin	£34.378	€ 48.129,20	2,66%
12	Tesco	Terry Leahy	£28.366	€ 39.712,40	2,20%
13	British American Tobacco	Paul Nicholas Adams	£27.665	€ 38.731,00	2,14%
14	Barclays Bank	John Silvester Varley	£27.528	€ 38.539,20	2,13%
15	Xstrata	Mick Davis	£26.570	€ 37.198,00	2,06%
16	Diageo	Paul Walsh	£22.637	€ 31.691,80	1,75%
17	Standard Chartered	Peter Sands	£22.014	€ 30.819,60	1,71%
18	Reckitt Benckiser Group	Bart Becht	£19.768	€ 27.675,20	1,53%
19	Imperial Tobacco	Davis Gareth	£19.215	€ 26.901,00	1,49%
20	Unilever	Patric Cescau	£18.182	€ 25.454,80	1,41%
21	National Grid	Steve Holliday	£16.669	€ 23.336,60	1,29%
22	Lloyds TSB Group	Eric Daniels	£16.623	€ 23.272,20	1,29%
23	BAE System	Mike Turner	£15.785	€ 22.099,00	1,22%
24	HBOS	Andy Hornby	£15.243	€ 21.340,20	1,18%
25	Prudential	Mark Tucker	£13.591	€ 19.027,40	1,05%
26	Aviva	Andrew Moss	£13.448	€ 18.827,20	1,04%
27	BT Group	Ben Verwaayen	£13.404	€ 18.765,60	1,04%
28	Scottish & Southern Energy	Ian Marchant	£12.205	€ 17.087,00	0,95%
29	SABMiller	Graham Mackay	£11.773	€ 16.482,20	0,91%
30	Centrica	William Samuel Hugh Laidlaw	£11.551	€ 16.171,40	0,90%
31	Man Group	Peter Clarke	£10.530	€ 14.742,00	0,82%
32	Cadbury Schweppes	Todd Stitzer	£8.057	€ 11.279,80	0,62%
33	British Energy Group	Bill Coley	£7.489	€ 10.484,60	0,58%
34	Morrison (Wm) Supermarkets	Marc J. Bolland	£6.951	€ 9.731,40	0,54%
35	Compass Group	Richard John Cousins	£6.811	€ 9.535,40	0,53%
36	Rolls-Royce Group	John Rose	£6.471	€ 9.059,40	0,50%
37	Reed Elsevier	Crispin Davis	£6.356	€ 8.898,40	0,49%
38	International Power	Philip Cox	£6.196	€ 8.674,40	0,48%
39	British Sky Broadcasting Group	James Murdoch	£6.010	€ 8.414,00	0,46%
40	Land Securities Group	Francis Salway	£5.972	€ 8.360,80	0,47%
				€ 0,00	
<b>PARTIAL TOT 1</b>			<b>£1.106.992.000.000</b>	<b>€ 1.549.788.800.000,00</b>	<b>85,80%</b>

Source: Author's personal elaboration from London Stock Exchange.

## 6.1.1 The CEO and the Board of Directors in Italy, in France and in the U.K.

ITALY - The CEO in Italy is the so-called “*Amministratore Delegato*”, whereas the Board is known as “*Consiglio di Amministrazione*”.

The CEO is a member of the Board of Directors of the company and his role is regulated by the Civil Code in its fifth book (Art. 2380-2396<sup>67</sup>). Usually he/she is nominated by the shareholders

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<sup>67</sup>IL CODICE CIVILE ITALIANO – Libro V “Del lavoro”: § 2 Degli amministratori

**Art. 2380 Amministrazione della società.** L'amministrazione della società può essere affidata anche a non soci. Quando l'amministrazione è affidata a più persone, queste costituiscono il consiglio di amministrazione (2388). Se l'atto costitutivo non stabilisce il numero degli amministratori, ma ne indica solamente un numero massimo e minimo, la determinazione spetta all'assemblea. Il consiglio di amministrazione sceglie tra i suoi membri il presidente, se questi non è nominato dall'assemblea.

**Art. 2381 Comitato esecutivo e amministratori delegate.** Il consiglio di amministrazione, se l'atto costitutivo o l'assemblea lo consentono, può delegare le proprie attribuzioni ad un comitato esecutivo composto, di alcuni dei suoi membri, o ad uno o più dei suoi membri, determinando i limiti della delega. Non possono essere delegate le attribuzioni indicate negli artt. 2423, 2443, 2446 e 2447.

**Art. 2382 Cause d'ineleggibilità e di decadenza.** Non può essere nominato amministratore, e se nominato decade dal suo ufficio, l'interdetto, l'inabilitato (414 e seguente), il fallito, o chi è stato condannato ad una pena che importa l'interdizione, anche temporanea, dai pubblici uffici o l'incapacità ad esercitare uffici direttivi (2641).

**Art. 2383 Nomina e revoca degli amministratori.** La nomina degli amministratori spetta all'assemblea, fatta eccezione per i primi amministratori, che sono, nominati nell'atto costitutivo, e salvo il disposto degli artt. 2458 e 2459. La nomina degli amministratori non può essere fatta per un periodo superiore a tre anni (att. 213). Gli amministratori sono rieleggibili, salvo diversa disposizione dell'atto costitutivo, e sono revocabili dall'assemblea in qualunque tempo, anche se nominati nell'atto costitutivo, salvo il diritto dell'amministratore al risarcimento dei danni, se la revoca avviene senza giusta causa. Entro quindici giorni dalla notizia della loro nomina gli amministratori devono (2626) chiederne l'iscrizione nel registro delle imprese indicando per ciascuno di essi il cognome e il nome, il luogo e la data di nascita, il domicilio e la cittadinanza. Nello stesso termine gli amministratori che hanno la rappresentanza della società devono depositare presso l'ufficio del registro delle imprese le loro firme autografe. Dell'avvenuta iscrizione prevista dal comma precedente deve farsi menzione nel Bollettino ufficiale delle società per azioni e a responsabilità limitata. La pubblicità prevista dai due commi precedenti deve indicare se gli amministratori cui è attribuita la rappresentanza della società hanno il potere di agire da soli o se debbono agire congiuntamente (2487). Le cause di nullità o annullabilità della nomina degli amministratori che hanno la rappresentanza della società non sono opponibili ai terzi dopo l'adempimento della pubblicità di cui al quarto e quinto comma, salvo che la società provi che i terzi ne erano a conoscenza.

**Art. 2384 Poteri di rappresentanza.** Gli amministratori che hanno la rappresentanza della società possono compiere tutti gli atti che rientrano nell'oggetto sociale, salvo le limitazioni che risultano dalla legge o dall'atto costitutivo. Le limitazioni al potere di rappresentanza che risultano dall'atto costitutivo o dallo statuto, anche se pubblicate, non sono opponibili ai terzi, salvo che si provi che questi abbiano intenzionalmente agito a danno della società (2487).

**Art. 2384 bis Atti che eccedono i limiti dell'oggetto sociale.** L'estraneità all'oggetto sociale degli atti compiuti dagli amministratori in nome della società non può essere opposta ai terzi in buona fede.

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**Art. 2385 Cessazione degli amministratori.** L'amministratore che rinuncia all'ufficio deve darne comunicazione scritta al consiglio di amministrazione e al presidente del collegio sindacale. La rinuncia ha effetto immediato, se rimane in carica la maggioranza del consiglio di amministrazione, o, in caso contrario, dal momento in cui la maggioranza del consiglio si è ricostituita in seguito all'accettazione dei nuovi amministratori. La cessazione degli amministratori per scadenza del termine ha effetto dal momento in cui il consiglio di amministrazione è stato ricostituito. La cessazione degli amministratori dall'ufficio per qualsiasi causa deve essere iscritta entro quindici giorni nel registro delle imprese a cura del collegio sindacale (2626) è pubblicata nel Bollettino ufficiale delle società per azioni e a responsabilità limitata (2330, 2457).

**Art. 2386 Sostituzione degli amministratori.** Se nel corso dell'esercizio vengono a mancare uno o più amministratori, gli altri provvedono a sostituirli con deliberazione approvata dal collegio sindacale. Gli amministratori così nominati restano in carica fino alla prossima assemblea. Se viene meno la maggioranza degli amministratori, quelli rimasti in carica devono convocare l'assemblea perché provveda alla sostituzione dei mancanti. Gli amministratori nominati dall'assemblea scadono insieme con quelli in carica all'atto della loro nomina. Se vengono a cessare l'amministratore unico o tutti gli amministratori, l'assemblea per la sostituzione dei mancanti deve essere convocata d'urgenza dal collegio sindacale, il quale può compiere nel frattempo gli atti di ordinaria amministrazione (2487).

**Art. 2387 Cauzione degli amministratori (abrogato).**

**Art. 2388 Validità delle deliberazioni del consiglio.** Per la validità delle deliberazioni del consiglio di amministrazione è necessaria la presenza della maggioranza degli amministratori in carica, quando l'atto costitutivo non richiede un maggior numero di presenti (2405). Le deliberazioni del consiglio di amministrazione (2421) sono prese a maggioranza assoluta, salvo diversa disposizione dell'atto costitutivo. Il voto non può essere dato per rappresentanza.

**Art. 2389 Compensi degli amministrativi.** I compensi e le partecipazioni agli utili spettanti ai membri del consiglio di amministrazione e del comitato esecutivo sono stabiliti nell'atto costitutivo o dall'assemblea (att. 209). La remunerazione degli amministratori investiti di particolari cariche in conformità dell'atto costitutivo è stabilita dal consiglio di amministrazione, sentito il parere del collegio sindacale (2487, 2630; att. 209).

**Art. 2390 Divieto di concorrenza.** Gli amministratori non possono assumere la qualità di soci illimitatamente responsabili in società concorrenti, né esercitare un'attività concorrente per conto proprio o di terzi, salvo autorizzazione dell'assemblea. Per l'inosservanza di tale divieto l'amministratore può essere revocato dall'ufficio e risponde dei danni.

**Art. 2391 Conflitto d'interessi.** L'amministratore, che in una determinata operazione ha, per conto proprio o di terzi, interesse in conflitto con quello della società, deve darne notizia agli altri amministratori e al collegio sindacale, e deve astenersi dal partecipare alle deliberazioni riguardanti l'operazione stessa (1394, 2631). In caso d'inosservanza, l'amministratore risponde delle perdite che siano derivate alla società dal compimento dell'operazione. La deliberazione del consiglio, qualora possa recare danno alla società, può, entro tre mesi dalla sua data (2964 e seguenti), essere impugnata dagli amministratori assenti o dissenzienti e dai sindaci se, senza il voto dell'amministratore che doveva astenersi, non si sarebbe raggiunta la maggioranza richiesta. In ogni caso sono salvi i diritti acquistati in buona fede dai terzi in base ad atti compiuti in esecuzione della deliberazione (att 2091).

**Art. 2392 Responsabilità verso la società.** Gli amministratori devono adempiere i doveri ad essi imposti dalla legge e dall'atto costitutivo con la diligenza del mandatario (1710), e sono solidalmente (1292) responsabili verso la società (2621) dei danni derivanti dall'inosservanza di tali doveri, a meno che si tratti di attribuzioni proprie del comitato esecutivo o di uno o più amministratori (2381). In ogni caso gli amministratori sono solidalmente responsabili se non hanno vigilato sul generale andamento della gestione o se, essendo a conoscenza di atti pregiudizievoli, non hanno fatto quanto potevano per impedirne il compimento o eliminarne o attenuarne le conseguenze dannose. La responsabilità per gli atti o le

and he/she obtains powers and delegation functions from the Board, which also decides its roles and limits, in order to optimize the company management.

The civil code states that the Board of Directors can delegate some of its power to an Executive Committee or to one or more “Amministratori Delegati” (CEOs), as defined by the company deed of incorporation. Moreover, regarding the relation between the CEOs and the Board, the last one regulates the nomination criteria, the representation powers, delegation, cases of substitution, ineligibility, main responsibility and cases of conflict of interests.

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omissioni degli amministratori non si estende a quello tra essi che, essendo immune da colpa, abbia fatto annotare senza ritardo il suo dissenso nel libro delle adunanze e delle deliberazioni del consiglio, dandone immediata notizia per iscritto al presidente del collegio sindacale (2491; att. 209).

**Art. 2393 Azione sociale di responsabilità.** L'azione di responsabilità contro gli amministratori è promossa in seguito a deliberazione dell'assemblea, anche se la società è in liquidazione. La deliberazione concernente la responsabilità degli amministratori può essere presa in occasione della discussione del bilancio (2364), anche se non è indicata nell'elenco delle materie da trattare (2373). La deliberazione dell'azione di responsabilità importa la revoca dall'ufficio degli amministratori contro cui è proposta, purché sia presa col voto favorevole di almeno un quinto del capitale sociale. In questo caso l'assemblea stessa provvede alla loro sostituzione (2386; att. 209). La società può rinunciare all'esercizio dell'azione di responsabilità e può transigere, purché la rinuncia e la transazione siano approvate con espressa deliberazione dell'assemblea (2434), e purché non vi sia il voto contrario di una minoranza di soci che rappresenti almeno il quinto del capitale sociale (2407).

**Art. 2394 Responsabilità verso i creditori sociali.** Gli amministratori rispondono verso i creditori sociali per l'inosservanza degli obblighi inerenti alla conservazione dell'integrità del patrimonio sociale (2407). L'azione può essere proposta dai creditori quando il patrimonio sociale risulta insufficiente al soddisfacimento dei loro crediti (att. 209). In caso di fallimento o di liquidazione coatta amministrativa della società, l'azione spetta al curatore del fallimento o al commissario liquidatore. La rinuncia all'azione da parte della società non impedisce l'esercizio dell'azione da parte dei creditori sociali. La transazione può essere impugnata dai creditori sociali soltanto con l'azione revocatoria, quando ne ricorrono gli estremi (2901 e seguenti).

**Art. 2395 Azione individuale del socio e del terzo.** Le disposizioni dei precedenti articoli non pregiudicano il diritto al risarcimento del danno spettante al singolo socio o al terzo che sono stati direttamente danneggiati da atti colposi o dolosi degli amministratori (2487; att. 209).

**Art. 2396 Direttori generali.** Le disposizioni che regolano la responsabilità degli amministratori (2392 e seguenti) si applicano anche ai direttori nominati dall'assemblea o per disposizione dell'atto costitutivo, in relazione ai compiti loro affidati (att. 209).

SOURCE: <http://www.codice-civile.com>



FRANCE - The CEO in France is the so-called “*président directeur-général*”, or P.D.-G. or PDG. Usually he is the director of the company and the chairman of the Board of Directors as well.

U.K. – CEOs and chairman (of the board) are usually two different people, and the second-one has more seniority than the chief executive.

The Board is the body which manages the public company, by defining strategies and controlling the work of the management. It is composed by *executive directors*, who are managers of the company, and *non-executive directors*, who are external people and are useful in case of conflicts of interest.

Italy and France are characterized by a similar governance model, whereas in the U.K. things are different:

- In the monistic system, typical of the U.K., there is only one body, the Board of Directors, which internally nominates a controlling committee;
- In the dual system, of German origins, typical of Italy and France, the Board of Directors is divided into two sub-bodies, with the aim of having a bigger control on the interests of the company:
  - *the management council (or executive board)*: its members are nominated by the supervisory council and are in charge for 3 years; it is responsible for the day-to-day business
  - *the supervisory board*, created for control purposes: its members are nominated by the shareholders and are in charge for three years.

The CEO presides over the executive board and the chairman presides over the supervisory board, and these two roles will always be held by different people. This ensures a distinction between management by the executive board and governance by the supervisory board. This allows for clear lines of authority. The aim is to prevent a conflict of interests and too much power being concentrated in the hands of one person.

## **6.2. MAIN VARIABLES AND MEASURES**

We saw that in the literature there has been some interest in studying variables related to demography (Norburn, 1986; Gottesman and Morey, 2006, etc), education (Papadakis and Bourantas, 1998; Rajagopalan and Zhang, 1998, etc), and previous work experience (Barker and Mueller, 2002; Rajagopalan and Datta, 1996; Daily, Certo, Dalton, 1999), which we have decided to consider as the three macro categories of our analysis. Actually, every research had specific and different purposes, but the crucial point is that authors considered the above quoted variables as important in affecting some aspects of the CEO, in shaping his/her future management style, decision process, or, as it is supposed in this research, the speed at which he/she achieves the CEO position.

In particular, the more relevant variables (both qualitative and quantitative) considered in this research are:

- **DEMOGRAPHIC VARIABLES**

- CEO age
- Gender
- Birthplace
- Married
- Number of children
- Publications
- Awards
- Hobbies

- **EDUCATIONAL BACKGROUND**

- Holding a degree
- Type of degree
- University Place
- Graduation age
- Owning of a post-graduate title
- Type of post-graduate title

– etc

• WORK EXPERIENCE

– Current company

- Industry
- Tenure
- Age at which he/she became CEO
- Number of years he/she is CEO
- Inside/Outside nomination
- Is the CEO also the Chairman?
- Other relevant activities inside?
- Other relevant activities inside or outside?

– Previous companies:

- Was he/she already CEO?
- Age at which he/she became CEO the first time in his/her life
- Number of years he/she has been CEO in previous company
- Number of company changes
- Number of industry changes
- Industry of the first work experience
- Function of the first work experience
- International experience
- Number of years of international experience
- Place of international experience

All the above variables have been used to provide a profile of the CEOs. Only some of them were used, instead, in the correlation analysis.

In table 12 there is a list of the selected variables and the previous authors who have considered them as well.

In table 13 there is a description of the unit of measurement for each variable.

Taking into account our hypotheses, the dependent variable is the speed to CEO, expressed by the age of CEO nomination the first time in life. It means that this is the variable we are observing to change in response to the others. On the contrary, employer changes (in terms of industries and companies), international experience, first work experience (in terms of function and industry), having studied economics, holding an MBA and being male are all independent variables (or explanatory), the ones which provoke a change in the speed in our case.

**Table 12:** Variables and main previous authors who analyzed them

**CEOs PROFILE VARIABLES**

**OUR VARIABLES** PREVIOUS AUTHORS CONSIDERING THE SAME VARIABLES

**Demographic data**

gender	Gottesman and Morey	Boone, Kurtz and Fleenor	Baray and Bournois	Thomas, Litschert and Ramaswamy	Papadakis and Bourantas	Barker and Mueller	Daily, Certo and Dalton
age	Norburn	Gottesman and Morey	Hitt and Tyler				
birthplace	Norburn	Boone, Kurtz and Fleenor	Baray and Bournois				
married children	Norburn						
publications	--						
award	--						
hobbies	Boone, Kurtz and Fleenor						
<b>Work experience</b>							
age CEO current company	--						
number years CEO current company	--						
age CEO first time in their life	--						
business current company	Boone, Kurtz and Fleenor	Rajagopalan and Datta	Datta, Rajagopalan and Zhang	Thomas, Litschert and Ramaswamy	Collins and Porras	Katzenback	
tenure	Norburn	Boone, Kurtz and Fleenor	Baray and Bournois	Gottesman and Morey	Rajagopalan and Datta	Papadakis and Bourantas	Daily, Certo and Dalton
inside/outside nomination	Zajac	Datta and Guthrie	Baray and Bournois	Thomas, Litschert and Ramaswamy		Datta, Rajagopalan, Zhang	Hermalin and Weisbach
business first company	Norburn		Zajac and Westphal				
function first company	Norburn	Baray and Bournois					
main business	Norburn						
main function	Norburn	Baray and Bournois	Thomas, Litschert and Ramaswamy	Papadakis and Bourantas	Daily, Certo and Dalton	Borokhovich, Parrino, Trapani	Roth
number companies changes	Norburn						
number industries changes	Norburn						
step of internal career	--						
<b>Educational background</b>							
type of degree	Norburn	Boone, Kurtz and Fleenor	Baray and Bournois	Borokhovich, Parrino, Trapani	Hitt and Tyler	Papadakis and Bourantas	Zajac and Westphal
place of study	Norburn	Boone, Kurtz and Fleenor	Baray and Bournois	Borokhovich, Parrino, Trapani	Hitt and Tyler	Papadakis and Bourantas	Zajac and Westphal
postgraduate	Norburn	Boone, Kurtz and Fleenor	Baray and Bournois	Borokhovich, Parrino, Trapani	Hitt and Tyler	Papadakis and Bourantas	Zajac and Westphal

**Table 13:** List of variables and unit of measurement

VARIABLES	MEASUREMENT
<p><b>•DEMOGRAPHIC VARIABLES</b></p> <ul style="list-style-type: none"> <li>-CEO age</li> <li>-Gender</li> <li>-Birthplace</li> <li>-Married</li> <li>-Number of children</li> <li>-Publications</li> <li>-Awards</li> <li>-Hobbies</li> </ul> <p><b>•EDUCATIONAL BACKGROUND</b></p> <ul style="list-style-type: none"> <li>-Type of college</li> <li>-Type of degree</li> <li>-University Place</li> <li>-Prestige of the school</li> <li>-Owning of a post-graduate title</li> <li>-Type of post-graduate title</li> </ul> <p><b>•WORK EXPERIENCE</b></p> <ul style="list-style-type: none"> <li>-Current company           <ul style="list-style-type: none"> <li>•Industry</li> <li>•Tenure</li> <li>•Age at which he/she became CEO</li> <li>•Number of years he/she is CEO</li> <li>•Inside/Outside nomination</li> <li>•Is the CEO also the Chairman?</li> <li>•Other relevant activities outside?</li> </ul> </li> <li>-Previous companies:           <ul style="list-style-type: none"> <li>•Was he/she already CEO?</li> <li>•Age at which he/she became CEO the first time in his/her life ("SPEED TO CEO")</li> <li>•Number of years he/she has been CEO in previous company</li> <li>•Number of company changes</li> <li>•Number of industry changes</li> </ul> </li> <li>•Industry of the first work experience (we examine the first five industries)</li> <li>•Function of the first work experience (we examine the first five functions)</li> <li>•International experience           <ul style="list-style-type: none"> <li>•Number of years of international experience</li> <li>•Place of international experience</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>•Both progressive numeration (36,37,38) and cluster of 5 (36-40; 41-45; 46-50, etc)</li> <li>•Binary value: 1 = man, 0 = woman</li> <li>•An identification number for each country</li> <li>•Binary value: 1 = married; 0 = not married</li> <li>•Progressive number of children (0,1,2,3,4, etc)</li> <li>•Progressive number (0,1,2,3,4, etc)</li> </ul> <ul style="list-style-type: none"> <li>•Binary value: 1 = university; 0 = polytechnic</li> <li>•An identification number for each type (e.g. 1=economics)</li> <li>•An identification number for each place</li> <li>•Binary value: 1 = prestige; 0 = no</li> <li>•Binary value: 1 = yes; 0 = no</li> <li>•1=MBA</li> </ul> <ul style="list-style-type: none"> <li>•An identification number for each industry, according to the GICS classification (Global Industry Classification Standard): 1=energy; 2=materials; 3=industrials; 4=consumer discretionary; 5=consumer staple; 6=health; 7=financials; 8=IT; 9=telecommunication services; 10=utilities</li> <li>•Progressive number of years within a company (1,2,3,4, ..., 20, etc)</li> <li>•Both progressive numeration (36,37,38) and cluster of 5 (36-40; 41-45; 46-50, etc)</li> <li>•Progressive number (1,2,3,4, etc)</li> <li>•Binary value: 0 = inside; 1 = outside</li> <li>•Binary value: 1 = yes; 0 = no</li> <li>•Binary value: 1 = yes; 0 = no</li> </ul> <ul style="list-style-type: none"> <li>•Binary value: 1 = yes; 0 = no</li> <li>•Both progressive numeration (36,37,38) and cluster of 5 (36-40; 41-45; 46-50, etc)</li> <li>•Progressive number (0,1,2,3,4, etc)</li> <li>•Progressive number (0,1,2,3,4, etc)</li> <li>•Progressive number (0,1,2,3,4, etc)</li> </ul> <ul style="list-style-type: none"> <li>•An identification number for each industry, according to the GICS classification (Global Industry Classification Standard): 1=energy; 2=materials; 3=industrials; 4=consumer discretionary; 5=consumer staple; 6=health; 7=financials; 8=IT; 9=telecommunication services; 10=utilities</li> </ul> <ul style="list-style-type: none"> <li>•An identification number for each function (accounting, board, marketing and sales, research, strategy, finance, management, other)</li> <li>•Binary value: 1 = yes; 0 = no</li> <li>•Progressive number (1,2,3,4, etc)</li> <li>•An identification number for each place</li> </ul>

SOURCE: Author's personal elaboration.

### 6.3. INFORMATION SOURCES

All the primary data has been collected through desk research, because all the information was available on the web through specific databases or in the official websites of the companies.

As main source the author decided to use *Who's who*<sup>68</sup>, a portal providing data to the business community, because it has been considered adapt for the following reasons:

- all the selected CEOs' profiles were available;
- the available information covered most of the variables required by our research;
- the need to complement the information with other sources was limited (e.g. with official company website); otherwise this might have affected the quality and the coherence of the information gathered;
- *who's who* is a trustworthy data source.

Its objective is to provide information on leaders, business analysis and scenario. *Who's who* service lines are:

- market and industry analyses;
- forecasts, strategies and scenario for the next years;
- biographies of the most representative people;
- profiles of institutions and companies;
- product or trademark information.

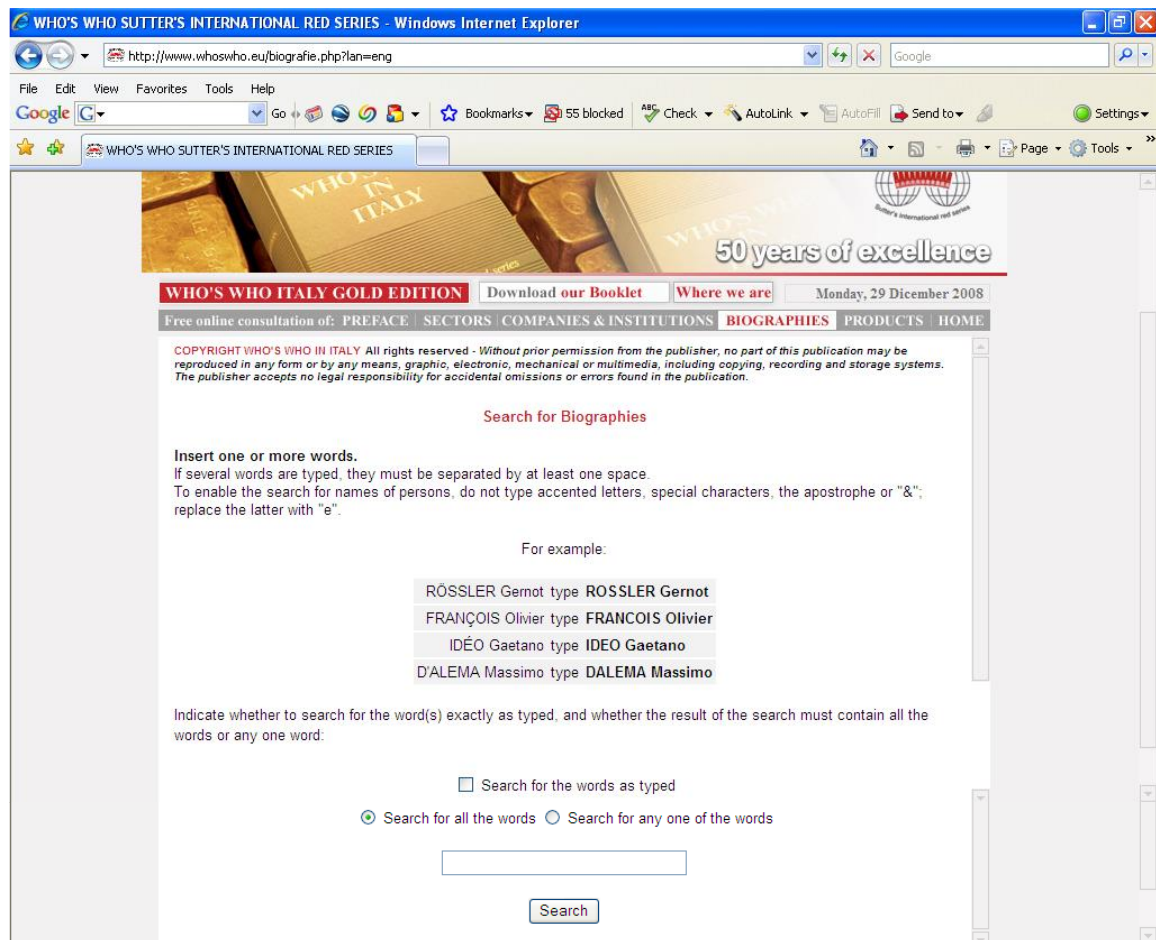
Regarding the biographies, the database provides the following information for the majority of the profiles (see figure 15 for an example of the output of the research in *who's who* in Italy):

- date and place of birth;
- current firm name, address, description;
- education: type of degree;
- career: previous firms' names and roles;
- other activities: boards members, professors, etc.;
- publications; awards

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<sup>68</sup><http://www.whoswho.eu> for Italy; <http://whoswho.fr> for France and <http://www.ukwhoswho.com> for United Kingdom.

Figure 15: Who's who web images





WHO'S WHO SUTTER'S INTERNATIONAL RED SERIES - Windows Internet Explorer

http://www.whoswho.eu/biografie.php?lan=eng

File Edit View Favorites Tools Help

Google C Go Bookmarks 55 blocked Check AutoLink AutoFill Send to Settings

WHO'S WHO SUTTER'S INTERNATIONAL RED SERIES

WHO'S WHO ITALY GOLD EDITION Download our Booklet Where we are Monday, 29 December 2008

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**SONO STATI TROVATI 1 ELEMENTI**

**FOUND 1 ELEMENTS**

- [PASSERA Corrado](#), (Dott.), bank executive

WHO'S WHO IN ITALY

**PASSERA Corrado**, (Dott.), bank executive

---

**born** Como, Dec. 30, 1954  
**marr.:** Cecilia Canepa  
**c.:** two  
**a.:** c/o Intesa Sanpaolo S.p.A., Piazza Paolo Ferrari 10, I-20121 Milano  
**tel.:** (+39) 0288441  
**educ.:** 1977, degree cum laude in business economics, Bocconi Univ. of Milan; 1980, MBA, Univ. of Philadelphia (USA)  
**car.:** 1980-85, senior engagement mgr. McKinsey & Co., Milan; 1985-88, with CIR S.p.A., Milan; 1988-90, COO of CIR S.p.A.; 1988-95, deputy chmn. Credito Romagnolo; 1990-91, COO of Arnoldo Mondadori Editore S.p.A., Milan; 1991-92, deputy chmn. and CEO of Gruppo Espresso - Repubblica, Rome; 1992-96, mng. dir. and co-CEO of Olivetti S.p.A., Ivrea; 1996-98, mng. dir. and CEO of Banco Ambrosiano Veneto; 1998-2002, mng. dir. Poste Italiane S.p.A.; 2002-06, mng. dir. and CEO of Banca Intesa S.p.A.; at present, dir. Crédit Agricole, Olimpia S.p.A., RCS MediaGroup S.p.A. and Bocconi Univ. of Milan; since Jan. 2007, mng. dir. and CEO Intesa Sanpaolo S.p.A. (merger of Banca Intesa and Sanpaolo IMI), Milan  
**aw.:** Knight of the Order of Labour Merit of the Italian Republic (2006); GEI Award (2008)  
**mem.:** dir. and mem. executive committee of Associazione Bancaria Italiana - ABI (Italian Banking Association); advisory board Scuola Normale Superiore, Pisa; general council Fondazione "Giorgio Cini", Venice; international advisory board Wharton School, Philadelphia.  
 See Survey: [Intesa Sanpaolo S.p.A.](#)

SOURCE: [www.whoswho.eu](http://www.whoswho.eu)

## 6.4. STATISTICAL METHODOLOGY

The data regarding CEOs was collected in March 2008, with two main objectives:

- track a profile of the CEOs of the most important Italian companies, from the point of view of demographic information, educational background information and work experience information.
- prove correlations between the speed at which a manager becomes CEO and some variables identified in our hypotheses.

In order to reach the two objectives above, the author has created a dataset inserting all the variables on SPSS (Statistical Package for Social Science), a computer program for descriptive and bivariate program.

The author has used different statistic calculations to achieve the two different objectives underlined above:

- for the profile:
  - *Arithmetic mean*<sup>69</sup>, expressed by percentage of frequencies, it describes the central location of the data (e.g. age 25 + 45 = 70; mean of the age is 70 / 2 = 35).
  - *Median*, that is the number separating the higher half of a sample from the lower half. The *median* of a finite list of numbers can be found by arranging all the observations from lowest value to highest value and picking the middle one (e.g. among 1,4,6,7,8 the median is 6). If there is an even number of observations, the median is not unique, so one often takes the mean of the two middle values. At most half the population have values less than the *median* and at most half have values greater than the median.
  - *Mode*, the value that occurs the most frequently in a data set. It could also be not a unique value (e.g. if it occurs that people studied in 6 cases economics and in 6 cases engineering, there are 2 modes).
  - *Standard deviation*<sup>70</sup>, the dispersion measure that offers information about the grouping of values around the average; it describes the spread to the central data, measuring how widely spread the values in a data set are.

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<sup>69</sup>The formula of the mean is simply called the "mean".

$$\bar{x} = \frac{1}{n} \cdot \sum_{i=1}^n x_i$$

- *Variance*<sup>71</sup>, a measure of statistical dispersion, averaging the squared distance of its eventual values from the expected value (mean). Whereas the mean is a way to describe the location of a distribution, the variance is a way to capture its scale or degree of being spread out. The unit of variance is the square of the unit of the original variable. The positive square root of the variance is the standard deviation; it has the same units as the original variable and can be easier to interpret for this reason.
- *minimum and maximum value.*
- for the hypotheses regarding the most effective career path:
  - *correlation analysis.* The calculation of the Bravais-Pearson correlation coefficient appears to be the most appropriate statistical measure, because it explains the relationship between two variables with a value ranging from 0 to 1. In probability theory and statistics, correlation, also defined by correlation coefficient,  $r$ , indicates the strength and direction of a linear relationship between two random variables. The best-known coefficient is the Bravais-Pearson product-moment correlation coefficient, which is obtained by dividing the covariance of the two variables by the product of their standard deviations<sup>72</sup>. To calculate some correlations, we need to

<sup>70</sup>The formula of the standard deviation is:  $\sigma = \sqrt{E((X - E(X))^2)} = \sqrt{E(X^2) - (E(X))^2}$ , where  $E(X)$  is the expected value of  $X$  (another word for the mean), often indicated with the Greek letter  $\mu$ .

<sup>71</sup>The formula of the variance is:  $\text{Var}(X) = E[(X - \mu)^2]$ , where  $\mu = E(X)$  is the expected value (mean)

<sup>72</sup>The correlation is defined only if both of the standard deviations are finite and both of them are nonzero. The correlation cannot exceed 1 in absolute value. The correlation is 1 in the case of an increasing linear relationship, -1 in the case of a decreasing linear relationship, and some value in between in all other cases, indicating the degree of linear dependence between the variables. The closer the coefficient is to either -1 or 1, the stronger the correlation between the variables. If the variables are independent then the correlation is 0, but the converse is not true because the correlation coefficient detects only linear dependencies between two variables.

$$\rho_{X,Y} = \frac{\text{cov}(X,Y)}{\sigma_X \sigma_Y} = \frac{E((X - \mu_X)(Y - \mu_Y))}{\sigma_X \sigma_Y};$$

$E$  is the expected value operator and cov means covariance. Since  $\mu_X = E(X)$ ,  $\sigma_X^2 = E(X^2) - E^2(X)$  and likewise for  $Y$ , we may also write:

$$\rho_{X,Y} = \frac{E(XY) - E(X)E(Y)}{\sqrt{E(X^2) - E^2(X)} \sqrt{E(Y^2) - E^2(Y)}}.$$

If we have a series of  $n$  measurements of  $X$  and  $Y$  written as  $x_i$  and  $y_i$  where  $i = 1, 2, \dots, n$ , then the Bravais-Pearson product-moment correlation coefficient can be used to estimate the correlation of  $X$  and  $Y$ . The Bravais-Pearson coefficient is also known as the "sample correlation coefficient". It is especially important if  $X$  and  $Y$  are both normally distributed. The Bravais-Pearson correlation coefficient is then the best estimate of the correlation of  $X$  and  $Y$ . The Bravais-Pearson correlation coefficient is written:

$$r_{xy} = \frac{\sum(x_i - \bar{x})(y_i - \bar{y})}{(n - 1)s_x s_y},$$

create dummy variables (also known as indicator variable or just dummy), which are those that takes the values 0 or 1 to indicate the absence or presence of some categorical effect that may be expected to shift the outcome. For example, we made used them with regard to functional experience, diving finance from all the others, or for typology of degree, dividing economics from all the others degree type.

- *two-tailed test*. In this test, a given statistical hypothesis will be rejected when the value of the statistic is either sufficiently small or sufficiently large. The test is named after the "tail" of data under the far left and far right of a bell-shaped normal data distribution or bell curve (see figure 16). However, the terminology is extended to tests relating to distributions other than normal<sup>73</sup>. In other words, if we assume the significance of a correlation is 0.20, this means that 20.0% of the values go in the two tails, therefore the correlation is not significant; in fact, it is accepted as significant when only 2.0% or 5.0% of the values go in the tails. The SPSS package already provides the significance of a correlation when calculating the correlation value itself.

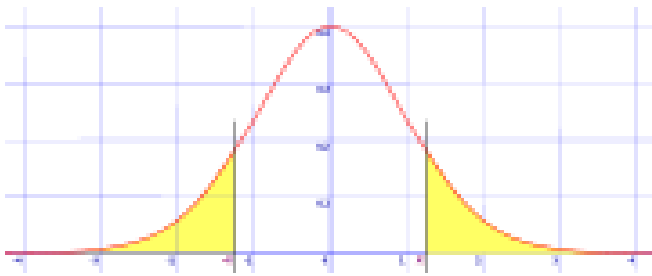
**Figure 16:** Normal (or bell) curve and two tails

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where  $\bar{x}$  and  $\bar{y}$  are the sample means of  $X$  and  $Y$ ,  $s_x$  and  $s_y$  are the sample standard deviations of  $X$  and  $Y$  and the sum is from  $i = 1$  to  $n$ . As with the population correlation, we may rewrite this as:

$$r_{xy} = \frac{n \sum x_i y_i - \sum x_i \sum y_i}{\sqrt{n \sum x_i^2 - (\sum x_i)^2} \sqrt{n \sum y_i^2 - (\sum y_i)^2}}$$

<sup>73</sup>In general a test is called two-sided or two-tailed if the null hypothesis is rejected for values of the test statistic falling into either tail of its sampling distribution, and it is called one-sided or one-tailed if the null hypothesis is rejected only for values of the test statistic falling into one specified tail of its sampling distribution. For example, if our alternative hypothesis is  $\mu \neq 42.5$ , rejecting the null hypothesis of  $\mu = 42.5$  for small or for large values of the sample mean, the test is called two-tailed or two-sided. If our alternative hypothesis is  $\mu > 1.4$ , rejecting the null hypothesis of  $\mu \leq 1.4$  only for large values of the sample mean, it is then called one-tailed or one-sided. If the distribution from which the samples are derived is considered to be normal, Gaussian, or bell-shaped, then the test is referred to as a one- or two-tailed T test. If the test is performed using the actual population mean and variance, rather than an estimate from a sample, it would be called a one- or two-tailed Z test. The statistical tables for Z and for t provide critical values for both one- and two-tailed tests. That is, they provide the critical values that cut off an entire alpha region at one or the other end of the sampling distribution as well as the critical values that cut off the 1/2 alpha regions at both ends of the sampling distribution.



SOURCE: webservice.

The author used different measures and scales for each variable (see table 13). It is worth reminding that the dependent variable is the speed to CEO, expressed by the age at which an executive becomes CEO the first time in his/her life, whereas all the other variables are the independent ones, meaning that they are the variables which affect, in our case, the speed to CEO: therefore, a variation in these variables provokes a variation in the age of CEO nomination. In other words, the dependent variables are those that are observed to change in response to the independent variables, which are, instead, those that are deliberately manipulated to invoke a change in the dependent variables. Moreover, due to the fact that the author used the first time CEO nomination's age to express the *speed* to CEO, the author has to multiply all the correlation values obtained for (-1), in order to consider the earliest age (in any case, the table shows the correlations value related to the speed with the sign already changed).

Before presenting the findings, the author wants to analyze and describe the Stock Exchange markets and the indices of each country, with a particular focus on S&P/MIB, CAC 40 and FTSE 100, to go further on in depth into the research.

## **7. THE STOCK EXCHANGE**

The Stock Exchange is a public trading place, a market place, where stocks, bonds or other securities (futures, options, etc) are bought and sold in a process governed by the forces of demand and supply. It allows a connection between who has capitals to invest (single people, families, big investors) and companies that, by contrast, need money in order to develop their business (they need funds to catch the new growth opportunities). Many successful companies decide to be listed on the Stock Exchange to support a new investment plan, or because of a generation hand-over: the choice can be an answer to these challenges and it represents a key choice for the future. Information technology has allowed negotiations and transitions to be done wherever the two parts are, without space constraints.

Buying shares means buying parts of a company. Every share has a nominal value and a market value (or effective price): the first one is done by the share capital divided by the number of shares, whereas the second one is the price negotiated by the two parts, on which they found an agreement. The price varies every day depending on investors' demand and supply.

Due to the fact that on the Stock Exchange the main financial tools are traded, it represents a fundamental proxy for the economy trend, because it shows perspectives of stability, growth or crisis of single companies. The most common indices (Mib, Dow Jones, Nikkei, etc) represent the average (in the different countries) of the price of each security in a certain time period, both at a general industry level and at a specific one. The Index, therefore, is an analytic tool that in one number only sums up the trend of the whole market or of a body of securities. There are share indices and bond indices and both can be simple or weighted according to the dimension of the company.

In the following pages, the author provides a description of the Stock Exchange and main indices in Italy, in France and in the United Kingdom, which are the countries analyzed in this empirical research.

## **7.1. THE ITALIAN STOCK EXCHANGE – Borsa Italiana Milano**

### **Piazza Affari**

Milan's Borsa di Commercio (Commodities Exchange) opened under a vice-royal decree on 16 January 1808 and it operated under public ownership until 1998. It was privatized when it was sold to a consortium of banks, and operated under a S.p.A. holding company since January 2<sup>nd</sup>, 1998. Thanks to this privatization, it has autonomy, operating flexibility and an entrepreneurial imprinting – its shareholders are companies and intermediaries, among which there are the main Italian banks. In October 2007 it was acquired by the London Stock Exchange.

Its building is in Milan in “midnight palace” in Piazza Affari (tr. Business Plaza), for this reason it is also called “Piazza Affari”. Considering its total capitalization, it is 13<sup>th</sup> in the world.

The main responsibilities of Borsa Italiana are:

- organize, manage and guarantee the function of financial markets;
- guarantee correct negotiations;
- define admission policies for companies and intermediaries;
- manage information of public companies;
- develop markets and maximize liquidity, transparency, competitiveness and efficiency.

Borsa Italiana organizes and manages the Italian stock market with the participation of nearly 130 domestic and international brokers who operate in Italy or from abroad through remote membership, using a completely electronic trading system for the real-time execution of trades. In addition, it performs organizational, commercial and promotional activities aimed at developing high value-added services for the financial community. Its work is controlled by Consob (Commissione Nazionale per le Società e la Borsa – National Commission for companies and stock exchange) and Banca d'Italia (the central bank of the Italian Republic).

50.0% of exchanges on Borsa Italiana are represented by foreign orders, through almost 40 foreign intermediaries. All companies traded on Borsa Italiana are present at the same time on other foreign stock exchange (so-called *double listing*).

Apart from managing financial markets, Borsa Italiana<sup>74</sup> also holds five services firms:

1. Bit system: it manages, maintains and develops information systems;
2. Piazza Affari Gestione & Servizi: it guarantees the facility and property management of the building;
3. Cassa di Compensazione e Garanzia: it guarantees that market integrity is the central counterpart during transactions;
4. Monte Titoli: it offers services as custody, administration and settlement for liquidity and it is automated;
5. Servizio Titoli: it offers software, outsourcing and consulting services regarding operating activities.

Since the foundation, the CEO of Borsa Italiana is Massimo Capuano, also President of MIF (Italian Market of uniform term contracts of government securities), an institute which manages regulated markets.

**Figure 17:** Logo of Borsa Italiana



SOURCE: Borsa Italiana website

### **7.1.1. The Italian markets**

The negotiation system managed by Borsa Italiana is composed by many markets:

- **MTA** (Mercato Telematico Azionario – Share market). It includes the trade of listed share securities and it is divided into different segments:

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<sup>74</sup>In 2006 the society has a net gain of 49,2 million euros and revenues for 146,2 million euros. The holding instead has a net gain of 63,4 million euros and revenues for 278,5 million euros.



- *Blue Chip*, for really big solid companies with high capitalization, whose purchase has few risks even if the market has losses. The term “blue chip” originated from the light-blue coin used in poker for the highest value. Here there are the S&P/MIB and Midex indices.
- *STAR segment* (Segmento Titoli con Alti Requisiti – Segment securities with high requirements) is for companies which have higher governance requirements than *Standard segment* in terms of information transparency (e.g. four three-monthly relations both in English and in Italian; nomination of an Investor Relations Manager), liquidity and company Board. It was founded in 2001 and today has more than 70 companies; it’s successful in Europe and all over the world. It is for medium-size firms highly liquid at a European level and with an exchange volume 30.0% higher than that of other European markets<sup>75</sup>. It is for companies that want to grow by investing in quality and maximizing listing benefits. To enter each market the firms must undergo the examination of economical and financial indicators, which have to be positive, in the last two years.
- *MTA International*, where to trade shares of companies already listed on other Stock Exchanges in the European Union
- *MTF* (Mercato Telematico Fondi), where to trade real estate or non-property asset funds of Investment Companies
- **Expandi**, characterized by companies with low capitalization. Expandi is the solution for companies that need new capitals in a short time (2-4 months necessary for listing). It is not necessary to change company bodies and to compile three-monthly balance sheets. This market is the cheapest at a European level.
- **IDEM** (Italian Derivatives Market), where to trade derivative tools as futures, minifutures, options regarding securities of the S&P/MIB Index.
- **SEDEX**, where to trade covered warrant, leverage certificates, certificates of the investment category.

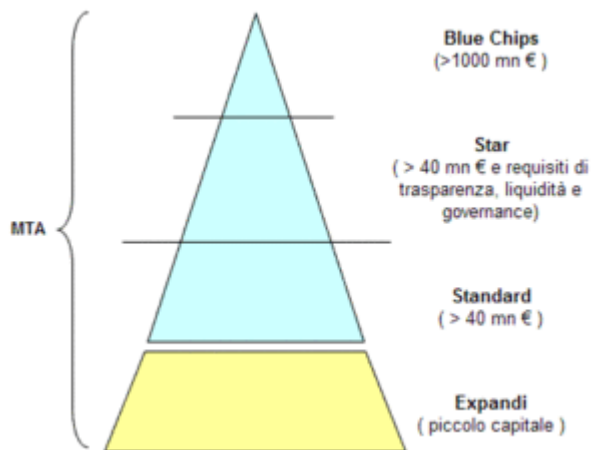
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<sup>75</sup>Do not confuse total dimension of stock exchanges with single share liquidity level. In fact, it is better to consider liquidity level that each share could attract comparing exchanges (on security or on market) with capitalization (of the firm or of the market). Borsa Italiana called this ratio *turnover velocity*, and it is 140%, higher than each other European Stock Exchange.

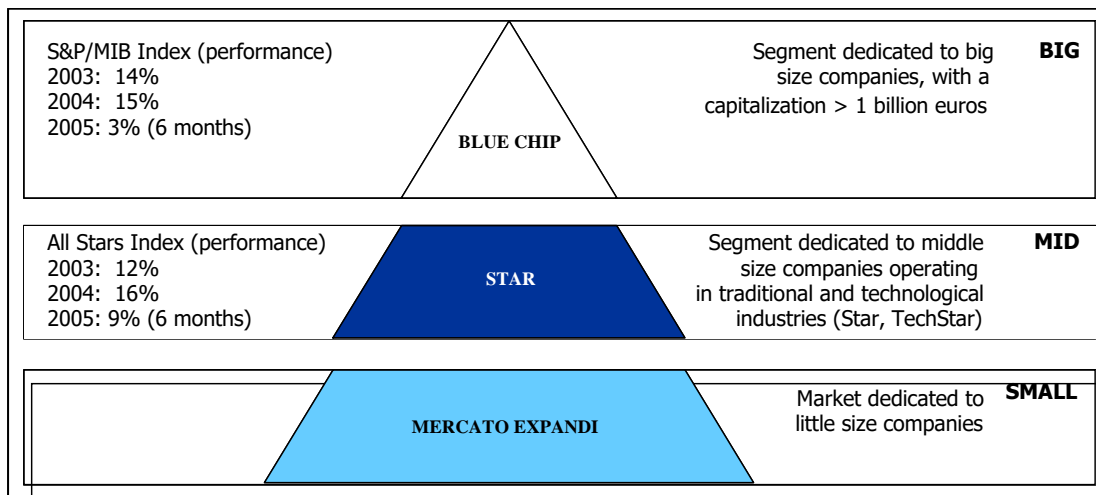
- **MOT** (Mercato Telematico delle obbligazioni e dei Titoli di Stato), where to negotiate State securities and bonds of local bodies, banks and corporate "plain vanilla", International bonds and asset backed securities. There are two segments here: *DomesticMOT and EuroMOT*
- **ETF Plus**, to negotiate financial tools that replicate the market trend, such as ETF (Exchange Traded Funds), ETC (Exchange Traded Commodities), structured ETF.

It is possible to identify 4 main share segments (markets) with different characteristics in terms of size of the companies, in order to better answer to particular needs of each firm (see figure 18): these are the Blue Chip, The Standard, The STAR and The Expandi segment. The Blue Chip collect biggest-size firms, whereas the Standard, STAR and Expandi segments represent the effort of Borsa Italiana to support SMEs (small and medium enterprises), in order to create a favourable environment for their development. Stock markets are, in fact, an accelerator of their growth in terms of dimension (size) and competitiveness.

**Figure 18:** Borsa Italiana Markets



<u>Segment</u>		<u>Expected Capitalization</u>
• <b><u>Blue Chip</u></b>	➔	• > 1 billion euros • big firms
• <b><u>Standard and STAR</u></b>	➔	• 40 million euros < cap. < 100 million euros • 100 million euros < cap. < 1 billion euros • middle dimension firms
• <b><u>Expandi</u></b>	➔	• < 40 million euros • small firms



SOURCE: Borsa Italiana – la quotazione

### 7.1.2. The listing in Borsa Italiana

The success of an IPO (Initial Public Offering) depends on a company's growth expectations and real perspectives of growth. For the listing of a firm, there are some important elements to consider, such as: competitive advantage and sustainable advantage; industrial performance and value creation in the past and in the future; need of a loan; standing and image of the firm; management quality; management transparency and stakeholder relationship; operation timing. There are different listing requirements for different markets.

At a general level, the steps for the listing process are:

1. presentation of the project by the management to the Board of Directors, in order to get their consensus;
2. call of extraordinary meeting by the management, in order to approve the capital increase;
3. meeting with Borsa Italiana and CONSOB:
  - a. the firm must present the admission request to Borsa Italiana, in order to obtain market admission in 60 days;

- b. the firm must present the information prospect, official information, balance sheets and necessary certification to CONSOB, in order to have the authorization.
4. designation of IPO consultants and sponsor; the latter is the quality and investment opportunity warrantor for the market;
5. definition of IPO aspects, like the investment level, the sale of shares, offer dimension, etc.;
6. deposit association constitution
7. bookbuilding – orders collection;
8. price definition;
9. negotiation start off and security stabilization.

Over the last two years, the listing had, on average, a cost of 3.0% – 4.5% of the total offering (less in the case of large companies), plus legal costs (between 450.000 and 1 million Euros), plus advertising and promotion campaigns.

There is a strong correlation between firm size and liquidity level, or exchange level created on the market. In general, it is possible to say that a small-medium sized firm exchanges between 30.0% and 40.0% of the value per year, whereas firms with a capitalization of between 1 and 3 billion Euros yearly exchange 60.0% of their value, and those with a capitalization of between 3 and 10 billion have an exchange growth of up to 80.0%. An exception are the STAR segment firms, which, with a capitalization of less than 1 billion, exchange 80.0% of the value.

### **7.1.3. The Italian indices**

The Italian Stock Exchange has different indices for listed firms:

- *S&P/MIB*: it is the primary benchmark for the Italian share market, including national companies with highest capitalization (see next paragraph for major details as the firms of our sample are listed here);
- *MIBTEL*: it is the reference to measure the trend of prices in the Italian market. It includes around 100 national companies and values are registered once per minute;

- *MIDEX*: it includes national and international companies with high liquidity, listed on blue-chip segment and not included in the S&P/MIB;
- *ALLSTARS and STARS*: it includes Small and Medium Enterprises (SME) with higher growth opportunity.
- *TechSTAR*: it includes all companies of STAR segment being part of technology industries.
- *MEX*: it includes all share of the Expandi segment (small companies).

The author details the characteristics of each index in table 14.

**Table 14:** Borsa Italiana Index and characteristics

Criteria	S&P/MIB	MIBTEL	MIDEX
<ul style="list-style-type: none"> <li>• <i>Number of companies (basket)</i></li> </ul>	<ul style="list-style-type: none"> <li>• 40</li> <li>• No fixed number, can vary after market conditions change</li> </ul>	<ul style="list-style-type: none"> <li>• Variable</li> </ul>	<ul style="list-style-type: none"> <li>• --</li> </ul>
<ul style="list-style-type: none"> <li>• <i>Constituents</i></li> </ul>	<ul style="list-style-type: none"> <li>• Firms quoted on MTA (Mercato Telematico Azionario), shares and New Market, included foreign companies</li> </ul>	<ul style="list-style-type: none"> <li>• National firms quoted on MTA, MTAX shares plus foreign companies on liquidity basis.</li> <li>• It follows MIB rules</li> </ul>	<ul style="list-style-type: none"> <li>• National and foreign companies quoted in the blue-chip segment (&gt;1mld) of the MTA and MTAX markets which are not included in the S&amp;P MIB index and evaluated on liquidity basis.</li> </ul>
<ul style="list-style-type: none"> <li>• <i>Index Type</i></li> </ul>	<ul style="list-style-type: none"> <li>• Price index</li> </ul>	<ul style="list-style-type: none"> <li>• Price index</li> </ul>	<ul style="list-style-type: none"> <li>• Price index</li> </ul>
<ul style="list-style-type: none"> <li>• <i>Diffusion timing</i></li> </ul>	<ul style="list-style-type: none"> <li>• Daily negotiation (9.05 – 17.31)</li> <li>• Calculated every 30 seconds on the base of prices of the last bargain.</li> </ul>	<ul style="list-style-type: none"> <li>• Daily negotiation (9.05 – 17.31)</li> <li>• Calculated every minute on the base of prices of the last bargain of each single component share.</li> </ul>	<ul style="list-style-type: none"> <li>• Daily negotiation (9.05 – 17.31)</li> <li>• Calculated every minute on the base of prices of the last bargain of each single component share.</li> </ul>
<ul style="list-style-type: none"> <li>• <i>Selection criteria</i></li> </ul>	<ul style="list-style-type: none"> <li>• Sectorial classification</li> <li>• Floating capitalization (35%)</li> <li>• Liquidity</li> </ul>	<ul style="list-style-type: none"> <li>• Full capitalization</li> </ul>	<ul style="list-style-type: none"> <li>• Floating capitalization (35%)</li> </ul>
<ul style="list-style-type: none"> <li>• <i>Ordinary Review</i></li> </ul>	<ul style="list-style-type: none"> <li>• 2 annual for constituents (March and September)</li> <li>• 4 annual for weights</li> </ul>	<ul style="list-style-type: none"> <li>• Annual (the last day of the year when Borsa Italiana is open) on shares base-number and on basic price of each component</li> </ul>	<ul style="list-style-type: none"> <li>• 2 annual for constituents (March and September)</li> <li>• 4 annual for weights (floating and share number variation)</li> </ul>
<ul style="list-style-type: none"> <li>• <i>Extraordinarily</i></li> </ul>	<ul style="list-style-type: none"> <li>• Weights after operations on capital (shares increase), floating</li> <li>• Constituents and weights after spin-off, mergers, new listing</li> </ul>	<ul style="list-style-type: none"> <li>• --</li> </ul>	<ul style="list-style-type: none"> <li>• Between 2 ordinary revisions</li> </ul>
<ul style="list-style-type: none"> <li>• <i>Operations on capital (variation on floating shares number, increase of social capital, extraordinarily dividends, liquidity loss)</i></li> </ul>	<ul style="list-style-type: none"> <li>• It is necessary to restore continuity on historical series, therefore there is an adjustment coefficient (K)</li> </ul>	<ul style="list-style-type: none"> <li>• In case of shares prices discontinuity, there is an adjustment coefficient (K)</li> </ul>	<ul style="list-style-type: none"> <li>• In case of shares prices discontinuity, extraordinarily dividends, there is an adjustment coefficient (K)</li> </ul>

<b>Criteria</b>	<b>ALLSTARS and STARS</b>	<b>TechSTAR</b>	<b>MEX</b>
<ul style="list-style-type: none"> <li>• <i>Number of companies (basket)</i></li> </ul>	• --	• --	• --
<ul style="list-style-type: none"> <li>• <i>Constituents</i></li> </ul>	<ul style="list-style-type: none"> <li>• Firms quoted on STAR (Segment with high requirements securities) of MTA (Mercato Telematico Azionario), and MTAX market plus foreign companies on liquidity basis.</li> </ul>	<ul style="list-style-type: none"> <li>• Sectorial Index similar to the STAR Index but in the technology sector</li> </ul>	<ul style="list-style-type: none"> <li>• Shares of the Expandi markets</li> </ul>
<ul style="list-style-type: none"> <li>• <i>Index Type</i></li> </ul>	<ul style="list-style-type: none"> <li>• Price weighty index</li> </ul>	• --	• --
<ul style="list-style-type: none"> <li>• <i>Diffusion timing</i></li> </ul>	<ul style="list-style-type: none"> <li>• STAR: daily negotiation (9.05 – 17.31) with a 1 minute range fixing based on last price. Calculated every minute on the base continuing negotiation of the star segment</li> <li>• ALLSTARS VWAP: calculated at the end of the bargain based on official prices (17.30)</li> </ul>	• --	<ul style="list-style-type: none"> <li>• Daily negotiation at the end of the bargains using the official prices of the components.</li> </ul>
<ul style="list-style-type: none"> <li>• <i>Selection criteria</i></li> </ul>	<ul style="list-style-type: none"> <li>• Floating capitalization</li> </ul>	• --	<ul style="list-style-type: none"> <li>• Plain capitalization base</li> </ul>
<ul style="list-style-type: none"> <li>• <i>Ordinary Review</i></li> </ul>	<ul style="list-style-type: none"> <li>• Floating variation and share number composing the basket are revised three-monthly</li> </ul>	• --	• --
<ul style="list-style-type: none"> <li>• <i>Extraordinarily</i></li> </ul>	• --	• --	• --
<ul style="list-style-type: none"> <li>• <i>Operations on capital (variation on floating shares number, increase of social capital, extraordinarily dividends, liquidity loss)</i></li> </ul>	<ul style="list-style-type: none"> <li>• In case of shares prices discontinuity, there is an adjustment coefficient (K)</li> </ul>	• --	• --

### 7.1.3.1. The S&P/MIB Index

The S&P/MIB Index is the most important Index of the Italian Stock Exchange (until 20<sup>th</sup> of September 2004 it was called MIB30, where MIB stands for Milano Indice Borsa, that is the Milan Index Stock Exchange). In fact, it is the primary benchmark for the Italian share market, capturing nearly 80.0% of the domestic market capitalization, and it is comprised of highly liquid and leading companies of the main sectors in Italy.

The Index is composed of the 40 most exchangeable listed firms on markets managed by Borsa Italiana; the number is not fixed, but it could vary after market condition changes, in order to have a correct market representation; the index could also include foreign companies, which have to comply with a strict information communication standard. It aims to replicate the sector representation of the whole Italian stock market. The index is derived from the universe of stock trading on Borsa Italiana exchanges; it was developed by Standard & Poor's and Borsa Italiana. In the partnership, both parts have advantages:

- Borsa Italiana should no more follow, manage and update technical information and obtained more visibility thanks to the strength of the Standard & Poor's name;
- Standard and Poor's can add the Italian index to all the other indices it has.

The Index ( $I$ ) is calculated with an aggregation method, based on weights that consider the market capitalization of companies whose shares belong to the basket (method “*value weighted*”). As such, the index level reflects the total market value of all shares composing it and referred to a particular period. Total market value, or capitalization, is determined for a company by the current share price multiplied by its total shares. A floating rate number is then used to represent the result of the calculation in order to make the value easier to use and control in time<sup>76</sup>.

The Index is calculated in Euros using:

- *bidding opening time*, for the first value of the index during the day (08:00-09:00).
- *continuous price* during the negotiation (price of the last trade – 09:05-17:25);

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<sup>76</sup>Index calculation with floating rate:  $I(t) = M(t) / D(t)$ , where:  $D(t)$  = value of Index Divisor in t period;  $M(t)$  = total stock exchange capitalization in t period;  $M(t) = \sum_i p_i(t) q_i(t) IWF_i$  ( $p$  is the last price,  $q$  shares number in the index,  $IWF$  is the stock exchange capitalization). There is also a S&P/MIB Total Return, which dividend (reinvested in old dates) is added to price variation in order to define total yield.  $d(t) = [\sum_i d_i(t)] / D(t)$ . The Total Return Index formula is:  $R(t) = [I(t) + D(t)] / I(t-1)$ . Where  $I$  is S&P index value,  $D$  the dividend value floated in t. Source: Borsa Italiana.



- *bidding closure time* for the last index value (17:25-17:30).

The selection criteria to introduce a new company are based on:

- *capitalization dimension – free floating shares*: the stock exchange capitalization, pondered for floating, is expressed by IWF – Investable Weight Factor (IWF = 100% - sum of percentage participations of main shareholders<sup>77</sup>);
- *15.0% capping (limit)*: since March 2007, there is a maximum limit of 15.0% (cap) applied to each S&P/MIB share higher than this threshold (weight is calculated in terms of market capitalization on total index capitalization). The excess weight is assigned in a proportional way to the other shares that respect the limit;
- *liquidity*: it is calculated considering the counter value of negotiated shares over the previous six months, turnover floating (at least 30.0% turnover ratio is required for index inclusion) and number of negotiation days. In other terms, it is expressed by the ratio of a stock's previous six month total value-traded to its float-adjusted market cap. An objective of the selection is also to select steady companies, minimizing turnover in the index;
- *sector representation*: selected securities listed in the index represent primary companies of main industries and main Italian economic sectors; the index in fact includes the most liquid and sector-representative stocks in the Italian market, following GICS classification (see later on). It could happen that not all sectors are represented in a certain period.

The use of these criteria serves to minimize index turnover by including companies with proven track records.

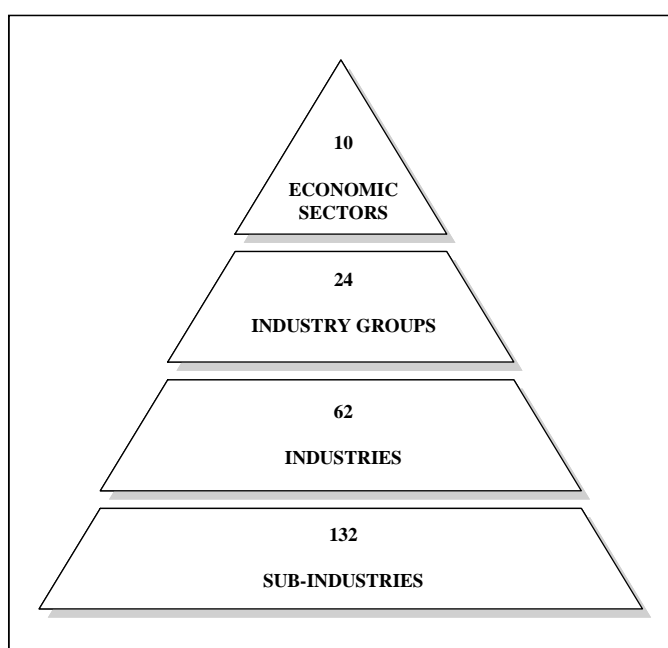
The S&P/MIB Index offers a complete representation of economical structure, classifying shares in 10 market sectors, following the ***GICS codification*** – Global Industry Classification Standard, active since 31 December 2001. It is an industry classification system created by Standard & Poor's and Morgan Stanley, with the objective of having a common and global definition; it reflects the financial performance of a company. The GICS methodology classifies a company

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<sup>77</sup>IWF is calculated by determining all long-term shareholders holding 5% or more of shares outstanding of the specific share class. Minimum 5% of current shares, as registered at CONSOB (the primary information source for Italian companies. National Committee for Companies and Stock Exchange. The CONSOB aims to protect investors and efficiency, transparency and development of security market). Source: Borsa Italiana.

according to its primary line of business as measured by revenues, earnings and/or the market perception of the stock. At the moment GICS includes more than 25.000 companies at an international level (a firm can belong to only 1 group for each level). It is composed of four levels (see Figure 19), whereas the old S&P 500 classification had only two levels (11 sectors and 115 industrial groups); the two added levels allow more personification and objectivity in portfolio building. Summing up, GICS is structured in 10 sectors, 24 industrial groups, 62 industries and 132 sub-industries.

**Figure 19:** GICS four levels classification



SOURCE: Author's personal elaboration

GICS allows financial investment research experts to make simple comparisons in the index at a regional and global industrial level. Firms are revised once per year. In detail, the GICS sector classification includes the following 10 economic sectors, is (see table 15 for a major division):

1. *Energy*: it includes firms working on building oil platforms, plants and seismic data, in research, production, marketing and/or transportation of oil or gas products.
2. *Materials*: it includes many manufacturing firms producing chemical products, building materials, glass, paper, packaging, metals and mineral firms.

3. *Industrials*: it includes firms producing investment goods such as aerospace and defence, the engineering and building industry, electronic plants, data elaboration, environment and office services, refuelling.
4. *Consumer Discretionary*: it includes firms that manufacture products which are sensitive to economic cycles, such as automobiles, textiles, clothing and leisure wear; restaurants, hotels, mass-media, consulting and retailers.
5. *Consumer Staples*: it includes producers and distributors of enduring goods, such as food, drink, tobacco, pharmaceutical and personal care.
6. *Health Care*: it includes two main groups, one of producers of sanitary plants and the other of research, development, production and marketing of pharmaceutical and biotechnological products.
7. *Financial products*: it includes firms working in bank activities, investment banking, intermediation, insurance, land loans, investment funds.
8. *Information Technology*: it includes software and hardware companies
9. *Telecommunication Services*: it includes firms offering services through fixed and mobile communication, wireless.
10. *Utilities*: it includes public services of electricity, gas, water.

Among different share types – common stocks, preferred shares or savings shares<sup>78</sup> – common shares are the first to be included in the S&P/MIB index.

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<sup>78</sup>COMMON STOCKS = They are ordinary shares, the most usual and commonly held form of stock in a corporation. Common stock typically has voting rights in corporate decision matters. In order of priority in the liquidation of a corporation, the owners of common stock are nearly last. PREFERRED SHARES = they have priority over common stock in the distribution of dividends and assets. Most preferred shares provide no voting rights in corporate decision matters. However, some preferred shares have special voting rights to approve certain extraordinary events (such as the issuance of new shares, or the approval of the company acquisition), or to elect a director. SAVINGS SHARE = they provide no voting rights in corporate decision matters, but they have a higher dividend. They are defensive securities, with lower risks compared to ordinary shares. Source: Borsa Italiana.

There is an *Index Committee*, whose members are from Borsa Italiana and Standard & Poor's, whose tasks are:

- to analyze and define index components;
- to guarantee the respect of methods rules;
- to continually supervise Index composition;

It is the only body responsible for decisions regarding methodology and rules relating to the index, striving to ensure that the index accurately measures the domestic Italian market, reflecting the risk and return characteristics of the all the sectors. It meets quarterly and on an as-needed basis; it makes periodic revisions of the Index in order to minimize the turnover among shares: three-monthly revisions regarding the number of companies and 2-yearly regarding components.

The Committee seeks to limit Index membership to those companies whose past financial performance indicates that the company is likely to remain financially viable.

In case of operations on capital, such as variation of number of floating shares, increase of social capital, extraordinary dividends, there is discontinuity on share prices, so it is necessary to restore continuity on historical series, therefore there is a coefficient of adjustment (K) calculated following financial equivalence rules, in order to have the index divisor equal in each basket component. Usually, a new security can enter the basket only when another one exits.

In case of spin-off, the Index Committee tries to preserve the sector representation, and could decide to maintain one of the two split companies in the Index, or, if the new ones don't have the required criteria of floating and liquidity, to insert a new one in the basket. In case of mergers, if both the companies were in the index before, the new one can stay; if the acquisition firm is not in the index, the Committee can decide to insert a new one.

Press communications have to be both in Italian and in English for each company. All changes to the S&P/MIB are announced to the public via press release.

In our research, the GICS sector classification has been used, in order to analyze the industries of the companies of the sample: with this aim, the author has adopted a unique classification, whereas, for example, the FTSE100 follows the ICB industry classification (Industry Classification Benchmark), that is quite the same of the GICS. Using only one type of classification allow us to have more uniformity.

**Table 15: GICS classification**

<b>SECTOR</b>	<b>INDUSTRY GROUPS</b>	<b>INDUSTRY</b>
1. Energy	• Energy	<ul style="list-style-type: none"> <li>• Energy equipment &amp; services</li> <li>• Oil, gas &amp; consumable fuels</li> </ul>
	• Materials	<ul style="list-style-type: none"> <li>• Chemicals</li> <li>• Construction materials</li> <li>• Containers &amp; packaging</li> <li>• Metals &amp; mining</li> <li>• Paper &amp; forest products</li> </ul>
3. Industrials	• Capital Goods	<ul style="list-style-type: none"> <li>• Aerospace &amp; Defense</li> <li>• Building Products</li> <li>• Construction &amp; Engineering</li> <li>• Electrical Equipment</li> <li>• Industrial Conglomerates</li> <li>• Machinery</li> <li>• Trading Companies &amp; Distributors</li> </ul>
	• Commercial Services & Suppliers	• Commercial Services & Suppliers
	• Transportation	<ul style="list-style-type: none"> <li>• Air Freight &amp; Logistics</li> <li>• Airlines</li> <li>• Marine</li> </ul>
	• Automobiles & Components	<ul style="list-style-type: none"> <li>• Automobiles &amp; Components</li> <li>• Automobiles</li> </ul>
	• Consumer Durables & Apparel	<ul style="list-style-type: none"> <li>• Household durables</li> <li>• Leisure equipment &amp; products</li> <li>• Textiles, apparel &amp; luxury goods</li> </ul>
4. Consumer Discretionary	• Consumer services	<ul style="list-style-type: none"> <li>• Hotels, restaurants &amp; leisure</li> <li>• Diversified consumer services</li> </ul>
	• Media	• Media
	• Retailing	<ul style="list-style-type: none"> <li>• Distributors</li> <li>• Internet &amp; Catalog Retail</li> <li>• Multiline Retail</li> </ul>

<b>SECTOR</b>	<b>INDUSTRY GROUPS</b>	<b>INDUSTRY</b>
<b>5. Consumer Staples</b>	<ul style="list-style-type: none"> <li>• Food &amp; staples retailing</li> <li>• Food, Beverage &amp; Tobacco</li> <li>• household &amp; personal products</li> </ul>	<ul style="list-style-type: none"> <li>• Food &amp; staple retailing</li> <li>• Beverages</li> <li>• Food products</li> <li>• Tobacco</li> <li>• Household products</li> <li>• Personal products</li> </ul>
<b>6. Health Care</b>	<ul style="list-style-type: none"> <li>• Health care equipment &amp; services</li> <li>• Pharmaceuticals, Biotechnology &amp; Life Sciences</li> </ul>	<ul style="list-style-type: none"> <li>• Health care equipment &amp; supplies</li> <li>• Health care providers &amp; services</li> <li>• Health care technology</li> <li>• Biotechnology</li> <li>• Pharmaceuticals</li> <li>• Life sciences tools &amp; services</li> </ul>
<b>7. Financials</b>	<ul style="list-style-type: none"> <li>• Banks</li> <li>• Diversified financials</li> <li>• Insurance</li> <li>• Real Estate</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial banks</li> <li>• Thrifts &amp; mortgage finance</li> <li>• Diversified financial services</li> <li>• Consumer finance</li> <li>• Capital markets</li> <li>• Insurance</li> <li>• Real estate</li> <li>• Real estate investment trusts (REITs)</li> <li>• Real estate management &amp; development</li> </ul>
<b>8. Information Technology</b>	<ul style="list-style-type: none"> <li>• Software &amp; services</li> <li>• Technology hardware &amp; equipment</li> <li>• Semiconductors &amp; semiconductor equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Internet software &amp; services</li> <li>• IT services</li> <li>• Software</li> <li>• Communications equipment</li> <li>• Computers &amp; peripherals</li> <li>• Electronic equipment &amp; instruments</li> <li>• Office electronics</li> <li>• Semiconductor equipment &amp; products</li> <li>• Semiconductors &amp; semiconductor equipment</li> </ul>

<b>SECTOR</b>	<b>INDUSTRY GROUPS</b>	<b>INDUSTRY</b>
9. Telecommunication Services	<ul style="list-style-type: none"> <li>• Telecommunication services</li> </ul>	<ul style="list-style-type: none"> <li>• Diversified telecommunication services</li> <li>• Wireless telecommunication services</li> </ul>
10. Utilities	<ul style="list-style-type: none"> <li>• utilities</li> </ul>	<ul style="list-style-type: none"> <li>• Electric utilities</li> <li>• Gas utilities</li> <li>• Multi-utilities</li> <li>• Water utilities</li> <li>• Independent power producers &amp; energy traders</li> </ul>

SOURCE: Author's personal elaboration

## 7.2. THE FRENCH STOCK EXCHANGE – Euronext Paris

The historical French Stock Exchange, born in 1724, is the Paris Bourse (“Bourse de Paris”), known as Euronext Paris from 2000. The Euronext group is the second largest stock exchange in Europe behind the London Stock Exchange. In 2002 the group merged with the Portuguese stock exchange Bolsa de Valores de Lisboa e Porto (BVLPA), renamed Euronext Lisbon. Then, in 2006 Euronext merged together with NYSE (New York Stock Exchange), the most important financial market with the highest liquidity, forming the NYSE Euronext, the "first global stock exchange".

Euronext is a pan-European stock exchange based in Paris and with subsidiaries in Belgium, France, Netherlands, Luxembourg, Portugal and the United Kingdom. In addition to equities and derivatives markets, the Euronext group provides clearing and information services. It was formed on 22th September 2000, in a merger of the Amsterdam Stock Exchange, Brussels Stock Exchange, and Paris Bourse, in order to take advantage of the harmonization of the European Union financial markets. In December 2001 Euronext acquired the shares of the London International Financial Futures and Options Exchange (LIFFE), which continues to operate under its own governance. Beginning in early 2003, all derivatives products traded on its affiliated exchanges trade on LIFFECONNECT, LIFFE's electronic trading platform.

Euronext has two main segments:

- NextEconomy, consisting of companies whose equities are traded continuously and are active in sectors such as information technology and biotechnology,
- NextPrime, consisting of companies in more traditional sectors that are traded continuously. Inclusion in the segments is voluntary.

Euronext manages two broad-based indices:

- The *Euronext 100 Index* is the blue chip index, comprised of the largest and most liquid stocks traded on Euronext. Each stock must trade more than 20 percent of its issued shares over the course of the rolling one year analysis period. The index is reviewed quarterly through a size and liquidity analysis of the investment universe. As of December 21, 2002, the stocks in the Euronext100 Index represent 80.0% (Euro 1.177 billion) of the total market capitalization of Euronext's investment universe (Euro 1.477 billion). Each stock in the index is given a sector classification.
- The *Next 150 Index* is a market capitalization index of the 150 next largest stocks, representing the large to mid capitalization segment of listed stocks at Euronext. The NextEconomy and NextPrime segments each have a price index and a total return index, weighted by market capitalization and excluding the shares listed in the Euronext 100 Index. The indices have a base date of December 31, 2001, with a starting level of 1000 points.

Euronext Paris operates the MATIF (Marché à Terme International de France), that is France's futures exchange, which trades futures and options on interest rate products and commodities. MATIF has been absorbed in the merger of the Paris Bourse with Euronext NV to form Euronext Paris. Derivatives formerly traded on the Matif and other members of Euronext are traded on LIFFE Connect, the electronic trading platform of the London International Financial Futures Exchange. LIFFE is an affiliate of Euronext. Euronext.liffe is the subsidiary of Euronext responsible for all options and futures contracts trading, formed by the merger of the derivatives activities of the various constituents of Euronext with LIFFE.

Euronext Paris also operates, for derivatives, the MONEP (marché des options négociables de Paris), which trades short-term and long-term stock options and futures and options on a family of Dow Jones indices. All products are traded electronically on the NSC system adopted by all of the Euronext members.



**Figure 20:** Logo of Euronext Paris



### **7.2.1. The French Markets**

The French equities market is divided into three sections, plus a fourth one nonregulated:

- **The Premier Marché**, formerly called the Official List, includes large French and foreign companies, and most Bond issues;
- **The Second Marché**, lists medium-sized companies
- **Nouveau Marché**, lists fast-growing start up companies seeking capital to finance expansion, linked to Euro.nm, the European equity growth market.
- **Marché Libre**, is nonregulated, administered by Euronext Paris for transactions in securities not listed in the other three markets.

### **7.2.2. The French indices**

Euronext Paris calculates a family of indices:

- *The CAC 40* is the exchange's benchmark, disseminated in real time (see next paragraph for major details as the firms of our sample are listed here);
- *The SBF 120 Index*, a benchmark for investment funds, including the companies of CAC 40.
- *The SBF 250 index*, a benchmark for the long-term performance of equity portfolios, includes all of the SBF 120; it is structured by sector.

- *The MIDCAC* index includes 100 of the most liquid medium-size stocks on the Premier Marché and Nouveau Marché calculated on the basis of opening and closing prices, while the Second Marché index focuses on that market.
- *The SBF-FCI* index is based on a selection of convertible bonds that represent at least 70 percent of the total capitalization of this market, calculated twice daily.

### 7.2.2.1. The CAC 40

The **CAC 40**, which takes its name from the Paris Bourse's early automation system Cotation Assistée en Continu (*Continuous Assisted Quotation*, and before this it was called Compagnie des Agents de Change), is a benchmark French (set on 1987) stock market index. The index represents a capitalization-weighted measure of the 40 most significant values among the 100 highest market caps of the Euronext Paris; the % of a company in the index can not be more than 15.0%. It is one of the main national indices of the pan-European stock exchange group Euronext. The CAC 40 index<sup>79</sup> composition is reviewed quarterly by an independent Index Steering Committee (*Conseil Scientifique*). If any changes are made, they take effect a minimum of two weeks after the review meeting. At each review date, the companies listed on Euronext Paris are ranked according to free float market capitalization and share turnover over the prior 12 months. Among the top 100 companies in this ranking, forty are chosen to enter the CAC 40 such that it is "a relevant benchmark for portfolio management" and "a suitable underlying asset for derivatives products". If a company has more than one class of shares traded on the exchange, only the most actively traded ones will be accepted into the index (generally this will be the ordinary share).

The CAC 40 is a market value-weighted index, a float-weighted index, meaning that the weightings of each of the index's components are determined by the value of shares outstanding to the public. This prevents a large company that only issues a small amount of its shares from having a disproportionate amount of influence on the index's value.

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<sup>79</sup>The Index value  $I$  of CAC 40 is calculated as follow:  $I_t = 1000 X (\sum_{i=1}^N Q_{i,t} F_{i,t} f_{i,t} C_{i,t}) / (K_t \sum_{i=1}^N Q_{i,0} C_{i,0})$  with  $t$  the day of calculation;  $N$  the number of constituent shares in the index (usually 40);  $Q_{i,t}$  the number of shares of company  $i$  on day  $t$ ;  $F_{i,t}$  the free float factor of share  $i$ ;  $f_{i,t}$  the capping factor of share  $i$  (exactly 1 for all companies not subject to the 15% cap);  $C_{i,t}$  the price of share  $i$  on day  $t$ ;  $Q_{i,0}$  the number of shares of company  $i$  on the index base date;  $C_{i,0}$  the price of equity  $i$  on the index base date; and  $K_t$  the "adjustment coefficient for base capitalization" on day  $t$  (reflecting the switch from the French franc to the Euro in 1999).

The number of issued shares (used to calculate the market cap and hence the index weight) of a company is reviewed quarterly, on the third Friday of March, June, September and December. Since December 2003, the weightings of companies in the index have been capped at 15.0% at each quarterly index review, but these range freely with share price subsequently. A capping factor is used to limit the weights to 15.0% (if necessary), and is reviewed annually by the Index Steering Committee on the third Friday of September.

The Index is calculated in Euros using:

- *bidding opening time*, for the first value of the index during the day (07:15-09:00).
- *continuous price* during the negotiation (price of the last trade – 09:05-17:30);
- *bidding closure time* for the last index value (17:35) and price of equilibrium.

Although the CAC 40 is almost exclusively composed of French-domiciled companies, about 45.0% of its listed shares are owned by foreign investors, more than any other main European index. German, Japanese, American and British investors are amongst the most significant holders of CAC 40 shares. This large percentage is due to the fact that CAC 40 companies are more international, or multinational, than any other European market. CAC 40 companies, in fact, carry out over two thirds of their business and employ over two thirds of their workforce outside France.

### **7.3. THE BRITISH STOCK EXCHANGE – London Stock Exchange**

The London Stock Exchange (LSE), founded in 1801, is one of the world's oldest and largest stock exchanges, with many overseas listings as well as British companies. Its current premises are situated in Paternoster Square close to St Paul's Cathedral in the City of London. In 2006 the NASDAQ tried to take over the LSE, but, in the end, the two parts did not find an agreement and one year after, the Nasdaq abandoned the plan.

In 2007 the London Stock Exchange acquired the Milan-based Borsa Italiana to create the London Stock Exchange Group plc. The combination was intended to diversify the LSE's product offering and customer base. The all-share deal diluted the stakes of existing LSE shareholders, with Borsa Italiana shareholders receiving new shares representing 28 per cent of the enlarged register. Following the merger with Borsa Italiana, the group is Europe's leading equities business, with 48.0% of the FTSEurofirst 100 by market capitalisation and with the most liquid order book by value and volume traded. In July 2008 the LSE and the Tokyo Stock

Exchange (TSE) announced a new joint venture Tokyo-based market, which will be based on the LSE's Alternative Investment Market (AIM). The major shareholders are now: Borse Dubai (20.6%), Qatar Investment Authority (15.1%), Kinetics (10.9%), Unicredit (5.9%), Intesa Sanpaolo (5.3%), Legal & General (3.0%).

The London Stock Exchange has four core areas:

- *Equity markets* - enables companies from around the world to raise the capital they need to grow.
- *Trading services* - a highly active and efficient market for trading in a wide range of securities, including U.K. and international equities, debt, covered warrants, exchange traded funds (ETFs), Exchange Traded Commodities (ETCs), reits, fixed interest, contracts for difference (CFDs) and depositary receipts. In the U.K. alone, over 600,000 trades a day are executed on the London Stock Exchange's markets for a total average value of £16 billion. Most of the trading is carried out by the Exchange's member firms – a global network of banks, stockbrokers and fund managers that trade for clients and on their own behalf.
- *Market data information* - The London Stock Exchange provides high-quality, real-time prices, news and other financial information to the global financial community. The fast provision of reliable information helps create the transparency and liquidity that is the hallmark of the LSE.
- *Derivatives* - The derivatives business is a pioneering diversification beyond core equity markets. A major contributor to international derivatives business is EDX London, created in 2003 to bring the cash equity and derivatives markets closer together. Members of EDX London trade futures and options on international exchanges through a common order book, making business easier and more cost effective.

The London Stock Exchange is really a global marketplace: around 350 companies in 54 different countries use a London listing to gain the profile and access to capital they need to grow into truly global companies. They are drawn by the quality of the markets, their depth of liquidity and the sophistication and long-term approach of the institutional investor community in London.

**Figure 21:** Logo of London Stock Exchange



### **7.3.1. The British Markets**

The Exchange enables companies from global giants to smaller enterprises around the world to raise the capital they need to grow, with a choice of four primary markets:

- ***Main Market***, is Europe's most prestigious and effective listings venue for established companies,
- ***Alternative Investment Market (AIM)***, is the world's leading small-cap growth market. Launched in 1995, it allows smaller companies to float shares with a more flexible regulatory system (and no requirements for capitalisation or number of shares issued) than is applicable to the Main Market. The independent FTSE Group maintains three indices for measuring the AIM, which are the FTSE AIM U.K. 50 Index, FTSE AIM 100 Index, and FTSE AIM All-Share Index.
- ***Professional Securities Market (PSM)***, for listed debt and depository receipt securities.
- ***Specialist Fund Market (SFM)***, dedicated to specialised investment entities.

Listing on these markets gives companies the opportunity to tap into one of the world's deepest and most liquid pools of capital.

### 7.3.2. The British indices

The London Stock Exchange calculates a family of indices:

- *FT 30* (FT Ordinary Index or FTOI - Never FTSE 30), is a now rarely used index that was conceived in 1935 and is similar to the DJIA (Dow Jones). It has then been superseded by the FTSE 100. The companies listed in the index are made up of those in the Industrial and Commercial sectors and exclude financial sector (banks, insurance, etc.) and government stocks.
- *FTSE 100*, a share index of the 100 most highly capitalized companies (see next paragraph for major details as the firms of our sample are listed here).
- *FTSE 250*, a capitalization-weighted index of the biggest 250 companies.
- *FTSE 350*, a market capitalization weighted stock market index incorporating the largest 350 companies by capitalization which have their primary listing on the LSE. It is a combination of the FTSE 100 Index of the largest 100 companies and the FTSE 250 Index of the next largest 250.
- *FTSE All-Share* (originally known as the FTSE Actuaries All Share Index), is a capitalization-weighted index, comprising around 800 of more than 2,000 companies (it is the aggregation of the FTSE 100 Index, FTSE 250 Index and FTSE SmallCap Index). It aims at representing at least 98.0% of the full capital value of all the U.K. companies that qualify as eligible for inclusion.
- *FTSE AIM U.K. 50*, introduced in 2005, is a market capitalization weighted stock market index incorporating the largest 50 U.K. companies by capitalization which have their primary listing on the Alternative Investment Market.
- *FTSE AIM 100* is an index of the top 100 companies on the AIM, weighted by market capitalization. It comprises a range of businesses ranging from young, venture capital-backed start-ups to well-established, mature organizations looking to expand. AIM 100 companies are required to meet various eligibility criteria. The index may contain companies that are also included in the FTSE AIM U.K. 50 Index.
- *FTSE AIM All-Share* was revised from the previous FTSE AIM Index in 2005, and is a stock market index consisting of all companies quoted on the Alternative Investment Market which meet the requirements for liquidity and free float.

- *FTSE techMARK 100* is an index derived from the FTSE techMARK All-Share Index, which represents the performance of innovative and technology companies that are listed on the London Stock Exchange's "techMARK" market
- *FTSE SmallCap* consists of companies outside of the FTSE 350 Index (The 350 largest companies in the U.K.) and represents approximately 2.0% of the U.K. market capitalization.

### **7.3.2.1 The FTSE 100**

The FTSE 100 Index is a share index representing the performance of the 100 largest and most highly capitalized British companies, which pass screening for size and liquidity. It began on 3<sup>th</sup> January 1984 and it is maintained by the FTSE Group, an independent company which originated as a joint venture between the Financial Times and the London Stock Exchange. The FTSE 100 reflects the state of the U.K. stock market.

FTSE 100 companies represent about 90.0% of the market capitalization of the whole London Stock Exchange. Even though the FTSE ALL-Share Index is more comprehensive, the FTSE 100 is by far the most widely used U.K. stock market indicator. The constituents of the index are reviewed quarterly (in March, June, September and December), to ensure that the index reflects the market. Trading last from 08.00-16.29, when the closing auctions starts, and closing values are taken at 16.35.

The index is an invaluable tool, which provides a basis for investment products, including derivatives as well as exchange traded hedge funds. Now, in fact, the FTSE 100 is not only regarded as true reflection of the U.K. stock market, but used as a base for several financial products.

## 8. RESULTS OF THE EMPIRICAL RESEARCH

In this chapter the most important evidences of the research are presented, in terms of CEOs' profiles and the most effective career path, expressed by the identification of drivers that could speed up an executive towards the CEO position (where speed is conceived in terms of the earliest age). The author will provide results both for the general sample and for single country (Italy, French and United Kingdom).

### 8.1. PROFILE IDENTIFICATION

#### 8.1.1. Demographic information

**Gender:** The first consideration which deserves attention is the gender: in the all sample of 120 CEOs there are only two women: one in France and one in the U.K., whereas Italian top management is characterized by men only (see figure 22).

As seen in the literature section, even if we are in the globalization and digitalization era, it still seems to exist prejudices on the leading role of companies, such as the old beliefs that men are more qualified than women for leadership roles, mainly due to the conviction that women are assumed to be unable or unwilling to use the masculine behaviour considered essential for effective leadership (Rojahn and Willemsem<sup>80</sup>, 1994).

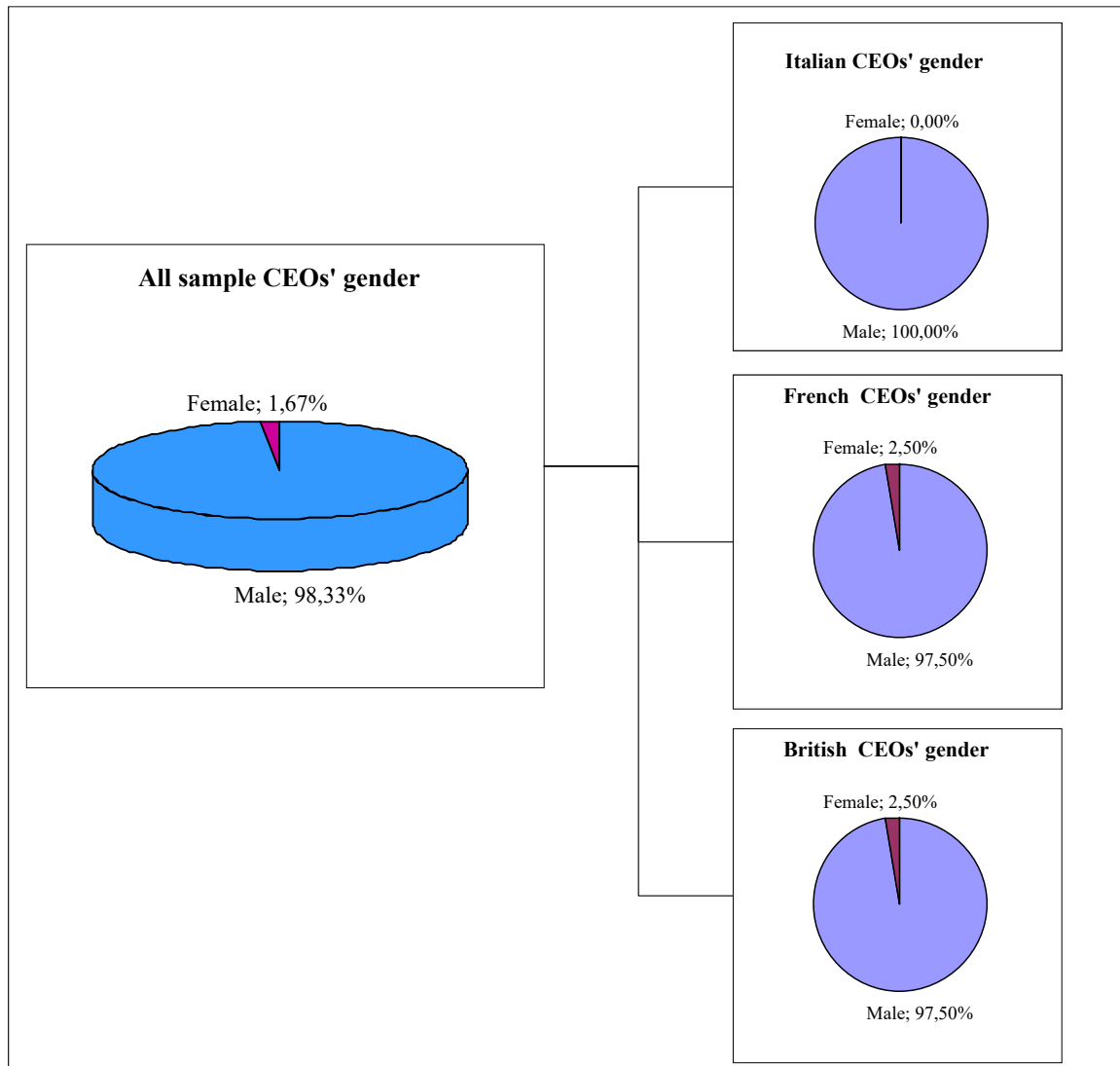
**Age:** The average age of the sample is 54 (55 in Italy and France, 52 in the U.K.), with a minimum value of 36 (James Murdoch, British Sky Broadcasting Group, U.K.) and a maximum of 74 (Enrico Bondi of Parmalat, Italy). The standard deviation is 7.07; this is a measure which explains how the sample members values are dispersed around the average. In terms of distribution, 20.0% of CEOs have an age comprised between 46 and 50 years old, 25.0% between 51 and 55 and 25.0% between 55 and 60, 10.0% is under 45 and 20% is over 60 years old. There are no big differences among countries in terms of age ranges, but it is possible to say that in Britain CEOs are more concentrated between 46 and 65 (apart for two exceptions), whereas in France and Italy CEOs are older (until 74 years old). (See figure 23-24-25 and attachment at the end for major details per Country).

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<sup>80</sup>ROJAHN K.M. and WILLESEM T. (1994), *The evaluation of effectiveness and likability of gender-role congruent and gender-role incongruent leaders*, Sex Rolez, 30.

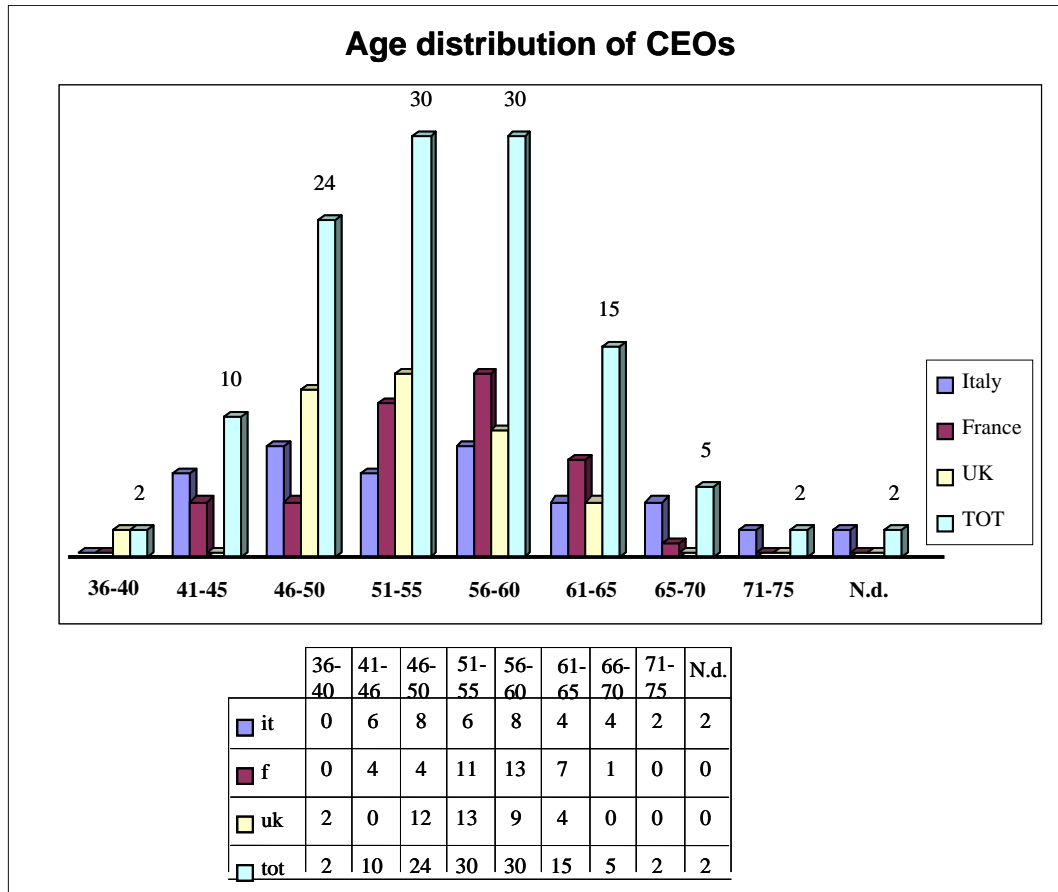


**Figure 22: CEOs' gender**



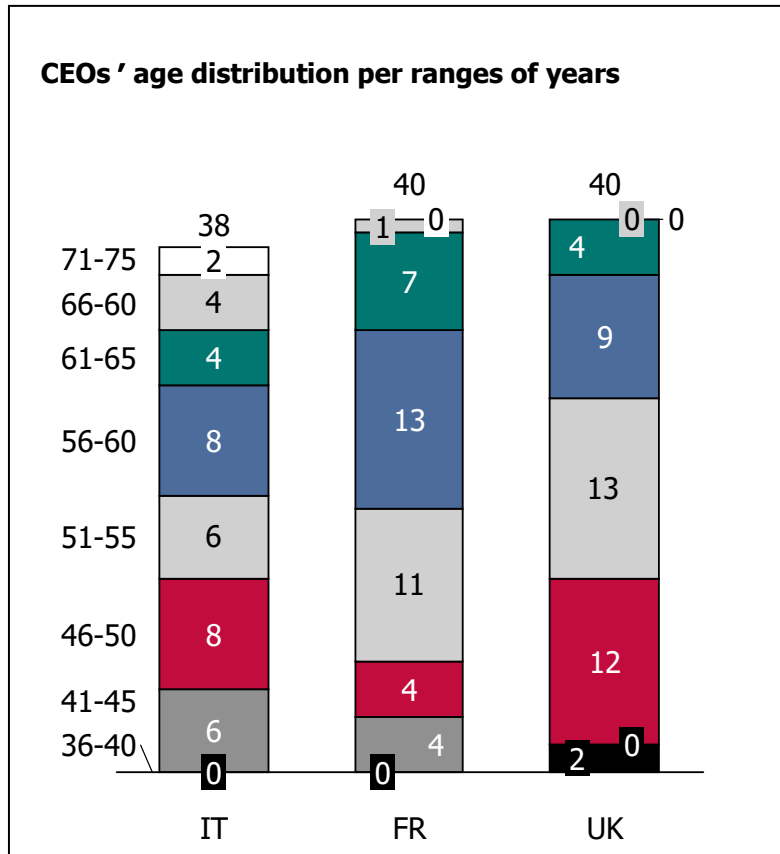
SOURCE: Author's personal elaboration.

**Figure 23:** Age distribution of CEOs in the sample



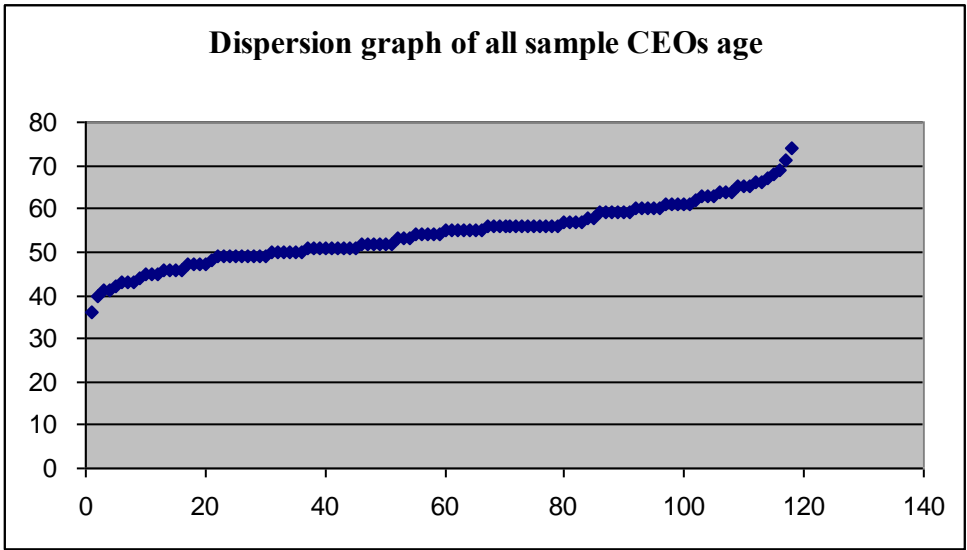
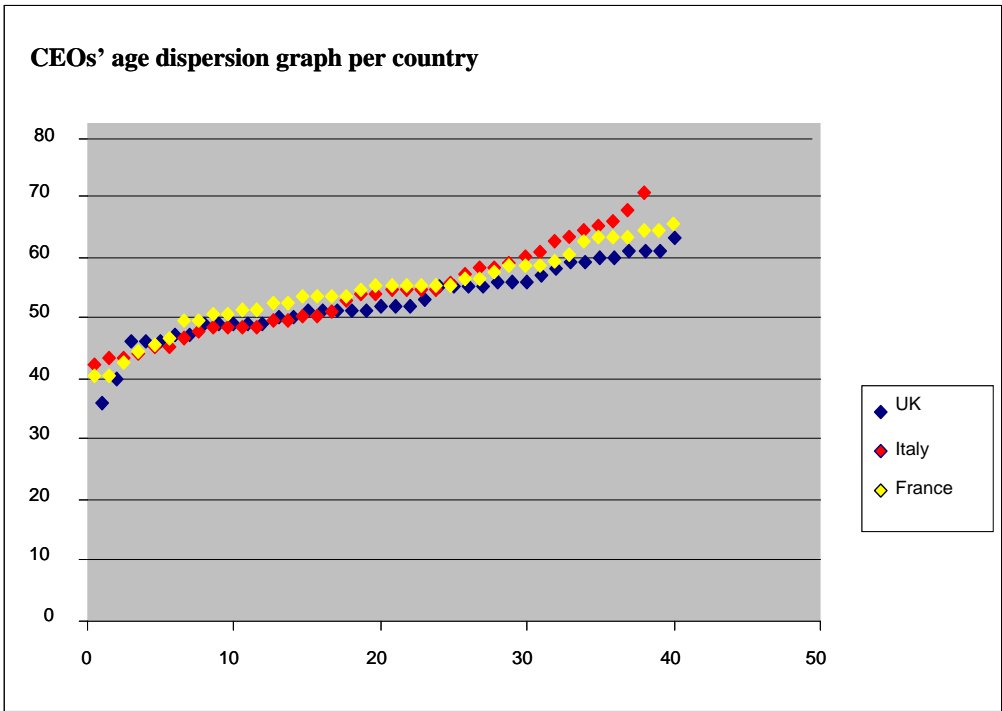
SOURCE: Author's personal elaboration

**Figure 24:** Stacked graph of CEOs' age distribution per ranges of years



SOURCE: Author's personal elaboration

**Figure 25:** Dispersion graph of CEOs' age

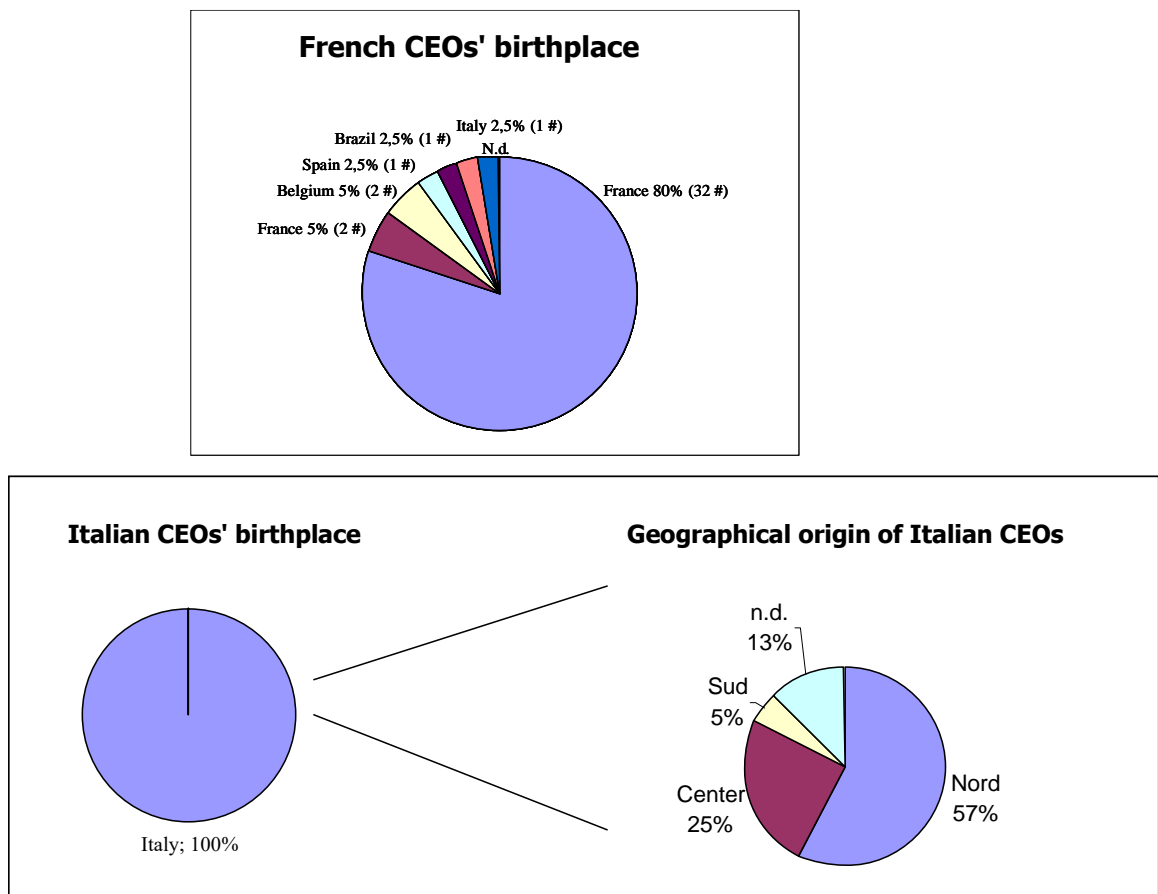


SOURCE: Author's personal elaboration

**Birthplace.** Considering the Country and Region where CEOs are born, it is interesting to notice that Italian CEOs are all born in Italy (57.0% came from the north – mainly from Milan –, 25.0%

from the center and 5.0% from the south of the country), whereas 80.0% of French CEOs are born in France, the others coming from the rest of Europe (except from one coming from Brazil). With regard to the U.K. this information is not provided for everyone, but in the case of those companies for which data is available (50.0% of the U.K. sample), it is possible to see that CEOs are coming from all over the world (U.S., NL, U.K., F, I, Africa). It emerges clearly that culture is different across countries and Anglo-Saxon world is more open to cross cultural management compared to Italy, whereas France is in the middle of the two extreme positions.

**Figure 26: CEOs' birthplace**



SOURCE: Author's personal elaboration

**Wedding.** We found out that 19 Italian CEOs are married, as well as 28 French CEOs and 30 British CEOs; unfortunately, for the others there was not this kind of personal information,

therefore we do not know if they are actually married or not, because they do not provide the information. However, in each country around or more than 50.0% of the sample is married, which expresses the important role family still plays, also in terms of image, in European countries.

**Children.** There are 21 missing values in Italy, 15 in France and 10 in the U.K., therefore we can not provide a real picture regarding this information. For those of which we have the information, an average family is composed by 2 or 3 children.

**Publications.** Only 7 CEOs out of 120, equals to 5.8% (5 in Italy, 2 in France, 0 in the U.K.) have published some articles or books. This little percentage allows us to think that only few of them are considered “opinion leaders” and that this variable is not related at all with the managerial career.

**Awards:** 42 CEOs out of 120 (35.0%) obtained an award during their career (9 in Italy, 23 in France and 10 in the U.K.), expressed<sup>81</sup> by the nomination as Knight of the order of labour merit of the Republic (or British Empire), a degree honoris causa in their field, a nomination to the Legion d’honneur or an award as Man of the Year. In particular, in France no-one has received a honoris causa degree, whereas here it is really appreciated to be a knight of the labour or to be part of the legion d’honneur (respectively 14 and 18 CEOs in France, compared to 6 and 2 in Italy and 2 and 4 in the U.K.). This evidence can be an expression of the importance of social charges and social-life commitment in France, and this may derive from the high number of political education received (see the educational background section).

**Hobbies:** this kind of information is not always relevant in curricula vitae, in fact we only have 31 CEOs preferences out of 120. Among the 31, the most quoted their favourite sports are skiing, tennis and golf. It is possible to highlight some differences related to culture, such as the fact that in Britain cricket and shooting are very appreciated, whereas in Italy the preferred hobby is football.

**Table 16:** CEOs preferred hobbies

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<sup>81</sup>42 CEOs out of 120 as global data, but each CEO can have more than a type of award.

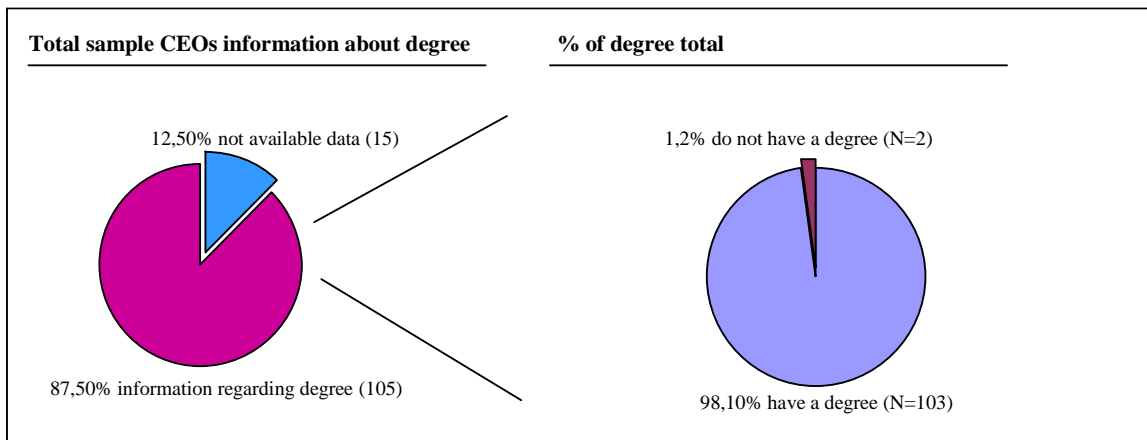
<b>HOBBIES</b>	<b>IT</b>	<b>FR</b>	<b>UK</b>	<b>TOT</b>	
	<i>36 n.d.</i> 4 yes	<i>19 n.d.</i> 11 yes	<i>24 n.d.</i> 16 yes	<i>79 n.d.</i> 31 yes	
Skiing		4	13	1	18
Tennis		0	12	2	14
Golf		1	3	7	11
Sailing/Yachting		1	1	3	5
Football		1	1	3	5
Photo		0	1	3	4
Volleyball		0	4	0	4
Cricket		0	0	4	4
Reading		2	0	1	3
Rugby		0	0	3	3
Shooting		0	0	3	3
Biking		1	0	1	2
Chass		0	2	0	2
Horses		0	2	0	2
Fishing		0	1	1	2
Swimming		0	2	0	2
Music		0	0	2	2
History/Literature		0	0	2	2
Cinema		0	1	0	1
Opera		0	1	0	1
Piano		0	1	0	1
Pilot turistic flights		0	1	0	1
Boxe		0	1	0	1
Diving		0	0	1	1
Theatre		0	0	1	1
Walking		0	0	1	1
Squash		0	0	1	1

SOURCE: Author's personal elaboration.

## 8.1.2. Educational background information

**Degree.** There is a degree information for 105 CEOs out of 120 (87.5%): among these, 103 have a degree, equal to 98.0% of the sample, missing values excluded: in fact, only 2 French CEOs declare not to have a degree (Bouygues and Ricard). We gathered degree information for 37 Italian CEOs (92.7% of the sub-sample), 39 French (97.5%) and 29 British (73.0%): we can not assume that for those of which we do not have the information that this means they do not have a degree. Therefore, the author has decided to comment only the 103 observations we have.

**Figure 27:** Degree information for total sample degree (N=105)



SOURCE: Author's personal elaboration

If we analyze the single countries, we have to consider that the scholastic systems vary according to the different countries, in terms of number of years and type of school. It is worth spending a few words on this.

Education system in Italy: the secondary school in Italy is divided between “*medie inferiori*” and “*medie superiori*”.

- There are several types of secondary schools, mainly classified in lyceum (classic, scientific, artistic, and linguistic), professional institutes and technical institutes. Every secondary school that last 5 years grants access to the final exam (“*maturità*”), which allows students to go to University. A typical Italian student is 19 when he/she enters university, whereas in the U.K. and in the other countries 18 is the most common age.



- The majority of Italian universities are public and usually named after the city or region in which they are located. There are also a small number of private-funded universities (e.g. Luigi Bocconi). Nowadays Italian universities follow the guidelines of the Bologna Process<sup>82</sup> and the courses are divided in two: *laurea triennale* (3 years, roughly equivalent to a bachelor's degree) and the *laurea specialistica/magistrale* (3+2 years, roughly equivalent to a master's degree). However, stopping at the BA level is viewed as a poor choice and the majority of students go on with their studies. The university system in Italy is closer to that of the United Kingdom: students concentrate on one subject throughout their degree.

Education system in France: secondary education in France is predominantly public, while higher education has both public and private elements.

- Secondary education is divided into *college* and *lycee*, which are completed with a *Baccalauréat* (main diploma required to enter university) generally at the age of 18. The general *Baccalauréat* has three streams of study: scientific, economics-social and literature.
- Higher education is divided into *Grandes Écoles* and universities, being the first ones considered more prestigious than the others.
  - The *Grandes Écoles* of France are higher education establishments outside the mainstream framework of the public universities. They are generally focused on a single subject area, such as engineering or business. Among *Grandes Écoles*, École Polytechnique is considered most prestigious among Engineering Schools, whereas HEC (*Hautes Études Commerciales*), ESSEC (*École supérieure des sciences économiques et commerciales*) and ESCP-EAP (*European School of Management*) are considered most prestigious among Business Schools. Compared to the other countries, French higher schools are characterized by small size, high number of establishments and the fact that large share of scientific research is not carried out by universities, but by other research institute. The selection criteria of *Grandes écoles* are mainly based on competitive written and oral exams and the *classes préparatoires aux grandes écoles* are prep courses which train students for enrollment in a *Gandes École* and they last 2 years.

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<sup>82</sup>The Bologna Process aims at creating European standards for university studies, mostly a similar time-frame everywhere, with three years devoted to Bachelor's degree, two for the Master's and three for the doctorate.

- The public universities in France are named after the big cities near which they are located, followed by a numeral if they are several. The French system is currently undergoing the reform of the Bologna Process. Public universities have an obligation to accept all candidates of the same region who hold a *Baccalauréat*.

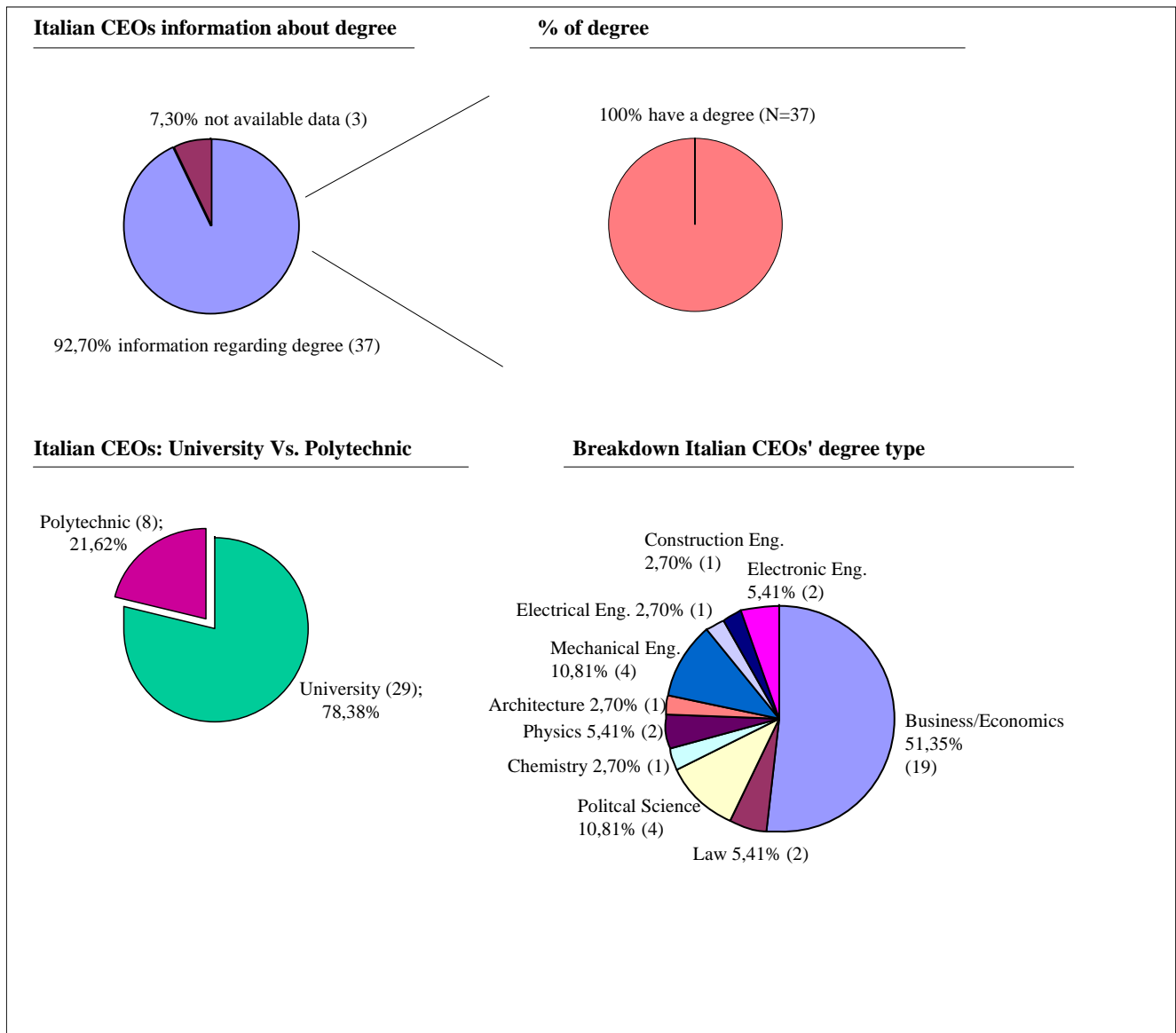
Education system in the U.K.: education in the United Kingdom is organized separately in each of the regions (Scotland, Wales, England, Northern Ireland). Regarding University, people enters it at the age of 18 and usually attends a three years course to earn a bachelor's degree. English universities specialize on specific subjects throughout the entire degree. The Oxbridge universities (Oxford and Cambridge) are among the world's oldest universities and rank at or near the top of all the British universities.

Coming back to the statistical results, in the case of Italy, the author found out that among the 37 Italian CEOs with a degree (3 not available information), 29 attended University (78.4%) and 8 Polytechnic (21.6%). Looking at the breakdown, out of the 29 who attended University, 19 chose economics. We also know that most of them (27.0%) studied in Milano Bocconi or Rome La Sapienza; only one Italian CEO attended school abroad (Sergio Marchionne, Fiat, in Toronto, but, actually, he is Italo-Canadian).

Regarding France, 37 CEOs out of 39 have a degree (94.87%), and if we look at the breakdown, 17 attended Polytechnic (45.95%), 6 HEC (business and economics, 16.22%), 1 ESSEC (2.70%), 3 IEP (Institut d'études politiques), 2 Political Science (5.41%), 1 law (2.70%) and 7 business and economics at public university (18.92%). Only 3 French CEOs attended university outside of France (Patricia Russo, Alcatel, in the U.S.A, where she came from; Franck Riboud, Danone, in Suisse and Carlo Bozotti, STMicroelectronics in Italy).

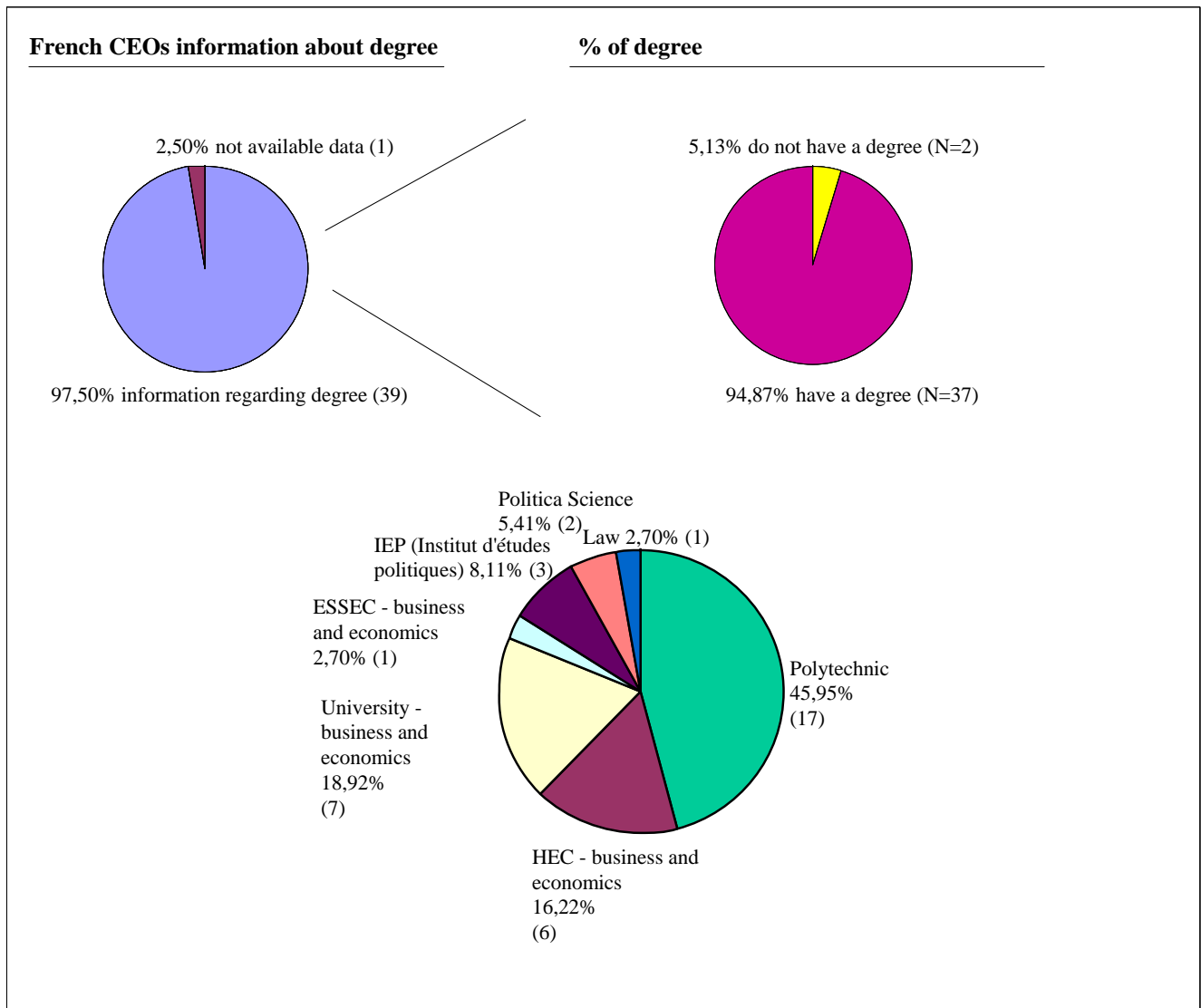
Regarding the United Kingdom, out of all the 29 CEOs for which the information is available, all of them have a degree: 11 (37.93%) attended Polytechnic and 18 University (62.07%), the most attended faculties being business and economics and law. It is interesting to remark that 13 of these CEOs attended university outside the U.K. (Italy, France, Netherland, South Africa, U.S), a figure that demonstrates the higher internationalization of the British companies compared to the French and the Italian ones.

**Figure 28: Degree of Italian CEOs**



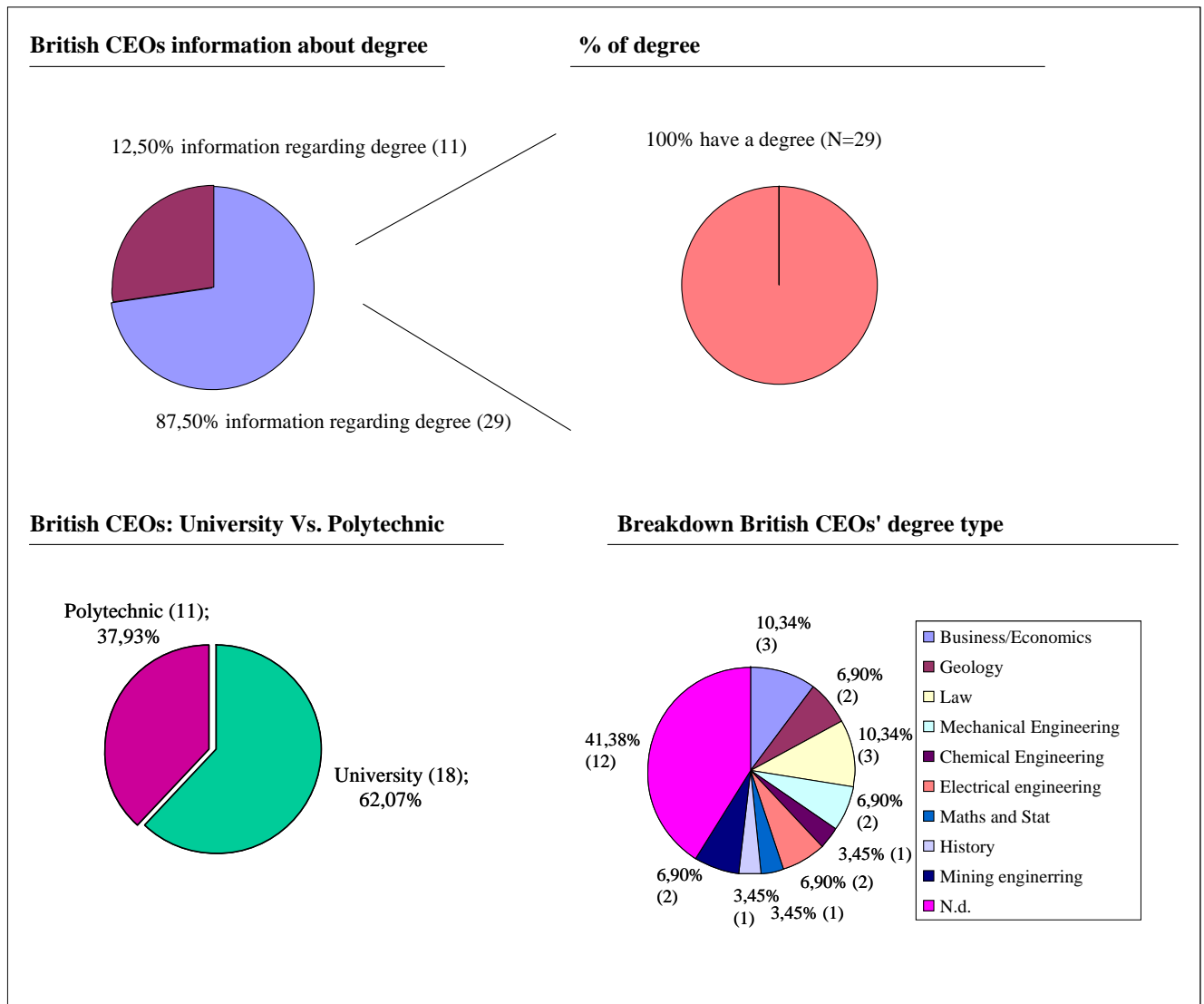
SOURCE: Author's personal elaboration

**Figure 29: Degree of French CEOs**



SOURCE: Author's personal elaboration

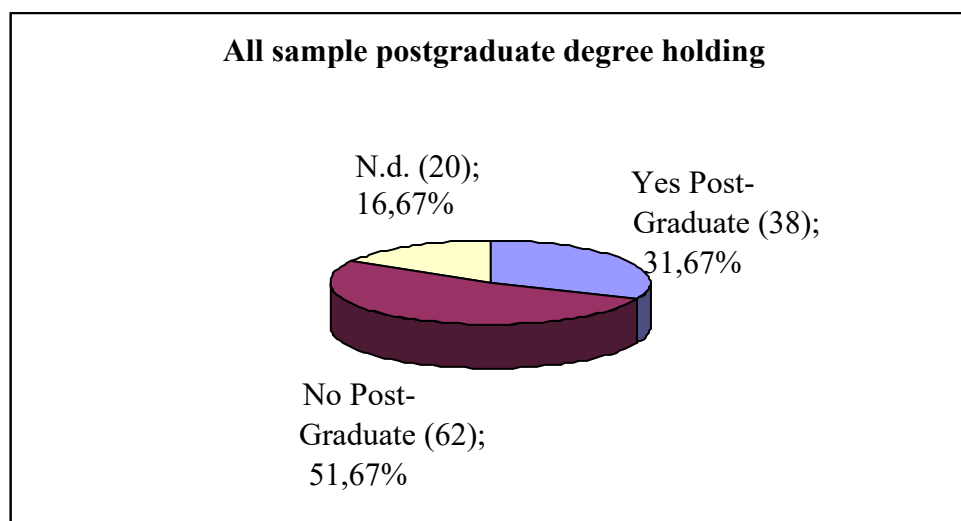
**Figure 30: Degree of British CEOs**



SOURCE: Author's personal elaboration

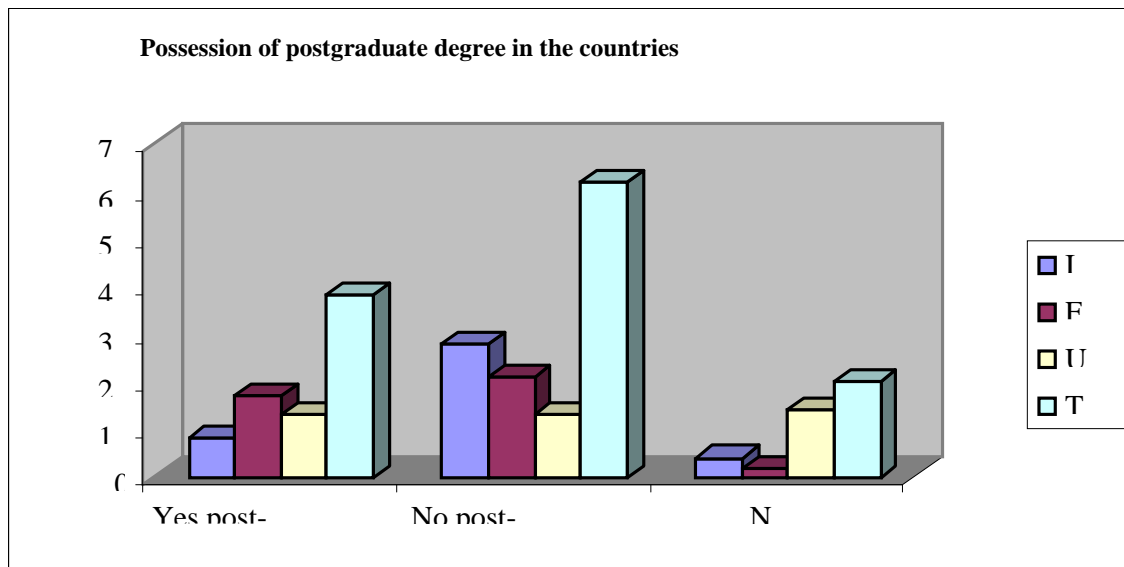
**Post-graduate degree.** Nowadays, holding a postgraduate degree implies having a diversified knowledge and cross-cultural vision; therefore, it is becoming increasingly important. We saw that 51.67% of the sample does not have it (62 CEOs out of 120), with 20 missing values (16.67%), whereas 31.67%, equal to 38 CEOs, attended a post-graduate course. In particular, 13 have an MBA (10.83%), 7 a PhD (5.83%), 6 a specialized master (5.00%), 3 a master in economics and management (2.50%) and 9 attended ENA (7.50%). The author decided to consider ENA as a single section, because the *École Nationale d'Administration* is one of the most prestigious French school and provides access to high-level positions in public administration and within the State; it gives the opportunity to be recruited as aides by government ministers and other politicians, making it easier to start a political career. Regarding Ph.D., it is more widespread in the U.K., as this country, due to cultural reasons, is more sensitive to doctorate and has recognized its importance since long time ago, whereas in France and Italy it is emerging in the last years only.

**Figure 31:** Postgraduate degree possession of all CEOs



SOURCE: Author's personal elaboration.

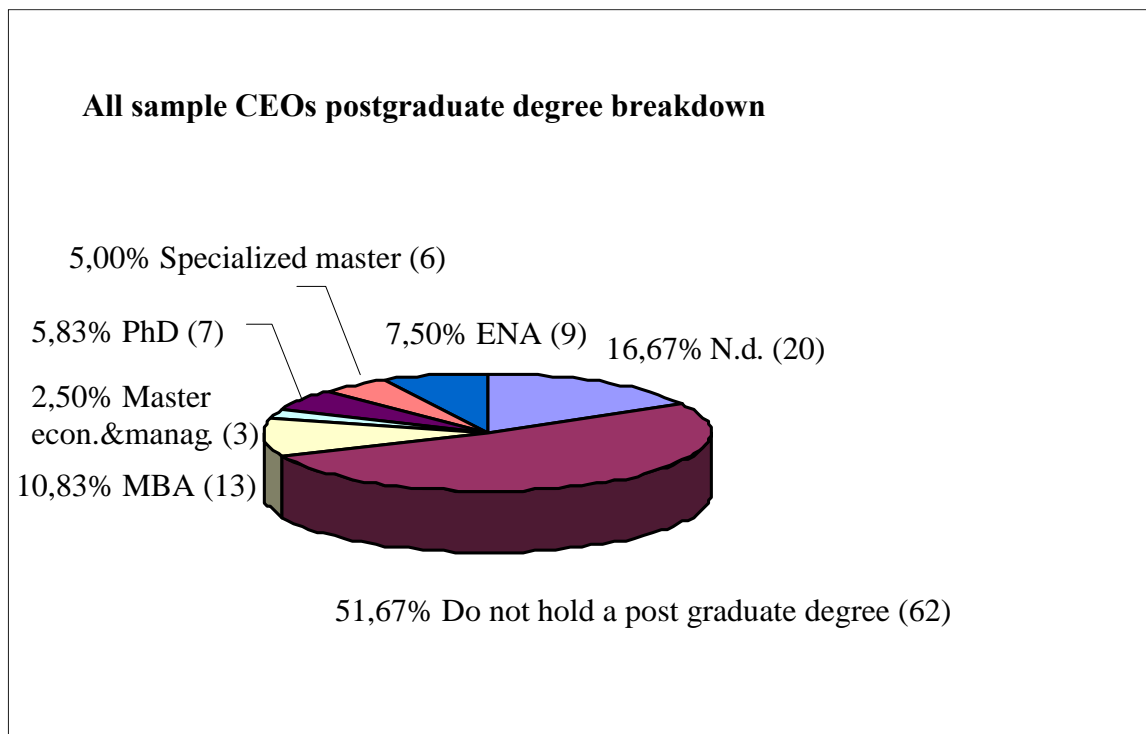
**Figure 32:** Postgraduate degree possession of all CEOs per country



	<b>IT</b> ■	<b>FR</b> ■	<b>U.K.</b> ■	<b>TOT</b> ■	<b>%</b>
<b>Yes post-graduate</b>	8	17	13	<b>38</b>	31,67%
<b>No post-graduate</b>	28	21	13	<b>62</b>	51,67%
<b>N.d.</b>	4	2	14	<b>20</b>	16,67%
	<b>40</b>	<b>40</b>	<b>40</b>	<b>120</b>	100,00%

SOURCE: Author's personal elaboration.

**Figure 33:** Breakdown of Postgraduate degree possession of all CEOs



	IT	FR	U.K.	tot	%
N.d.	4	2	14	<b>20</b>	16.67%
No post-graduate	28	21	13	<b>62</b>	51.67%
MBA	4	2	7	<b>13</b>	10.83%
Master in economics and management	3	0	0	<b>3</b>	2.50%
PhD	1	3	3	<b>7</b>	5.83%
Specialized master	0	3	3	<b>6</b>	5.00%
ENA	0	9	0	<b>9</b>	7.50%
	<b>40</b>	<b>40</b>	<b>40</b>	<b>120</b>	100%

SOURCE: Author's personal elaboration



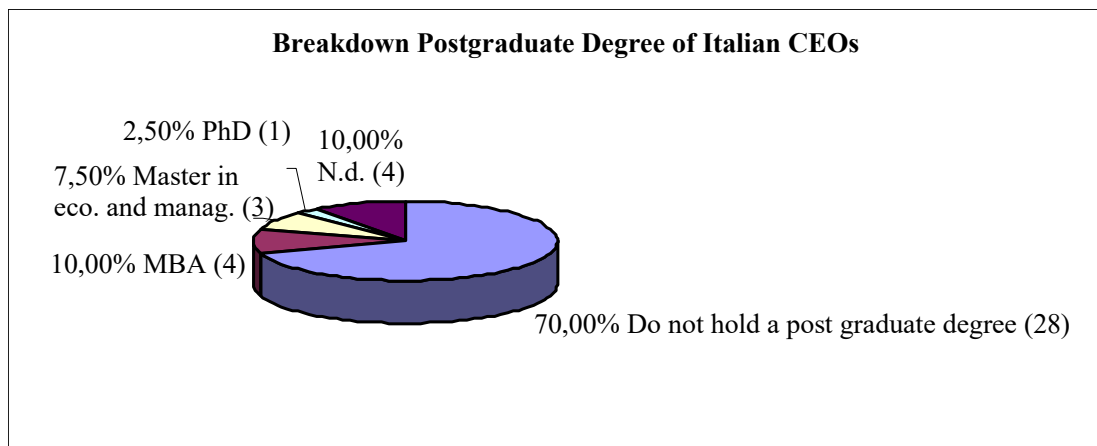
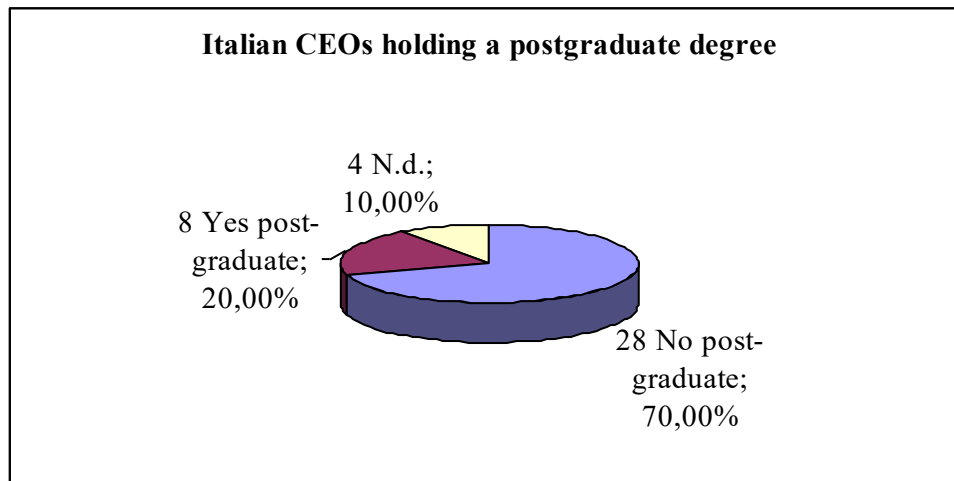
**Table 17:** Detail of CEOs' postgraduate degree

Country	CEO's name	Company	Postgraduate degree	Place of study
I	Castellucci	Atlantia S.p.A.	MBA	Bocconi
I	Marchionne	Fiat	MBA	University of Windsor
I	Scaroni	ENI	MBA	New York Columbia University
I	Passera	Intesa-San Paolo	MBA	University of Philadelphia
I	Cattaneo	Terna	Master in economics and management	Bocconi
I	Pesenti	Italcementi	Master in economics and management	Bocconi
I	Majocchi	Seat Pagine Gialle	Master in economics and management	N.d.
I	Guarguaglini	Finmeccanica	PhD	University of Pennsylvania
F	Pélisson	Accor	MBA	Harvard
F	Russo	Alcatel	MBA	Harvard
F	Godenneix	EDF	PhD	Harvard
F	Lombard	Telecom	PhD	N.d.
F	Verluca	Vallourec	PhD	N.d.
F	Fontanet	Essilor	Specialized master	MIT
F	Tricoire	Schneider Electric	Specialized master	N.d.
F	Bouton	Société Générale	Specialized master	N.d.
F	de Castries	AXA	ENA	France
F	Prot	BNP Paribas	ENA	France
F	Hermelin	CapGemini	ENA	France
F	Gallois	EADS	ENA	France
F	Cirelli	Gaz de France	ENA	France
F	Lafont	Lafarge	ENA	France
F	de Chalender	Saint-Gobain	ENA	France
F	Mestrallet	SUEZ	ENA	France
F	Spinetta	AirFrance	ENA	France
UK	Carroll	Anglo American	Harvard	MBA
UK	Hugh Laidlaw	Centrica	INSEAD	MBA
UK	Hornby	HBOS	Harvard	MBA
UK	Bolland	Morrison (Wm) Supermarkets	Groningen	MBA
UK	Becht	Reckitt Benckiser Group	Chicago	MBA
UK	Cescau	Unilever	INSEAD	MBA
UK	Vittorio	Vodafone	Harvard	MBA
UK	Hayward	BP	University of Edinburgh	PhD
UK	Kloppers	BHP Billiton	MIT	PhD
UK	Garnier	GlaxoSmithKlein	France	PhD pharma
UK	Van der Veer	Royal Dutch Shell	NL	MS in management
UK	Daniels	Lloyds TSB Group	MIT	MS in management
UK	Sands	Standard Chartered	Harvard	MS in management

SOURCE: Author's personal elaboration

Looking at the single countries, we see that **Italy** has the lowest number of post-graduated CEOs (8 Vs. 17 in France and 13 in the U.K.). Moreover, Italian CEOs with a post-graduate degree studied half in Italy (all in Bocconi, Milan) and half abroad (Windor University, N.Y. Columbia University, Philadelphia University and Pennsylvania).

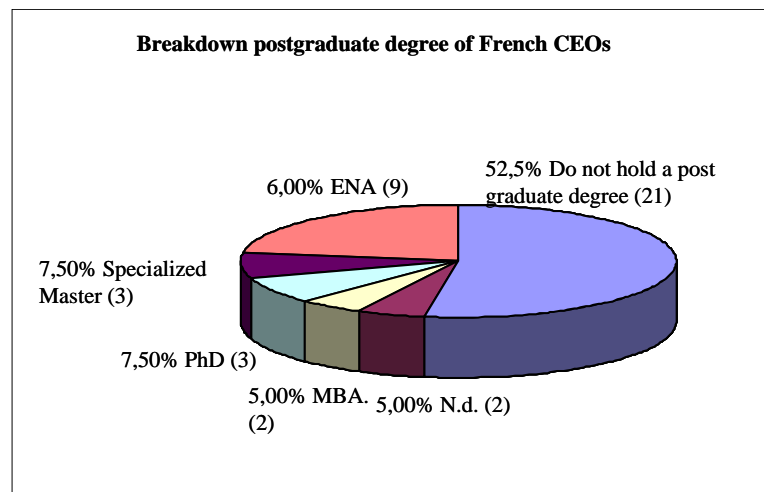
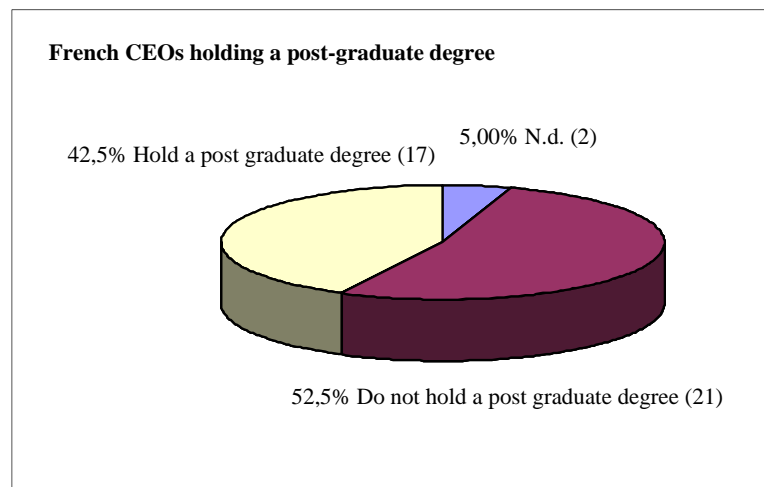
**Figure 34:** Italian CEOs' postgraduate information



SOURCE: Author's personal degree

With regard to **France**, as we observed above, there is a high percentage of people who attended ENA school (*École Nationale d'Administration*), which prepares them for a political career. Actually, lots of French CEOs started their career in a Minister, a figure that expresses the importance of engagement in social and political life in this country. It is also interesting to consider that all the CEOs with an MBA attended this course in Harvard.

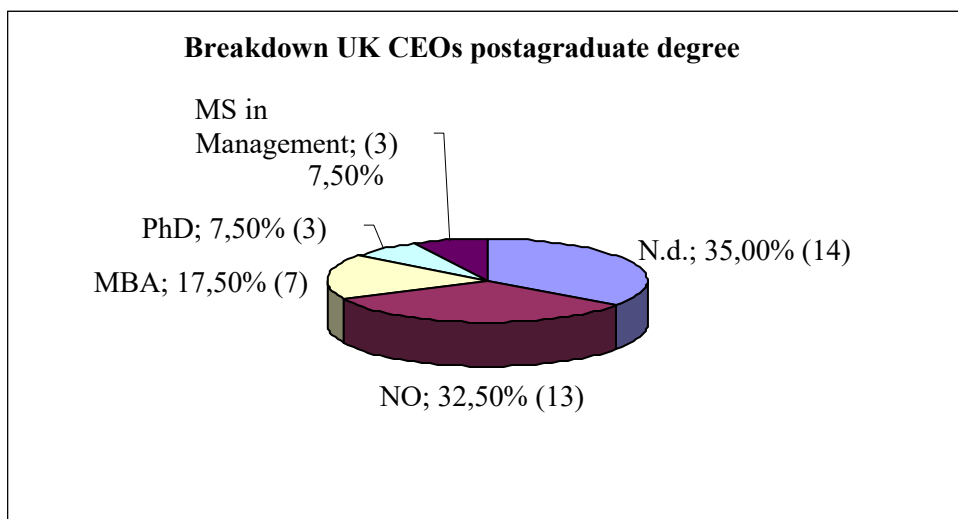
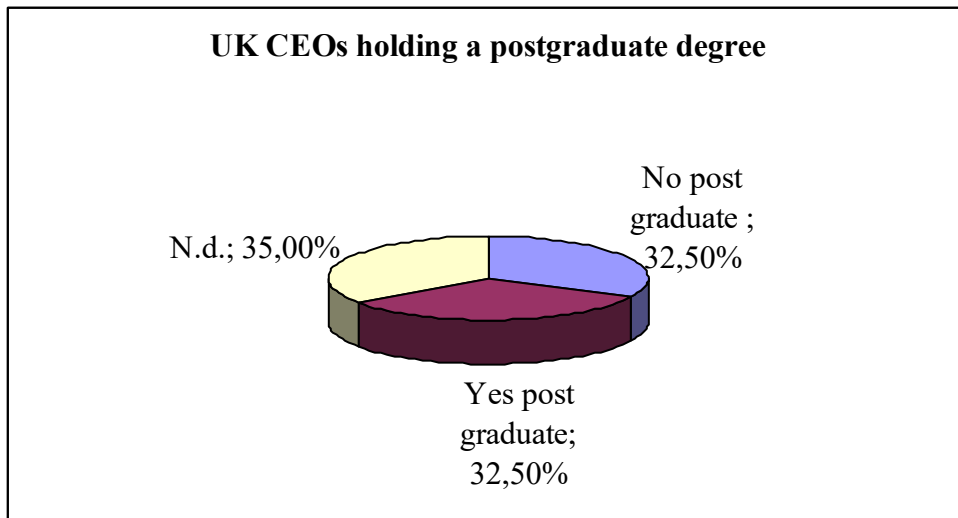
**Figure 35:** French CEOs' postgraduate information



SOURCE: Author's personal elaboration

Regarding the **U.K.**, the majority of CEOs with a postgraduate degree holds an MBA, and half of them attended their MBA, PhD or MS at HBS (Harvard Business School) or at MIT – (Massachusetts Institute of Technology).

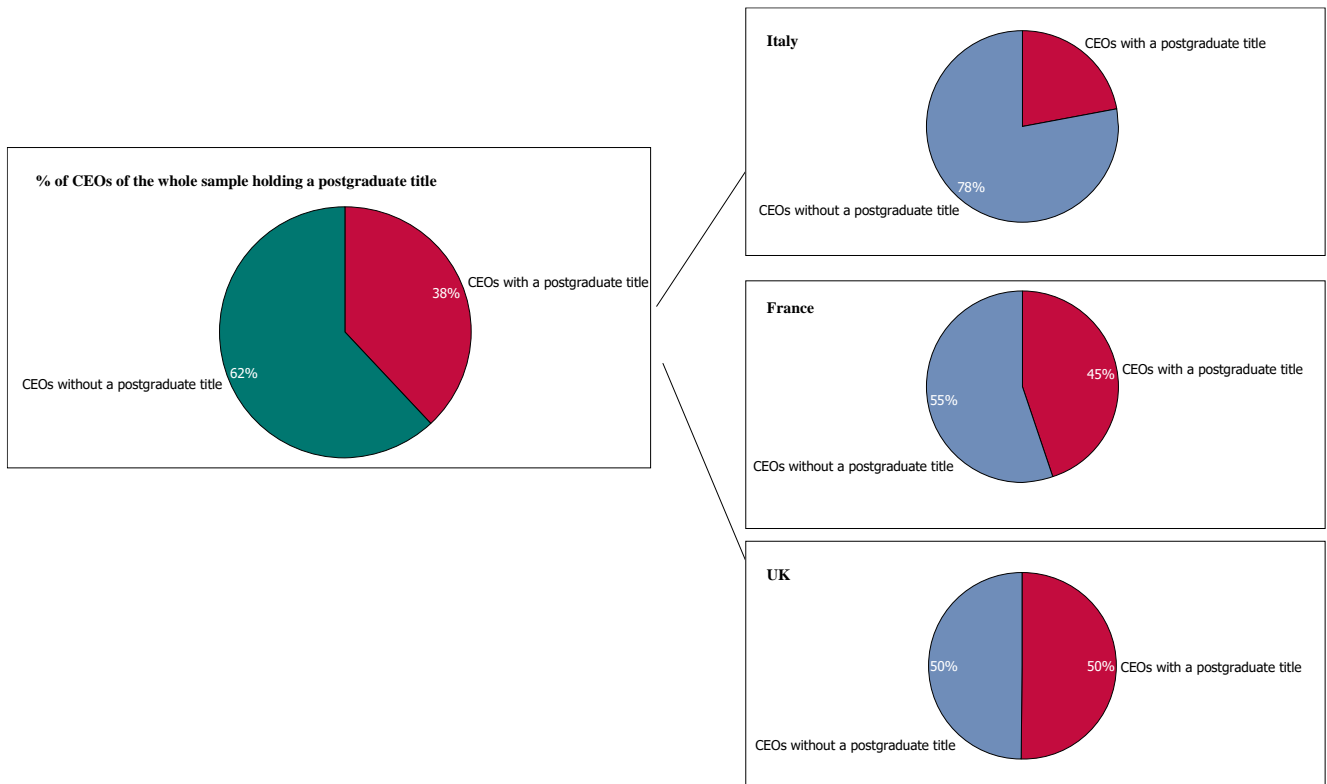
**Figure 36:** U.K. CEOs' postgraduate information



SOURCE: Author's personal elaboration

If we do not consider the 20 missing values, the percentages change a bit: if we assume that we only have 100 data, 38.0% only of the CEOs hold a postgraduate title, corresponding in particular to 22.2% in Italy (8 out of 36), 44.7% in France (17 out of 38) and 50.0% in the U.K. (13 out of 26). We also see that the average age of post graduation is 26.7 in Italy, 28.2 in France and 26.3 in the United Kingdom.

**Figure 37:** Percentage of CEOs holding a postgraduate degree (N=100) for the whole sample and per country



SOURCE: Author's personal elaboration.

### 8.1.3. Work experiences information

#### 8.1.3.1 Speed to CEO (first time CEO nomination)

**Age at first time CEO nomination (speed).** This is the dependent variable of the research. The author would like to remind that she expresses the “speed to CEO” in terms of the age at which an executive reached for the first time the CEO position. This information is available for 111 CEOs out of 120, being the average age 43 (as well as the median, whereas the mode is 41) with a standard deviation of 8.08. Minimum and maximum values are 25 (of Jean-Paul Agon of L’Oreal) and 63 (of Didier Lombard, Telecom). From table 18 it is possible to notice that there are no big differences among countries; on the contrary, they are quite aligned.

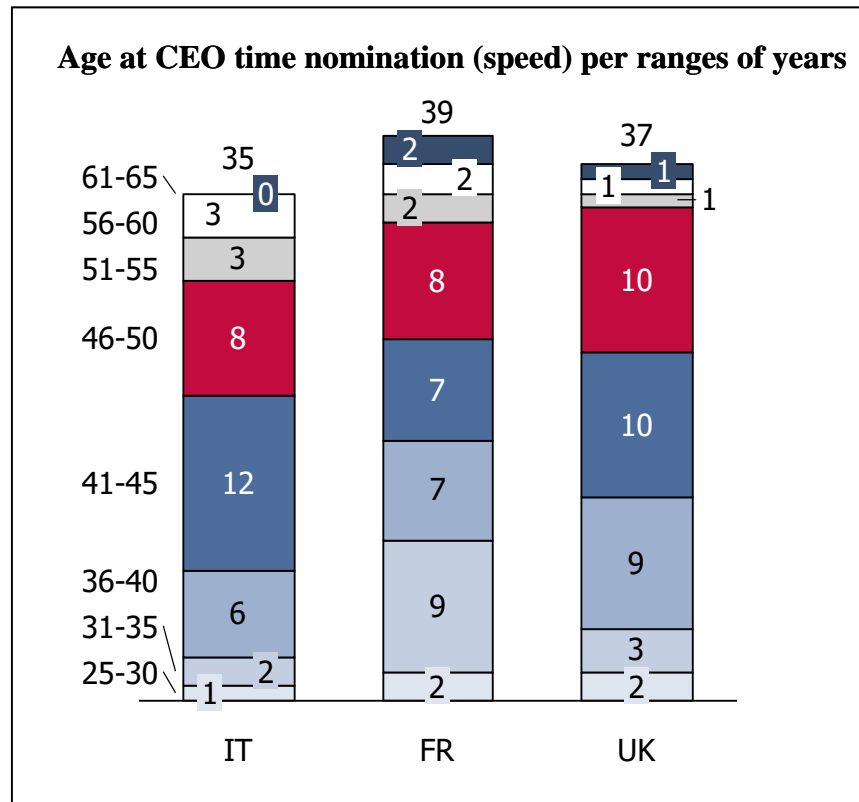
**Table 18:** Table of CEOs’ age at first time nomination (speed)

	<b>IT</b>	<b>FR</b>	<b>U.K.</b>	<b>All sample</b>
<b>Mean</b>	44	42	43	43
<b>Median</b>	44	41	44	43
<b>Mode</b>	44	31-39- 43	45	41
<b>Stdev</b>	7,31	9,4	7,27	8,08
<b>Min</b>	27	25	28	25
<b>Max</b>	60	63	61	63

SOURCE: Author’s personal elaboration

Considering 5 year ranges, it emerges that Italy and the United Kingdom are more similar, whereas France has more CEOs in the cluster of 31-35 years old at the first time of nomination (9 CEOs Vs. 2 in Italy and 3 in the U.K.) and has fewer CEOs on the 41-45 cluster (7 Vs. 12 Italian CEOs and 10 British ones).

**Figure 38:** Stacked graph of CEOs' first time nomination divided per ranges of 5 years and countries

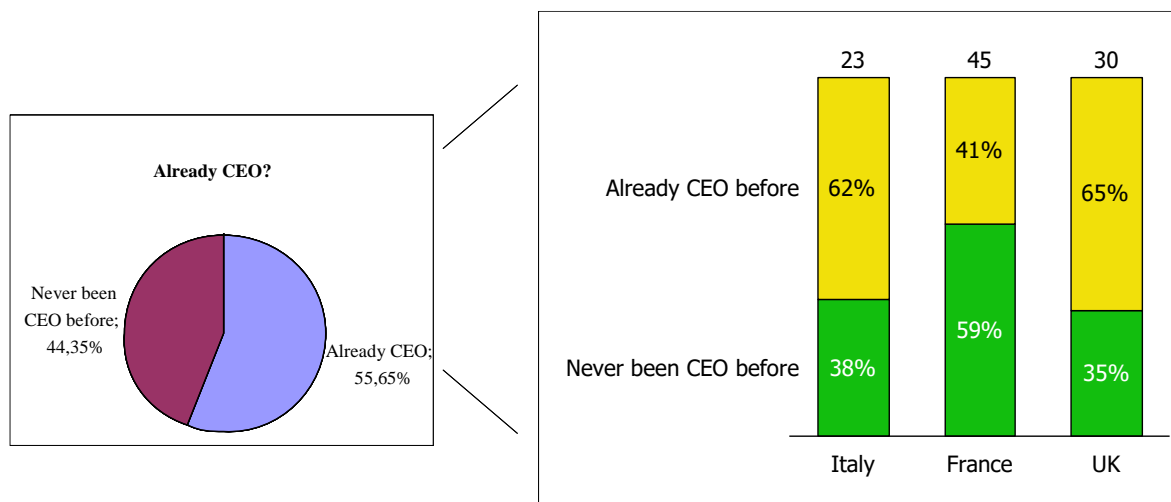


SOURCE: Author's personal elaboration

**Number of years in CEOs' role in previous companies.** It is also interesting to evaluate how many years these CEOs have been in the same positions in other companies (or in companies of the same group but in other countries). The average is 3.2 years, respectively 3.0 in Italy (with a maximum value of 14 years), 3.1 in France (max. 15 years) and 3.6 in U.K. (max. 22 years), with 4 missing values.

**Already CEO.** Among the whole sample, 55.65% (5 missing values) had already been in this position before (15 Italian CEOs, 23 French-ones and 13 U.K. CEOs have never been in this role before the current company).

**Figure 39:** Percentage of CEOs who have already been in this position before during their career  
 – whole sample and breakdown per country



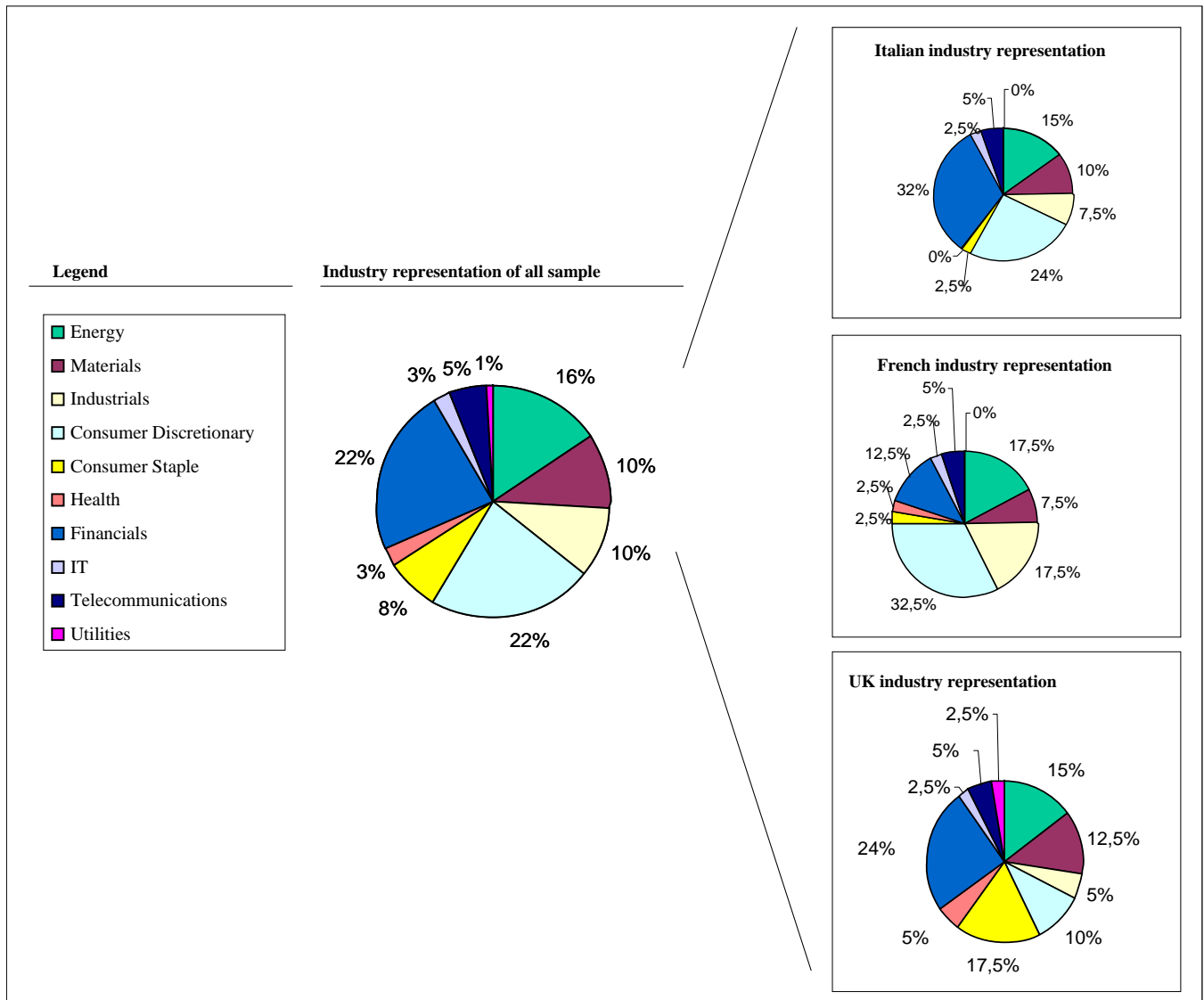
SOURCE: Author's personal elaboration

### 8.1.3.2. Current company

**Industry of the current company.** First of all, we want to provide a picture of industries represented by the listed companies in the sample. We can notice that the most represented industries are consumer discretionary (automobiles, leisure, media, retail) and financials (banks, insurance and real estate). However, some differences in industry composition emerge among countries: Italy and France are quite similar, mostly represented by energy (15.0% and 17.5%), consumer discretionary (24.0% and 32.5%) and financials (32.0% and 12.5%), but in France the industrials field plays a large role as well (17.5% vs. 7.5% in Italy). In the U.K. energy and financials are still present (15.0% and 24.0%), but also materials and consumer staple are big slices of the pie (12.5% and 17.5%) (in particular we have to notice that consumer staple is nearly not represented in other countries) whereas consumer discretionary is really little (only 10.0%) if compared to other countries. The author wants to specify that for the industry mapping the GICS classification has been used (Global Industry Classification Standard - see table 15), that is the one used in Italy by Standard & Poor's, whereas in the U.K. they used the ICB (Industry Classification Benchmark) which, actually, is quite similar.(see attachment at the end of the work).

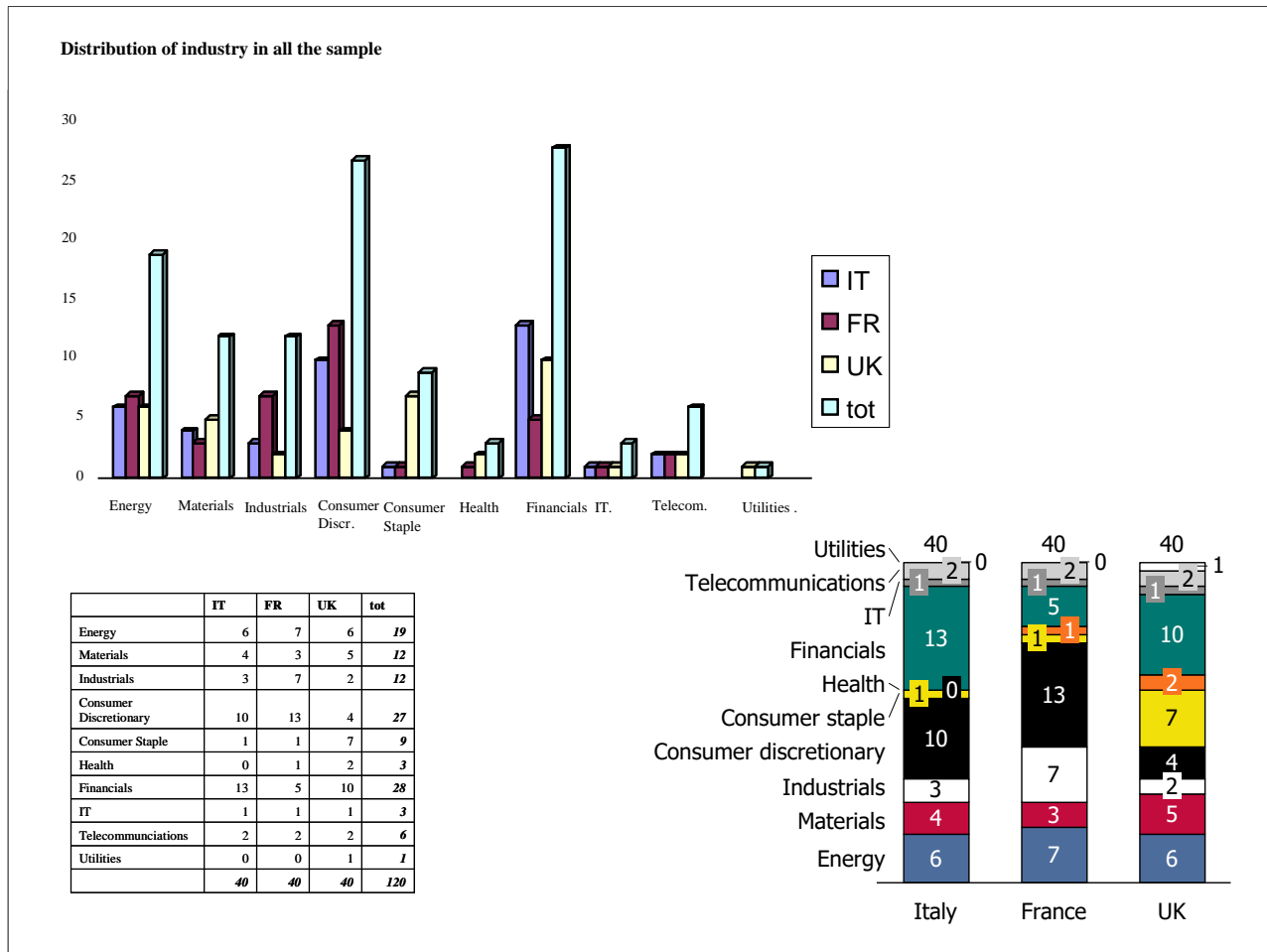


**Figure 40:** Industry distribution of listed companies of all the sample and breakdown per country



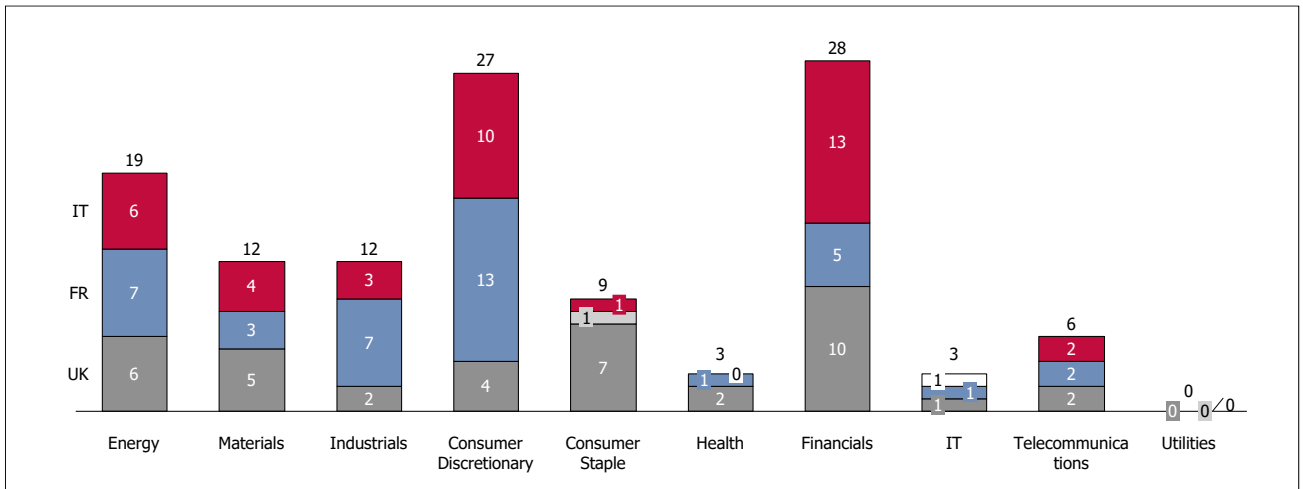
SOURCE: Author's personal elaboration.

**Figure 41:** Industry distribution of all the sample and industry representation per country



SOURCE: Author's personal elaboration

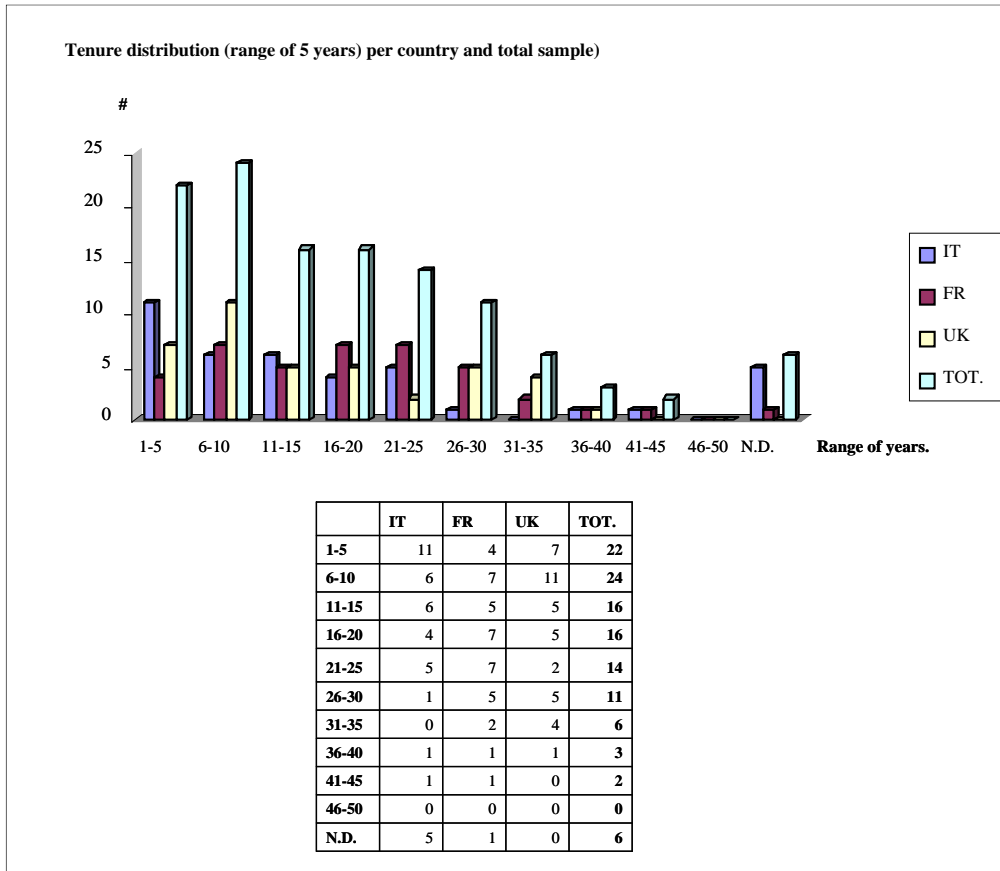
**Figure 42:** Industry distribution: country perspective



SOURCE: Author's personal elaboration

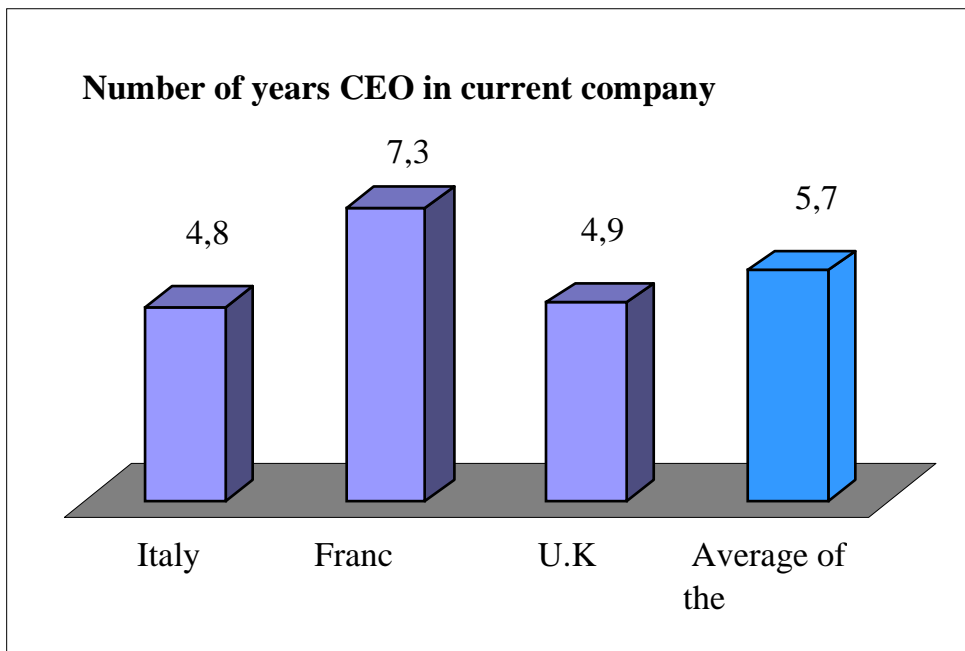
**Tenure.** The average tenure (6 missing values) of the whole sample is 15.7 years (respectively 12.9 years in Italy, 18.1 in France and 15.8 in the U.K.). The standard deviation is 10.43, and the minimum and maximum values in the whole sample are 1 and 42. Analyzing data for each country (see attachment for major details) we can highlight that Italy has the highest turnover of CEOs (11 CEOs, equal to 27.5%, staying in the one-to-five years tenure range), whereas Britain CEOs mostly remained 6-10 years within the company, and France is equally distributed among the ranges. In addition to this, we observed that the lowest tenure is 1 or 2 years in each country (Massiah of UBI Banca in Italy, Streiff of Peugeot in France, and 4 companies in U.K.) and the biggest one is 41 and 42 years in Italy and France (Marchionni of Fondiaria Sai and Ricard of Pernaut Ricard), versus 37 in the U.K. (Van Der Veer of Royal Dutch Shell). We need to specify that for Italy there are some companies in the sample that merged with other ones or that changed name, so it results as they are new companies but actually they are not: in this case, if the CEO came from the oldest company, we considered the oldest tenure, following the consideration that it is only a matter of legal name, but the company itself is always the same (this is the case of A2A, which was ex-AEM Milan group and merged together with ASM Brescia, but it does the same business and the CEO, Ravanelli, has this role in the company since its foundation, one year ago, but he was in the previous company for 12 years; this is also the case of Atlantia, ex Autostrade, the CEO Castellucci being in the position since 2 years in the new company but 7 in the previous one; this also happened in the case of Intesa-San Paolo, the CEO Passera being in the position since 1 year and 7 in the previous company).

**Figure 43:** Tenure distribution among CEOs of the whole sample and per country



**Number of years of CEO's charge in current company.** On average (3 missing values), the CEOs of the sample are in the position from 5.7 years, with a range from 1 to 37 (standard deviation 5.54). We see that in France the CEOs remain in this position for more years than in the other countries and this, in a way, expresses a more stability of the companies themselves (7.3 average year in France, Vs. 4.8 and 4.9 in Italy and in the U.K.).

**Figure 44:** Number of years of CEO's charge in current company

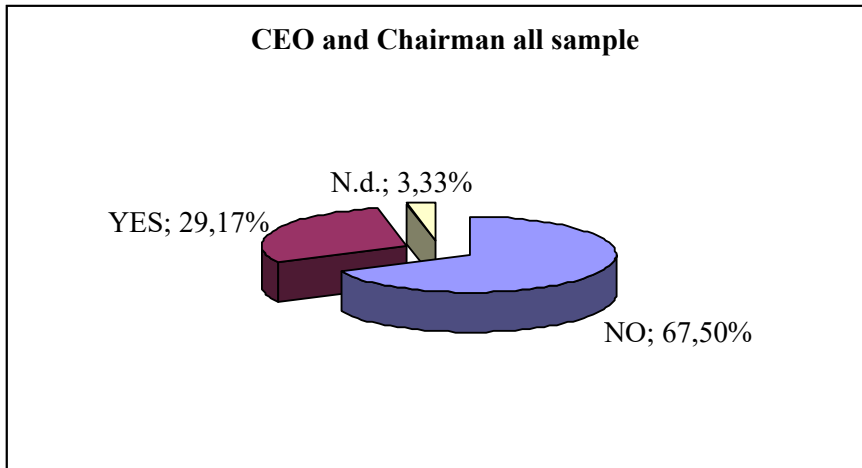


SOURCE: Author's personal elaboration

**Age of CEO nomination in current company.** The average age of CEO nomination in current company is 48.4 (5 missing values), without differences among countries. This is in line with the fact that the average age is 54 and they stay in this position from 5.7 years on average ( $48.4 + 5.7 = 54.1$ ).

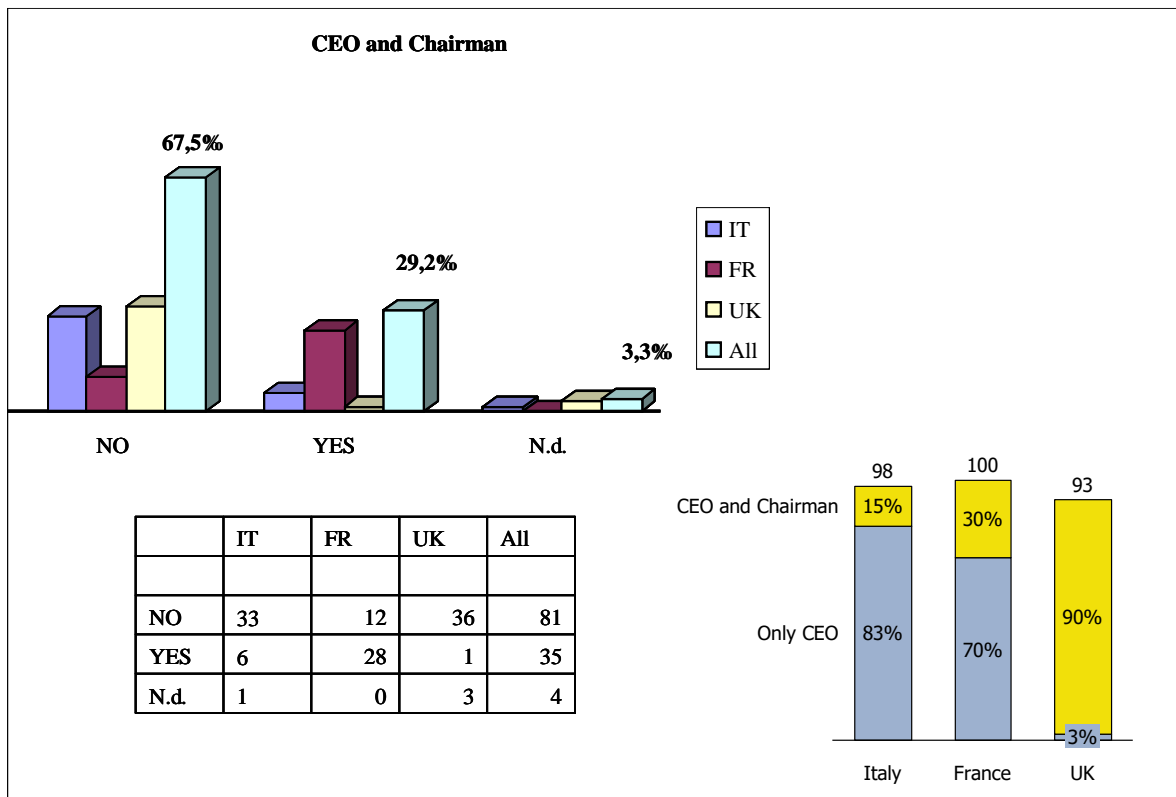
**Is the CEO also the chairman of the current company?** In the whole sample, 81 CEOs out of 120 (with 4 missing data) are not holding both the position of Chief Executive and Chairman, equal to 67.5%. Looking at the single country level, we see that in Italy, 33 CEOs out of 40 (82.5%) are only CEO and not also chairman, as well as 36 U.K. CEOs (90.0%), whereas the situation is completely different in France, where 28 CEOs out of 40 are both CEO and Chairman, equal to 70.0%. There is a cultural reason for this different result, considering that it is implicitly included in the French definition of CEO. There, in fact, he/she is called PDG, which stands for "*président directeur-général*", that means chairman and CEO together.

**Figure 45:** Percentage of CEOs who are also Chairman of the company – all sample



SOURCE: Author's personal elaboration

**Figure 46:** Percentage of CEOs who are also Chairman of the company - countries

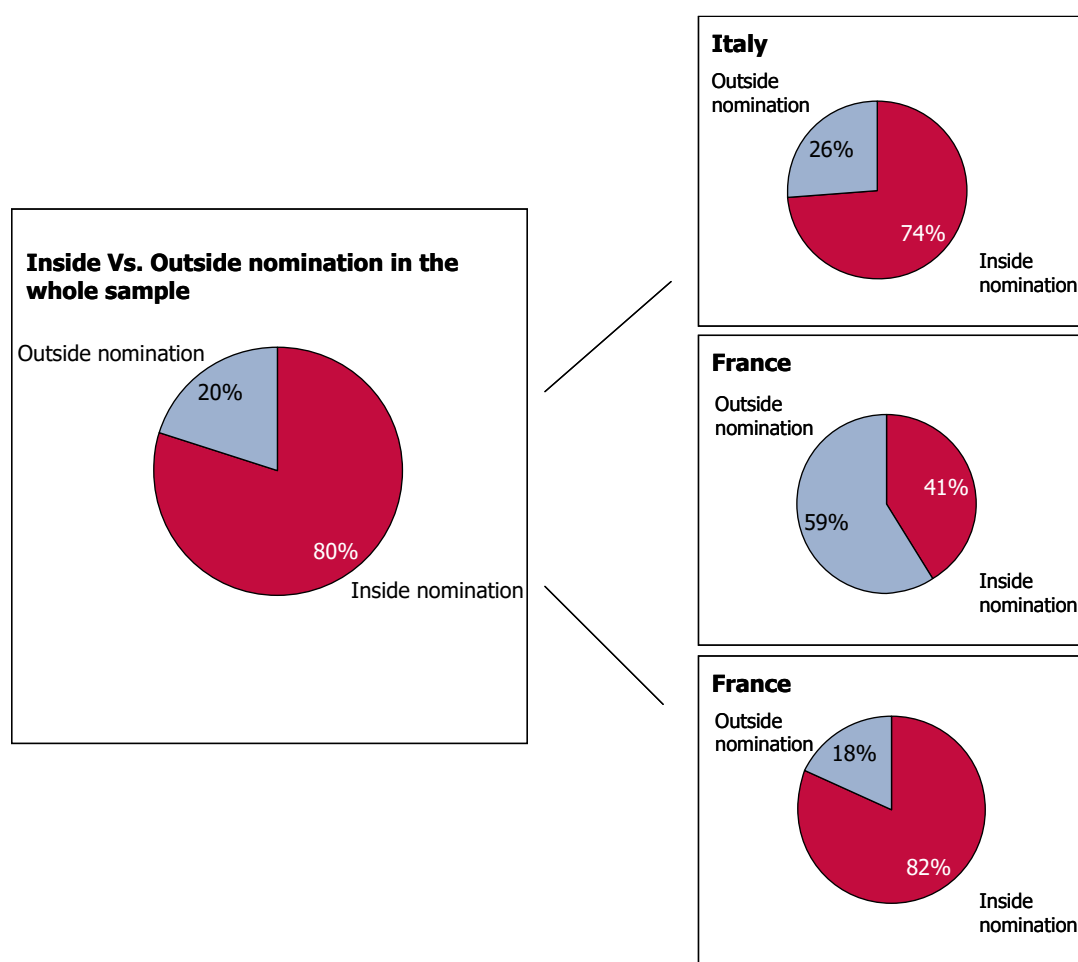


SOURCE: Author's personal elaboration

If we do not consider the missing values and analyze only the 116 data we have, it emerges that 69.8% are only CEO and not also Chairman.

**Inside Vs. Outside nomination.** 77.5% of the CEOs (93 out of 116) have been named within the company (4 missing values; the percentage goes to 80.0% if we only consider the 116 values we have), which expresses the importance of internal growth, probably due to the fact that in this way a person acquires a deep knowledge of the culture of the firm, the processes, the way in which it works and of everything related to the company itself. In particular, inside nomination correspond to 73.7% cases in Italy (28 out of 38), 85.0% in France (34 out of 40) and 81.6% in the U.K. (31 out of 38).

**Figure 47:** Percentage of Inside/Outside nomination of CEOs



	IT	FR	U.K.	All
Inside	28	34	31	93
Outside	10	6	7	23
N.D.	2	0	2	4

SOURCE: Author's personal elaboration.

**Other internal activities.** 44.17% CEOs of the sample (53 out of 120) have other internal roles, apart from the one of being the CEO. Mainly, CEOs can be this could be to be also the Chairman (see statistics above), the deputy chairman or a board member of other companies of the group. Looking at the countries, this is particularly typical of France (75.0% Vs. 45.0% of Italy and 13.0% of the U.K.).

**Other external activities.** it is interesting to note that 68.3% of all the CEOs (82 out of 120) have also other external charge, mainly being presidents of various associations, board members, non executive directors or deputy chairmans of other companies, typically those for which they have previously worked. This occurs in 77.5% of the cases in Italy, 57.5% in France and 70.0% in the U.K.

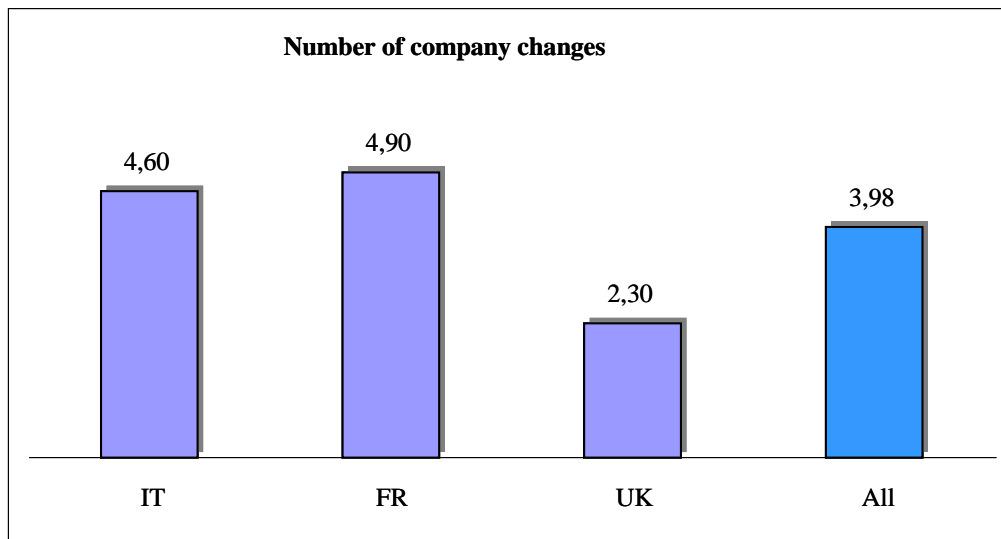
### ***8.1.3.3. Previous companies***

**Number of company changes.** The average number of company changes in the whole sample (on 115 cases) is 4.0, going from 0 to 17 as the minimum and maximum values, with a mode of 0, a standard deviation of 3.64 (variance 13.25). In particular, looking at each country, we can notice that the United Kingdom registers a significant difference compared to the other countries, having an average of 2.3 changed companies Vs. 4.6 in Italy and, 4.9 in France (Italy and France have 16 and 17 as maximum value, Vs. 6 of the U.K.).

It is also interesting to note that 22.6% (26 cases out of 115) of the CEOs never changed companies, but started in the current one. (see fig. 48)

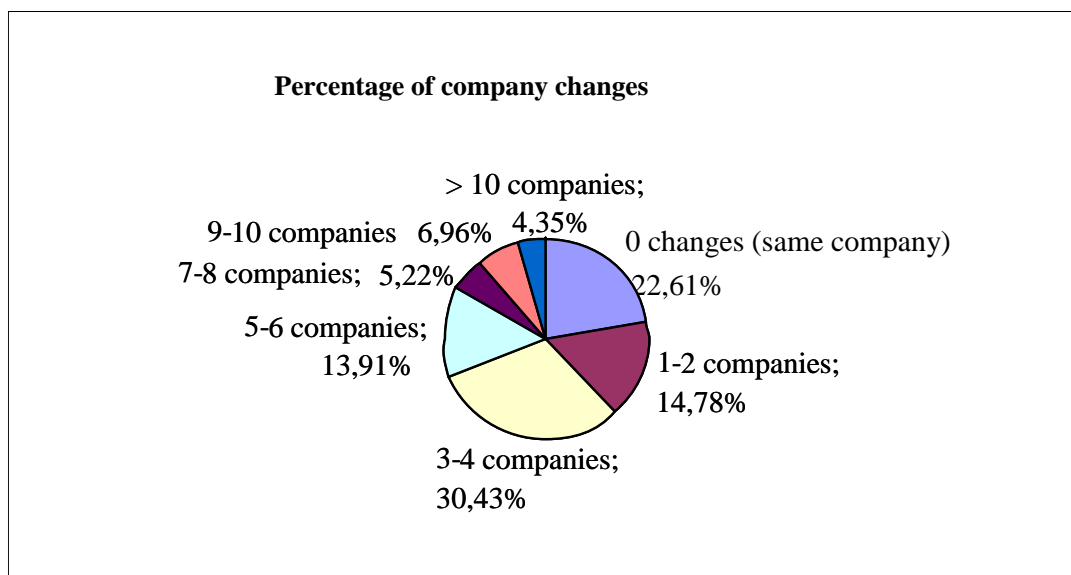


**Figure 48:** Number of company changes per country and whole sample



SOURCE: Author's personal elaboration

**Figure 49:** Distribution of number of company changes



SOURCE: Author's personal elaboration

**Number of industry changes.** The average number of industry changes in the sample is 0.99, which means that on average CEOs changed at least one industry during their work experience, with a minimum and maximum value of 0 and 6 (to note that in the U.K. the maximum value is 2). Italy has a higher mean compared to the other two countries (1.51 Italy Vs. 0.85 of France and 0.58 of the U.K.).

**International experience.** With regard to this data, 40.8% of the sample made an international experience. There are 2 missing values for France, 8 for the U.K. and 30 for Italy: we assumed that, if not quoted on the curriculum, it means that the person has never been abroad. After analyzing the only data we have, it clearly emerges that in Italy it is still not so diffused the importance of having international experience, of being exposed to different approaches, an element that the author firmly believes could shape the mindset of a person. On the contrary, this is typically appreciated in the United Kingdom that, if compared to the other countries, is by far a much more open-minded and internationalized society. In fact, only 25.0% of Italian CEOs (10 out of 40) made an experience abroad, Vs. 44.7% of French CEOs (17 out of 38) and 68.8% of Britain-ones (22 out of 32).

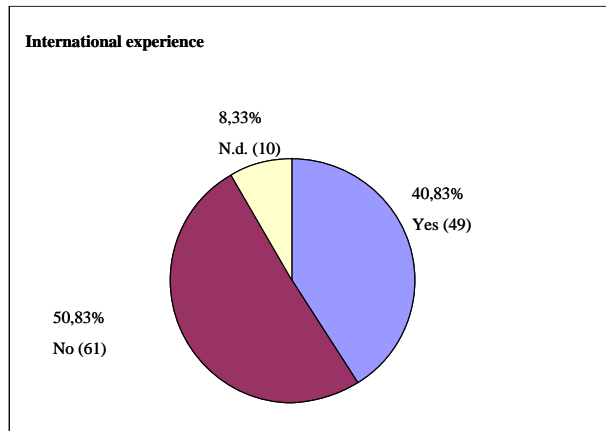
**Number of years of international experience.** On average, looking at those CEOs that we know have made international experience (49, but there is detailed information only for 39 of them), they spent, on average, 6.6 years abroad (with the minimum and maximum values of 1 and 19), with a standard deviation of 4.92 (variance 24.25), but actually with a mode (the most frequent case, of 2 years).

If we take into account the ranges of years, 41.0% of CEOs made an experience abroad from 1 to 3 years, 18.0% from 4 to 6 years, 18% from 7 to 9 years and 23.0% for more than 9 years.

We see significantly differences among countries: in Italy the average is 3.2 years, whereas in France it is 6.4 and in the U.K. 8.9. This suggests, as quoted above, that Italy has still a closed mindset regarding the importance of having experience abroad, whereas U.K. has always had a more international imprinting.

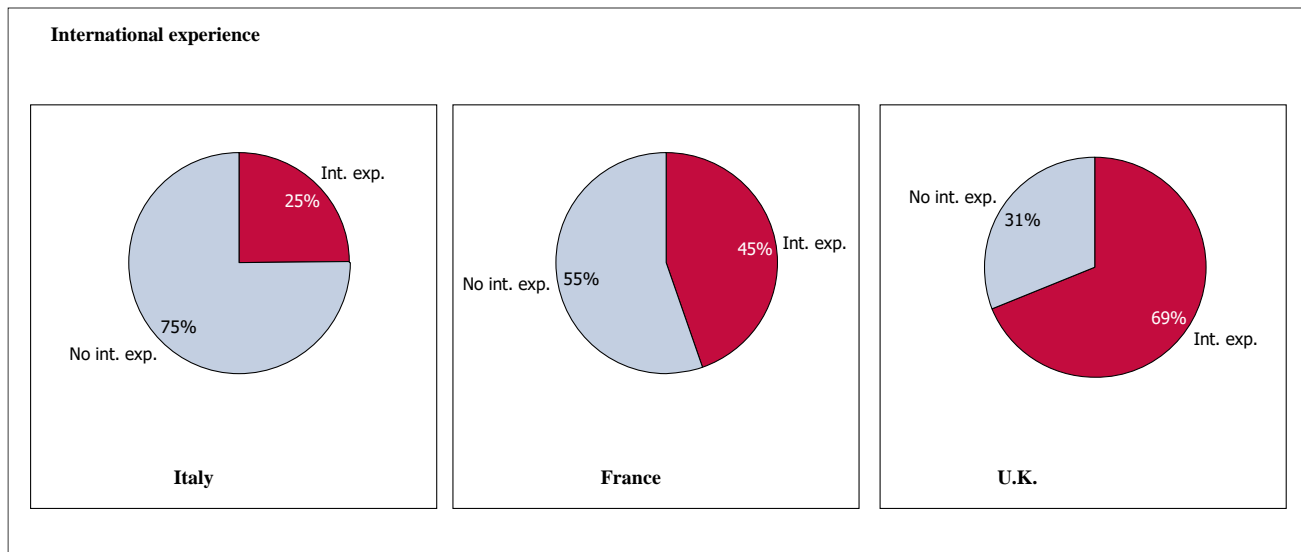
**Countries of international experience.** Most of the people (45.3%) who made an international experience have been in the U.S. (20.9%), in the United Kingdom (8.1%), in France (8.1%) or in Germany (8.1%).

**Figure 50:** Percentage of international experience in the whole sample



SOURCE: Author's personal elaboration

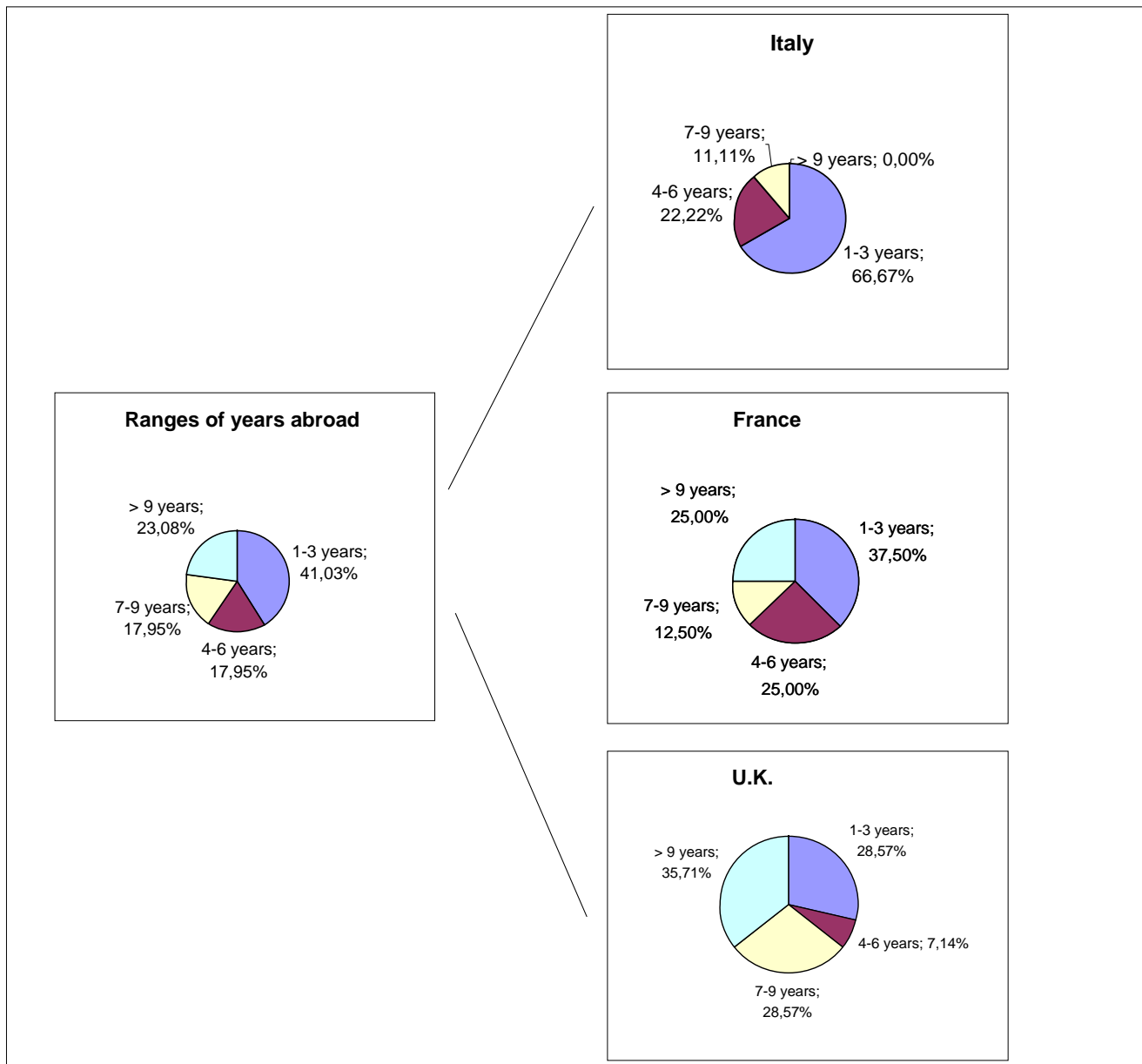
**Figure 51:** Percentage of international experience among countries



	IT	FR	U.K.
N.D.	0	2	8
YES	10	17	22
	30	21	10

SOURCE: Author's personal elaboration.

**Figure 52:** Distribution of years ranges of international experience



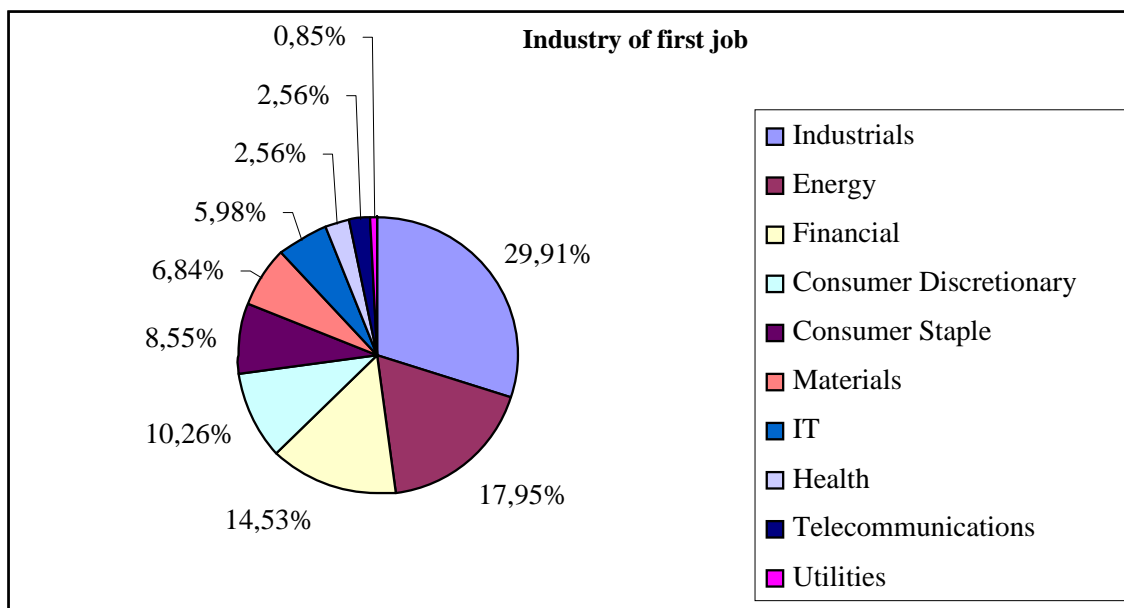
SOURCE: Author's personal elaboration.

**Function of first job.** 29.0% of the people (10 missing values) started their career in the finance function (32 CEOs out of 110, 10 missing values).

**Industry of first job.** 35 CEOs out of 117 (3 missing values), equal to 29.9%, started their career in the industrials industry, which includes capital goods and professional services, going from aerospace and constructions to HR and consultancy. This industry is followed by energy (21 cases, 17.9%) and financials (17 cases, 14.5%).

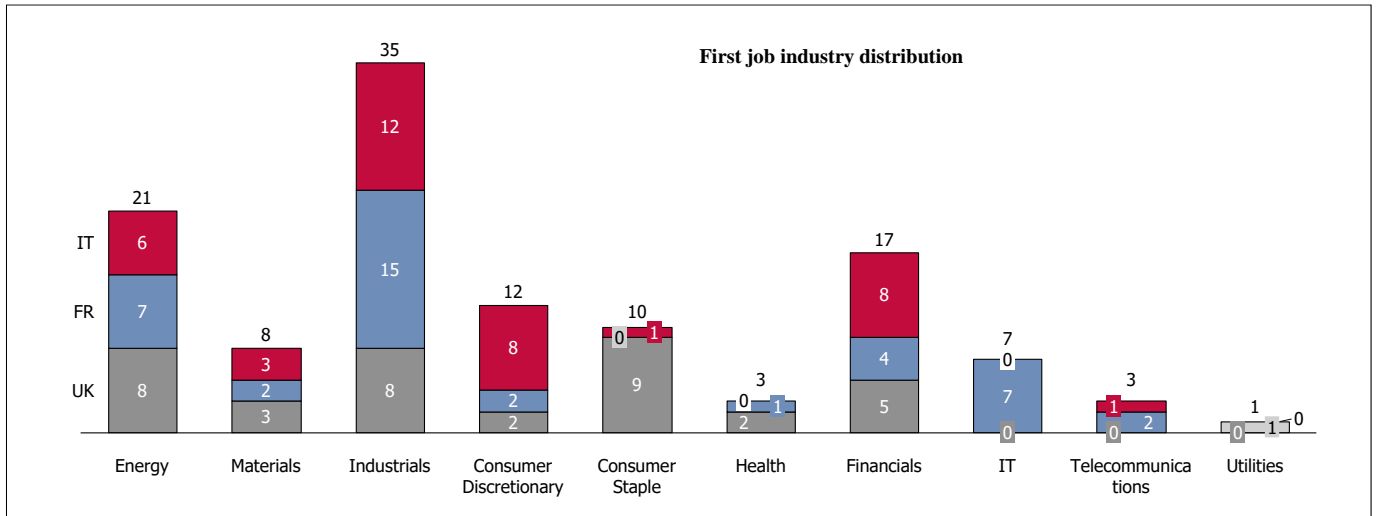
It is interesting to note that 47.0% of the CEOs are currently in the same industry as the one of their first experience.

**Figure 53:** Distribution of first job industry for the whole sample



SOURCE: Author's personal elaboration.

**Figure 54:** Distribution of first job industry per country



SOURCE: Author's personal elaboration.

#### 8.1.4. Sub samples with median 43 years

We can also perform another level of analysis, deciding to fix the “speed to CEO” at the age of 43 years old, that is the median of the age at which the people of the sample became CEO for the first time. In this way there are two sub-samples of 55-records each (plus 10 missing values) and this allows us to underline similarities or differences in terms of time changes.

In particular, we can see from table 19 that there are no big differences in terms of number of companies and industry changes: in fact, both the two new samples made around 3 changes of company and 1 of industry during their work experiences. We start to see differences in the fact that the sample of CEOs being nominated under the age of 43 have already experienced this role (before the current company) more than over 43 sample (60.0% Vs. 44.4%); moreover, 65.0% of them have made an international experience, Vs. 55.3% of over 43, meaning that this variable has assuming importance in the choice of a CEO during time. Surprisingly, only 21.3% of CEOs being nominated under the age of 43 holds a postgraduate degree, Vs. 32.7% among over 43. Maybe this is due to the fact that time ago it was quite rare and “distinctive” to hold it, whereas now it has become more common.

**Table 19:** Comparison between first time CEO's nomination under and over 43 years old.

Age first time CEO	N. company changes	N. industry changes	Having been already CEO	Having international experience	Holding a post graduate degree
UNDER 43	3,04	1,06	60,00%	65,00%	21,28%
OVER 43	3,24	0,98	44,44%	55,26%	32,65%

SOURCE: Author's personal elaboration

## 8.2. CAREER PATH

The author has assumed seven hypotheses (career choices mainly) that may speed-up an executive career toward the CEO nomination.

As a methodology, the author runs a correlation analysis (see table 20), which means that the results shall be read as follows:

- if the correlation value is  $>0$ , it means that there is a direct correlation, and our hypothesis is supported (as we have analyzed the age of CEO as a proxy of the speed of their career to CEO);
- if the correlation value is  $<0$ , it means that there is an inverse correlation, therefore our hypothesis is not supported.

Due to the fact that we use the first time CEO nomination's age to express the *speed* to CEO, we have to multiply all the correlation values we obtained for (-1), in order to speak about the earliest age; results of correlation values related to the speed are presented with the sign already changed).

The findings highlighted by the analysis have either confirmed or denied the hypotheses; actually, in few cases, they provided counter-intuitive results for the author.

More in detail, the hypotheses were that an executive becomes CEO faster if:

- *Hp.1. EMPLOYER CHANGES:*
  - *Hp.1a. he/she has changed companies more times;*
    - The hypothesis is supported: there is a very slight direct correlation (0.04). The bigger the number of company changes in an executive's career, the earlier he/she becomes a CEO;
    - The correlation is not significant (assuming a normal curve, 65% of the values can go on the queues, meaning that the result is reliable only at 35%).
  - *Hp. 1b. he/she has changed industries more times:*
    - The hypothesis is supported: there is a slight direct correlation (0.17). The bigger the number of industry changes in an executive's career, the earlier he/she becomes a CEO;
    - The correlation is not significant (assuming a normal curve, 86% of the values can go on the queues, meaning that the result is reliable only at 14%).
- *Hp.2. INTERNATIONAL WORK EXPERIENCE*
  - *Hp. 2a. he/she has done international work experience:*
    - The hypothesis is supported: there is a slight direct correlation (0.18). The longer the work experience abroad, the earlier an executive becomes a CEO;
    - The correlation is **significant** at 0.05 (it means that, assuming a normal curve, only 5.0% of the values can go on the queues, meaning that the result is reliable at 95.0%).
  - *Hp. 2b. he/she has more international work experience, in terms of number of years spent abroad:*
    - The hypothesis is not supported: there is a slight direct correlation (0.17). The bigger the number of years spent abroad, the earlier an executive becomes a CEO;



- The correlation is not significant (assuming a normal curve, 20.0% of the values can go on the queues, meaning that the result is reliable at 80.0%).
- *Hp.3.TENURE IN CURRENT COMPANY*
  - *Hp. 3a. he/she has been nominated inside the company:*
    - The hypothesis is supported: there is a very slight direct correlation (0.09);
    - The correlation is not significant (assuming a normal curve, 33.0 of the values can go on the queues, meaning that the result is reliable at 67.0%).
  - *Hp. 3b. he/she has more tenure within the company:*
    - The hypothesis is not supported: there is a very slight indirect correlation (-0.09). Our analysis shows rather the opposite: the longer an executive stays within a company, the later he/she becomes CEO;
    - The correlation is not significant (assuming a normal curve, 36.0% of the values can go on the queues, meaning that the result is reliable at 64.0%).
- *Hp.4. FIRST WORK EXPERIENCE*
  - *Hp. 4a. the industry of his/her first work experience was financials:*
    - The hypothesis is supported: there is a very slight direct correlation (0.02);
    - The correlation is not significant (assuming a normal curve, 86.0% of the values can go on the queues, meaning that the result is reliable only at 14.0%).
  - *Hp.4b. the function of his/her first work experience was finance:*
    - The hypothesis is supported: there is a very slight direct correlation (0.04);
    - The correlation is not significant (assuming a normal curve, 71.0% of the values can go on the queues, meaning that the result is reliable only at 29.0%).
- *Hp.5: he/she studied economics:*
  - The hypothesis is supported: there is a direct correlation (0.24);
  - The correlation is **significant** at 0.02 (it means that, assuming a normal curve, only 2.0% of the values can go on the queues, meaning that the result is reliable at 98.0%).

- *Hp.6: he/she attended an MBA:*
  - The hypothesis is supported: there is a direct correlation (0.31);
  - The correlation is **significant** at 0.02 (it means that, assuming a normal curve, only 2.0% of the values can go on the queues, meaning that the result is reliable at 98.0%).
  
- *Hp. 7: he is male:*
  - The hypothesis is supported: there is a very slight direct correlation (0.05);
  - The correlation is not significant (assuming a normal curve, 60.0% of the values can go on the queues, meaning that the result is reliable at 40.0%).

Finally, it is possible to say that only hypotheses 2a, 5 and 6 are supported. Therefore, the variables speeding-up an executive career towards the CEO position are international experience, economics studies and MBA title.

**Table 20:** Correlation analysis

**Table 21:** Two-tailed Test of significance

**CORRELATIONS [\*(-1)]**

	Speed to CEO nomination the first time)	Number previous companies	Number companies changes	Number industry changes	International experience	Number of years of international experience	Inside Nomination	Tenure in current company	Industry first job (financials)	Function first job (finance)	Economics degree	Holding a postgraduate (MBA)	Gender (male)
Speed to CEO nomination the first time)	1												
Number previous companies	-0,04	1											
Number companies changes	0,69	--	1										
Number industry changes	0,17	0,69	--	1									
International experience	0,18	-0,02	--	-0,06	1								
Number of years of international experience	0,63	0,63	1										
Inside Nomination	0,09	0,39	0,18	-0,12	1								
Tenure in current company	-0,09	-0,56	-0,49	0,01	-0,1	1							
Industry first job (financials)	0,02	0,03	-0,08	-0,16	-0,07	-0,07	1						
Function first job (finance)	0,04	0	0	0,04	-0,03	-0,07	0,04	1					
Economics degree	0,24	0,09	-0,06	0,11	0,12	0,12	0,12	0,12	1				
Holding a postgraduate (MBA)	0,37	0,11	0,16	0,34	0,16	0,16	0,05	-0,24	--	1			
Gender (male)	0,05	0	-0,04	0,16	0,16	0,16	-0,07	-0,13	--	--	1		

\* The correlation values related to the speed to CEO have been multiplied per [\*(-1)] due to the fact that we consider ages at the time of CEO nomination, and age is an increasing number, whereas the concept of speed is related to having the youngest age.

The -- cells means that can not be compared because at least one of the variables is constant, therefore there is no change

SOURCE: Author's personal elaboration

**SIGNIFICANCE - Two-tailed Test\***

	Speed to CEO nomination the first time)	Number previous companies	Number companies changes*	Number industry changes	International experience	Number of years of international experience	Inside Nomination	Tenure in current company	Industry first job (financials)	Function first job (finance)	Economics degree	Holding a postgraduate (MBA)	Gender (male)
Speed to CEO nomination the first time)	1	0,65	--	0,86	0,05	0,2	0,33	0,36	0,86	0,71	0,02	0,02	0,6
Number previous companies	0,65	1	--	0	0,82	0,93	0,01	0,01	0,78	0,98	0,38	0,39	0,94
Number companies changes*	--	--	1	--	--	--	--	--	--	--	--	--	--
Number industry changes	0,86	0	--	1	0,55	0,63	0,01	0,01	0,4	1	0,57	0,01	0,62
International experience	0,05	0,82	--	0,55	1	0,01	0,2	0,91	0,09	0,64	0,31	--	0,09
Number of years of international experience	0,2	0,93	--	0,63	0,01	1	0,17	0,44	0,6	0,83	0,43	--	0,23
Inside Nomination	0,33	0,01	--	0,01	0,2	0,17	1	0,01	0,85	0,49	0,26	0,71	0,48
Tenure in current company	0,36	0,01	--	0,01	0,91	0,44	0,01	1	0,56	0,67	0,21	0,07	0,17
Industry first job (financials)	0,86	0,78	--	0,4	0,09	0,6	0,85	0,56	1	--	--	--	--
Function first job (finance)	0,71	0,98	--	0,64	0,31	0,43	0,26	0,21	--	1	1	--	--
Economics degree	0,02	0,38	--	0,57	--	--	0,71	0,07	--	--	--	1	--
Holding a postgraduate (MBA)	0,02	0,39	--	0,01	--	--	0,48	0,17	--	--	--	--	1
Gender (male)	0,6	0,94	--	0,62	0,09	0,23	0,48	0,17	--	--	--	--	1

\* The shown value correspond to the number of cases that go on the queue of a bell curve. Therefore, the correlation is significant when the value is 0,01, 0,02 or 0,05.

SOURCE: Author's personal elaboration

### 8.3. RESULTS SUMMARY

In the following pages, the author would like to sum up the main results in a quicker layout.

In terms of sample profile, the research highlighted that:

- Demographic information
  - CEO age: the sample has 54.3 years old on average (going from 36 to 74).
    - Italy: 55.1 years old
    - France: 55.1 years old
    - U.K.: 52.6 years old
  - Gender: 98.3% of the sample is composed by male (2 women only).
    - Italy: 100.0% male
    - France: 97.5% male (1 woman)
    - U.K.: 97.5% male (1 woman)
  - Number of children: on average, CEOs have 3 children (min. 1 and max. 6).
  - Publications: only 5.83% of CEOs has written and published books or articles.
  - Awards: 35.0% of the sample has received a prize (such as Knight of the order of labour merit, legion d'honneur, laurea honoris causa or man of the year prize).
    - Italy: 22.5%
    - France: 57.5%
    - U.K.: 25.0%
  - Hobbies: the most preferred hobby is skiing.
- Educational background information
  - Having a degree: 98.1% of the sample has a degree.
    - Italy: 100.0%
    - France: 94.9%
    - U.K.: 100.0%
  - Graduation age: on average, 23.5 years old.

- Holding a postgraduate title: 38.0% of the sample.
  - Italy: 22.2%
  - France: 44.7%
  - U.K.: 50.0%
- Post graduation age: on average, 27.5 years old.
- Work experiences information
  - Current company
    - Industry: 22.0% of the listed companies are in the financial industry and 22.0% consumer discretionary.
    - Tenure: the average tenure in current company is 15.7 years (going from 1 to 42).
      - Italy: 12.9
      - France: 18.1
      - U.K.: 15.8
    - Number of years CEO in the current company: on average, the CEOs of the sample have been holding this position for 5.7 years (going from 1 to 37).
      - Italy: 4.8
      - France: 7.3
      - U.K.: 4.9
    - Age of CEO nomination in the current company: 48.4 years old on average (going from 26 to 71).
      - Italy: 50
      - France: 48
      - U.K.: 48
    - Inside Vs. Outside nomination: 80.0% of the CEOs come from within the company.
      - Italy: 73.7%

- France: 85.0%
- U.K.: 81.6%
- Other internal activities: 44.2% of the sample has other functions within the company
  - Italy: 45.0%
  - France: 75.0%
  - U.K.: 13.0%
- Other external activities: 68.3% of the sample in board member or other roles in external companies
  - Italy: 77.5
  - France: 57.5%
  - U.K.: 70.0%
- Previous companies
  - Already CEO: 55.7% of the sample had already been CEO (before the current company).
    - Italy: 61.5%
    - France: 41.0%
    - U.K.: 65.0%
  - Number of company changes: on average, the CEOs of the sample have changed 4 companies during their career
    - Italy: 4.6
    - France: 4.9
    - U.K.: 2.3
  - Number of industry changes: on average, the CEOs of the sample have changed 1 industry during their career
    - Italy: 1.5
    - France: 0.9

- U.K.: 0.6
- Function in the first job: 29.0% of the CEOs started their career in finance.
- Industry of the first job: 30.0% of the CEOs were in the industrials industry at the time of their first work experience
- International experience: 40.8% of the CEOs made swork experience abroad.
  - Italy: 25.0%
  - France: 44.7%
  - U.K.: 68.7%
- Number of years of international experience: 6.6 years on average.
  - Italy: 3.2
  - France: 6.4
  - U.K.: 8.9
- Speed to CEO:
  - First time CEO nomination: people of the sample were nominated CEOs for their firt time at the age of 43 (going from 25 to 63).
    - Italy: 44
    - France: 42
    - U.K.: 42
  - Number of years in the CEO position before: 3.2 years on average.

In table 22 and 23 the author provides a summary of the main results for the whole sample and for each country.

**Table 22:** Main results and main statistics for the whole sample

**Table 23:** Comparison of the main results among countries



MAIN STATISTICAL RESULTS FOR THE WHOLE SAMPLE

Variable	#	%	Mean	Median	Mode	Standard deviation	Variance	Min	Max
Age	118	--	54,3	54,5	56	7,07	50,05	36	74
Num. Children	74	--	2,8	3	2	1,08	1,16	1	6
Graduation age	27	--	23,5	23	23	2,74	7,49	19	34
Post graduation age	17	--	27,5	26	25	3,5	12,4	24	37
Age CEO nomination first time in life (speed)	111	--	42,9	43	41*	8,08	65,23	25	63
Age CEO nomination current company	115	--	48,4	48	50	8,04	64,58	26	71
Num. years CEO in current company	117	--	5,7	4	2	5,54	30,69	1	37
Tenure in current company	114	--	15,7	14,5	2	10,53	110,84	1	42
Number previous company	116	--	2,4	2	0	2,6	6,77	0	15
Number companies changes	115	--	4	3	0	3,64	13,25	0	17
Number industries changes	115	--	0,9	0	0	1,39	1,94	0	6
Num.years international experience	39	--	6,6	6	2	4,92	24,25	1	19
Male gender	118 out of 120	98,33%	--	--	Male	--	--	--	--
Married	68 out of 68	100,00%	--	--	--	--	--	--	--
Birthplace	--	--	--	--	--	--	--	--	--
Publication	7 out of 120	5,83%	--	--	--	--	--	--	--
Award	42 out of 120	35,00%	--	--	--	--	--	--	--
Hobbies	skating	--	--	--	--	--	--	--	--
Degree yes	103 out of 105	98,10%	--	--	--	--	--	--	--
Postgraduate yes/not	38 out of 100	38,00%	--	--	--	--	--	--	--
Also Chairman	81 out of 116 NO	69,8% NO	--	--	no	--	--	--	--
Inside/Outside nomination	93 out of 116 inside	80,0% inside	--	--	Inside	--	--	--	--
Already CEO	64 out of 115 YES	55,65% YES	--	--	yes	--	--	--	--
Function first work experience	29 out of 110 finance	29% finance	--	--	Finance	--	--	--	--
Industry first work experience	--	29,9% industrials	--	--	Industrials	--	--	--	--
Other activities inside	53 out of 120 YES	44,17% YES	--	--	--	--	--	--	--
Other activities outside	82 out of 120 YES	68,3% YES	--	--	--	--	--	--	--

\* multiple modes exist. The smallest value is shown.

SOURCE: Author's personal elaboration

MAIN RESULTS PER COUNTRY									
Variable	ITALY	#	FRANCE	#	U.K.	#			#
Male gender	100,00%	40	97,50%	40		40	97,50%		40
Age	55,2	38	55,1	40		40	52,6		40
Married	100,00%	19	100,00%	19		19	100,00%		30
Num. children	2,6	19	3	25		25	2,7		28
Graduation age	22,8	14	22,1	8		8	23,2		6
Post graduation age	26,7	3	28,2	10		10	26,3		4
Age CEO nomination first time in life (speed)	44,3	35	42,2	39		39	42,3		37
Age CEO nomination current company	49,9	36	47,8	39		39	47,7		40
Num. years CEO in current company	4,8	38	7,3	39		39	4,9		40
Tenure in current company	12,9	35	18,1	39		39	15,8		40
Number previous company	3,8	39	1,7	40		40	1,6		37
Number companies changes	4,6	39	4,9	39		39	2,3		37
Number industries changes	1,5	39	0,9	40		40	0,6		36
Num.years international experience	3,2	9	6,4	16		16	8,9		14
Birthplace	100% Italy	35	80% France	39		39	18% UK		17
Publication	5	40	2	40		40	0		40
Award	9	40	23	40		40	10		40
Hobbies (the most appreciated)	skiing		skiing				golf		
Degree yes	100%	37	94,87%	39		39	100%		29
Type of degree	51,35% economics	37	Mainly Gran Ecoles	39		39	Not a real preference		29
Place of degree studies	27% Milan	37	92,3% France	39		39	55,2% UK		29
Postgraduate yes/not	22,22%	36	44,74%	40		40	50,00%		26
Type of postdegree	MBA	36	ENA	40		40	MBA		26
Place of postdegree studies	--	--	--	--		--	--		--
Also Chairman	84,6% no	39	70,0% yes	40		40	93,7% no		37
Inside/Outside nomination	93,3% inside	38	85,0% inside	40		40	79,5% inside		39
Already CEO	61,54% YES	39	41,03% YES	39		39	64,86% YES		37
International experience	10 YES	40	17 YES	38		38	22 YES		32
Industry first work experience	30,77% Industrials	39	37,55 Industrials	40		40	20% Industrials and 20% energy		40
Other activities inside	45% YES	40	75% YES	40		40	13% YES		40
Other activities outside	77,5% YES	40	57,5% YES	40		40	70% YES		40
SOURCE: Author's personal elaboration									

In terms of career path, our hypotheses have either been confirmed or denied. In particular, only hypotheses 2a (having international experience), 5 (study economics) and 6 (holding an MBA) are supported and significant. All the other ones are not significant, meaning that it is not possible to say that changing employer (companies and industries), staying abroad a lot of time, being nominated within the company, having a long tenure in the company, starting the career in the finance function and in the financials industry or being male are variables able to speed up an executive career toward the CEO position.

## 9. DISCUSSION OF EMPIRICAL RESULTS

The empirical research was carried out on the top 40 listed companies in Italy, in France and in the United Kingdom. For each CEO, his/her own curricula vitae has been analyzed, in terms of demographic information, educational background information and work experiences information.

In the empirical section, the author had two main objectives to achieve: providing a profile description of the CEOs of the sample and testing the existence of drivers affecting the speed at which an executive reaches the CEO position. In order to provide a profile picture, the author used basic statistical measures, such as frequencies, mean, mode, median, standard deviation, variance, maximum and minimum values, whereas the career progression has been analyzed through the correlation analysis between the influencing variables identified and the speed to CEO. Moreover, it is worth reminding that the variables were chosen after reviewing relevant previous studies on the subject.

In terms of profile, considering the whole sample, the research highlighted that 98.3% of the CEOs are male, data which testifies, even in the digitalization era, the existence of a male society, where it is still difficult for a woman to emerge and reach the highest positions (on 120 CEOs of the sample, there are only 2 women, 1 in France and 1 in the U.K.), probably due to old beliefs that men are more qualified for leadership roles and network development.

On average, CEOs are 54 years old, have 3 children and their preferred sports are skiing, tennis and golf. Only 5,8% have written a publication in their life, which implies that this is not an important variable in the managerial career. 35% of CEOs have received an award during the career, especially in France, where social and political commitment seems to be more important than in the other two countries.

Most of the CEOs (98.1%) have a degree and graduated, on average, at the age of 23.5, even if it is important to remind that education systems are different across countries and Universities can have a different duration (see pg. 68 and following for a description of scholastic system in the different countries). Only 38.0% took a post-graduate title (in terms of masters, Ph.D. or MBA) at the average age of 27.5.

The speed to CEO, measured through the age at the time of first CEO's nomination, is 43 years old on average.

On average, CEOs have been in the current company for 15.7 years, have changed about 4 companies and 1 industry before. This testifies a quite high stability in terms of acquiring skills

and knowledge. 55.7% of the CEOs have been holding this position before the current company and 30.2% is also chairman of the current company (but these two variables register some differences in the different countries – see later on). 80.0% has been nominated from within the company, which clearly demonstrate how helpful it is to have a full knowledge of how a company works, in terms of internal rules, policies, network, etc. Moreover, 44.2% have another role within the company and 68.3% is non-executive director in other companies, which again, is a sign of the fact that the same people “lead” and have an influence on more companies.

For the 29.0% of the sample the first job function was finance and for 30% industrials was the first industry (it is important to remind that, according to the Global Industry Classification Standard, industrials include both transportation and capital goods, such as aerospace, construction, and also professional services, such as consulting).

Only 40.8% of the CEOs have some international experience, which express that this variable near two decades ago, when the current CEOs developed their career, was not so important and appreciated in order to reach highest positions.

If we divide the big sample in two sub-samples, considering the age of 43 as median, we highlight some differences especially in terms of international experience and postgraduate qualifications. It seems, in fact, that 65.0% of people under 43 years old have an international experience, versus 55.3% of the over 43, which provide an important insight of how this variable has acquired importance across the years. 60% of the under 43 CEOs has held this position before, versus 44.4% of the over 43: the author justifies this by considering that there is more confidence and trust in giving bigger exposure to “new generations” of executives. Surprisingly, 21.3% of CEOs under 43 holds a postgraduate degree, versus 32.7% of the over 43: we comment this supposing that at the time at which the over 43 developed their career, this variable was considered more “distinctive” because of its rarity, whereas nowadays it is more diffused.

It is possible to underline some differences among countries regarding some variables. First, the British CEOs are younger than Italian and French ones (53 years old Vs. 55), which depends on the duration of the education system as quoted above. Second, Italian CEOs reach the position a bit later than the other ones for the first time in their life (44 years old Vs. 42 in the other countries); third, French CEOs have experienced this position only in 41.0% of the cases, less than the other countries (Vs. 61.5% of Italians and 65.0% of British ones), which appears to suggest that France is less related to topics such as networks, trust, friendship, and is more inclined to “take a risk” with “new” people. Speaking about education, in France only 94.9% of CEOs have a degree, versus 100% in Italy and in United Kingdom. On the other hand, in Italy there is the lowest number of CEOs with a post-graduate title (22.2% Vs. 44.7% in France and

50.0% in the U.K.). The author believes that this is mainly due to cultural reasons, in fact, in Italy the importance of holding an MBA, a PhD or other masters has been recognized only recently. Regarding work experiences, France emerges as being the country with more stability when compared to the others: in fact, the French CEOs are in charge since 7.3 years on average (whereas Italians 4.8 and British 4.9) and they are within the company since 18.1 years (Vs. 12.9 years of Italy and 15.8 of the U.K.). Maybe this is also due to the economy conditions of each single country and to the fact that Italian companies are more prone to mergers and acquisitions, which usually implies a turnaround in the highest positions. Italy also distinguished itself for having the highest percentage of CEOs named from within the company (93.3% Vs. 85.0% and 79.5%), expressing the typical familiar management of Italian firms, based on trust, network and knowledge of the people, more than on real abilities. This is also proved by the fact that Italy has the highest percentage of CEOs holding positions also in other companies (77.5% Vs. 57.5% in France and 70.0% in the U.K.), which expresses the importance of networks and the concentration of power in the hands of a limited number of people. Moreover, only 25.0% of Italian CEOs have some international experience, Vs. 44.7% of French ones and 68.7% of British ones; this testifies on one hand the open and internationalized mindset of the U.K. society and, on the other hand, the still narrow-minded one of Italy, whereas France is in the middle of this two extreme positions.

In terms of career path, this research shows that owning international experience has a direct correlation with becoming CEO faster, which is, in a certain way, comprehensible if we think that being exposed to different cultures and different ways of managing firms, allows a person to be more prepared to face the challenges of the external business environment. Moreover, there is also a positive correlation between becoming a CEO faster and economics studies, which can be understood if we think that, first of all, a CEO should know the economical implications for the company of each single choice, due to the fact that the primary objective of a firm is to have a positive balance sheet. A faculty such as economics, in fact, provides the basis to understand a company from many different points of view, starting from the financial one up to the external one (environment and competition) and the internal one (making an overview of all the types of organizations, of business units, etc). Moreover, becoming CEO faster is also positively correlated to holding an MBA, an element which has been acquiring importance over the last decades. In an increasingly globalized context, where there are no geographical boundaries, it is clear that having international experience has been acquiring more and more importance and, moreover, in the choice of which CEO to nominate, is considered as a “plus” in an executive curriculum, as it exposed people to different culture and ways of working. As well, owning an MBA provides a wide and generalizing education (generally speaking, a MBA faces topics such

as corporate strategy, accounting, corporate finance, organizational behaviour, managerial economics, marketing, international business law, management and control, operations management), training and preparing executives to make a step of career and acquire more responsibility.

The author also found some counter intuitive results, such as the fact that having longer tenure does not speed up an executive career, whereas she thought that knowing better the company and having “served” it for many years should help a person become CEO faster. On the contrary, the facts of having changed more industries, being male, having started in a certain function and industry, do not affect the speed of CEO nomination, whereas she thought that changing employer more times would have implied having more knowledge of the outcomes of past decisions, contributing to deepen the experience and flexibility of managers and, potentially, to increase the performances of CEOs. Unfortunately, all those hypotheses are not significant, therefore, we can not actually say anything about them.

Finally, the author wants to put the findings in perspective, by pointing out that they refer to careers which have been developed over the past two or three decades, and, therefore, they are not reflecting, as a consequence, the latest trends, which may well change the path to CEO in the future. Further research, based on the analysis of today’s generation of young managers, may eventually verify those results in twenty years time.

PART IV  
CONCLUSIONS



## 10. CONCLUSIONS

External factors are forcing organizations to look for new sources of competitive advantage. In particular, these external factors are demographic change, globalization, rise of knowledge workers and new computer technologies. Changes in the structure of organizations present yet another challenge, due to the fact that many companies are becoming more decentralized and flexible. Moreover, managerial responsibility is increasingly involving international issues, since geographical boundaries are disappearing following the arrival of online marketplaces.

In this context, companies are likely to promote the idea that employees are their biggest source of competitive advantage and organizations are taking talents more seriously. The war for talents over the last decade has emphasized the importance of instilling a deep commitment to talent throughout the organization, starting at the top and cascading through the ranks. Leaders must develop the capabilities of individuals, nurture their career, and manage the performance of their teams. Top-performing companies instill the mind-set and culture which are needed in order to manage talent effectively. People leading companies are expected to work more like entrepreneurs than traditional managers. Despite all the demands and constraints a manager faces, some choices of behaviour remains still. Even managers in similar positions define their role differently.

The managerial job is too complex and unpredictable to rely on a set of standardized responses. Authors try to understand the situational constraints and interpersonal processes that determine a course of action that is more likely to be successful. Different theories prescribe different patterns of leader behaviour for different situations.

Previous research mainly focused on leaders' traits, behaviour and situations.

Leadership, in fact, requires some traits and skills, such as cognitive skills (necessary to analyze problems, develop solutions), interpersonal skills (necessary to influence people, develop relationships, facilitate teamwork) and technical skills (necessary to understand activities, processes, products, technology). Traits affect a person's ability to assume leadership responsibilities. Being self-confident and persuasive facilitate the effectiveness of influence. Leaders with a personalized-power orientation are impulsive, looking for more power, whereas leaders with a socialized-power orientation seek to empower employees, to build commitment. Communication skills and emotional maturity/intelligence facilitate the role of being at the top, together with personal integrity, which is essential for maintaining mutual trust. An appreciation for cultural differences can help a leader to influence people in different groups and facilitate teamwork.

Studies on leadership behaviour found that task-oriented leaders improve efficiency in a team or organization, whereas relations-oriented leaders build commitment to work objectives, trust and cooperation. They support and provide coaching and mentoring. Effective leaders choose the right behaviour according to the situation.

In the situational leadership theory (Hersey and Blanchard) the mix of tasks and relations behaviour for the leader depends on the confidence and skills of a subordinate in relation to the task leaders should be able to increase subordinates' maturity with developmental intervention. People in leadership positions face conflicting demands, problems and enquiries all the time, and this necessarily implies interactions with subordinates, peers, superiors, outsiders. These interactions are determined by the situation, which includes also constraints, such as rules, policies, budget constraints, etc. Situations influence the type of leadership adopted.

The contingency theories are complex and difficult to test: they provide insights on the reasons for leadership effectiveness, but they lack of sufficient attention to leadership processes that transform the way followers view themselves and their work. Transformational and charismatic leadership tries to fill this gap, by instilling enthusiasm and commitment in followers by articulating a compelling vision and increasing confidence about achieving it. Some leaders' traits and skills, such as self-confidence, ability to speak, solve problems, increase the likelihood of becoming a leader. Transformational leaders make followers more aware of the importance and value of the work, developing their skills and confidence in order to prepare them to assume more responsibility within the organization.

The LPC Contingency model (Fiedler) deals with the moderating effects of situational variables on the relationship between a leader's traits and subordinate's performance. According to the model, leaders with high LPC scores are more effective in moderately favorable situations, whereas leaders with low LPC scores are more favorable in situations very favorable or very unfavorable.

The path-goal theory (House) examines how aspects of leader behaviour influence subordinate satisfaction and motivation. In general, leaders motivate subordinates by influencing their perceptions.

It is widely recognized that the Chief Executive Officer of a company is a leader in defining the strategy, spreading cultures and values, shaping employees' mindset, etc. Several empirical studies were conducted about CEOs, especially with regard to the qualities they need to have (such as responsibility, self-confidence, risk-taking), their educational background, their previous experiences, the international experience and their impact on performance, leadership

effectiveness and succession choices. All the available studies focused on a specific aspect of the CEO, according to the field of interest of the researchers.

This research had three main objectives:

- fill the gaps in the literature;
- track the profile of Italian, French and British top CEOs, in terms of demographic information, educational background information and work experience information;
- test if there are some drivers which influence the speed at which an executive reaches the CEO position.

We saw that in the literature nobody focused on the process by which an executive achieves the CEO nomination, in terms of speed to reach the position (defined as the earliest age) and only few studies adopted a European perspective, focusing on countries like Italy, France and the U.K. as the author of this work wanted to do. After reviewing the relevant literature on the subject the author selected her set of variables. For the above mentioned reasons, the author tried to track a profile of the CEOs for the three European countries, in terms of demographic information, educational background information and career choices information. She also tried to find a correlation between the speed and the variables identified in the 7 hypotheses. All the analysis was conducted at both a general and single country level.

In terms of providing a quick overview of the profile, the research found out that 98.3% of the CEOs of the sample are male; on average, they have 54 years old, 3 children, have been in the company for 15.7 years, have changed near 4 companies and 1 industry and became CEO at the age of 43 the first time. 55.7% had already been nominated CEO before; 30.2% is also chairman of the current company and 80.0% has been nominated from inside the company. 44.2% have other roles within the company and 68.3% are non executive director in other companies. Moreover, 98.1% have a degree and they graduate at the age of 23.5; 38.0% took a post-graduate title at the age of 27.5. 40.8% have some international experience. For the 29.0% of the sample, the first job function was finance and for 30.0% the first industry. Then, if we divide the big sample in two sub samples considering the age of 43 as median, we can highlight some differences especially in terms of international experience and holding a postgraduate qualification.

Looking at a single country level, the author found out that British CEOs are younger than Italian and French ones, and that Italian CEOs reach the position later than their European colleagues. French CEOs have already experience this role in a lower number of cases in

comparison to the others and there is the lowest number of CEOs with a degree, whereas in Italy there is lowest number of post-graduated CEOs and of CEOs with international experience. Regarding work experiences and tenure, France emerges as the country with more stability.

In terms of career path, this research highlighted that there is a significant correlation between reaching the CEO position faster and having international experience, having studied economics and holding an MBA. On the contrary, all the other hypotheses that were originally formulated have found no support because they are not significant. However, in an increasingly globalized context, where there are no geographical boundaries, it is clear that having international experience is becoming a premium because it allows people to have an ability to adapt to different cultures; at the same time, attending an MBA provides a general culture and prepare for managerial roles.

### **Limits and further research**

Some of the strengths of this research are its major limits at the same time. First, it is possible to make an enlargement of the sample, in terms of more companies for each country and including more countries. In particular, the size of the sample was limited to 40 for each country, in order to run the analysis on companies of comparable size; this had an impact on the statistical relevance of the results and has made it impossible to include qualitative variables in the analysis, which would have required a bigger sample for allowing statistical relevance. Regarding the geographical focus on Europe, it has allowed us to fill a gap in the academic literature and provide academics and practitioners with a specific focused analysis; on the other hand, the same research can easily be extended to more countries. Second, it would also be possible to include more variables, such as private life aspects (e.g. life stile, number of hours slept per night, smoke, drink, etc) or social life involvement, which do not emerge from curricula analysis, or find firm data (e.g. ROI, ROE, ROA) to compare the CEO-related variables we have to company performance. Third, it would be possible to make a comparison of CEOs' qualities and background with those of their second-in-commands, or an analysis of the impact of other elements on the professional development (e.g. the relationship with the first boss and what they learned from him/her, or the relationship and the type of leadership style they have towards their team). Forth, in this research only indirect sources were used, even if a personal interview with the CEOs would not have added any relevant information in order to prove our hypotheses (in fact, all the data that was needed, was available on secondary sources), such interviews would have added a useful insight for commenting the results. Fifth, the author decided to use a correlation analysis to link each single variable to the speed to CEO, whereas it would also be

interesting to use logistic regression, in order to create a model and link together all the variables (as for example we can say that three of our variables together affect the CEO position).

### **Usefulness**

With this work, the author attempted to satisfy two different audiences: academics, who mostly prefer to see detailed explanation and critical evaluation of major theories and empirical research, and practitioners, who want immediate answer on what to do and how to do in order to be more effective, due to the fact that they need to deal with current challenges of their job and look, therefore, for useful prescriptions.

The author believes the findings of this research can be important for a number of stakeholders:

- International CEOs, who can leverage our findings when making their succession plans;
- HR managers, who can leverage our findings for designing professional development plans, which maximize the probability to produce future leaders for their organizations;
- Business School Deans, who can get an insight on some important elements to be taken into consideration in the design of the academic and extra-academic curricula;
- Students and high potential executives, who can derive some insights on very successful career paths and eventually take them into consideration when they have to make key-decisions for their career. They can also find a support in the development of their educational and career paths.

# **ATTACHMENTS**

## **1. GICS detailed classification (Global Industry Classification Standard)**

### **2. List of CEOs:**

2a. Italian CEOs

2b. French CEOs

2c. British CEOs

### **3. More detailed information about the sample:**

3a. Speed to CEO

3b. CEOs tenure in current company

3c. CEOs age

### **4. Description of the companies of the sample:**

4a. Italian companies

4b. French companies

4c. British companies

### **5. Executive Summary**

# Attachment 1 - GICS (Global Industry Classification Standard) detailed classification

SECTOR	INDUSTRY GROUPS	INDUSTRY	SUB-INDUSTRY
1. Energy	• Energy	• Energy equipment & services	<ul style="list-style-type: none"> <li>• Oil &amp; gas drilling</li> <li>• Oil &amp; gas equipment &amp; services</li> </ul>
		• Oil, gas & consumable fuels	<ul style="list-style-type: none"> <li>• Integrated oil &amp; gas</li> <li>• Oil &amp; gas exploration &amp; production</li> <li>• Oil &amp; gas refining &amp; marketing</li> <li>• Oil &amp; gas storage &amp; transportation</li> <li>• Coal &amp; consumable fuels</li> </ul>
2. Materials	• Materials	• Chemicals	<ul style="list-style-type: none"> <li>• Commodity chemicals</li> <li>• Diversified chemicals</li> <li>• Fertilizers &amp; Agricultural chemicals</li> <li>• Industrial gases</li> <li>• Specialty chemicals</li> </ul>
		• Construction materials	• Construction materials
		• Containers & packaging	<ul style="list-style-type: none"> <li>• Metal &amp; glass containers</li> <li>• Paper packaging</li> </ul>
		• Metals & mining	<ul style="list-style-type: none"> <li>• Aluminum</li> <li>• Diversified metals &amp; mining</li> <li>• Gold</li> <li>• Precious metals &amp; minerals</li> <li>• Steel</li> </ul>
		• Paper & forest products	<ul style="list-style-type: none"> <li>• Forest Products</li> <li>• Paper Products</li> </ul>

SECTOR	INDUSTRY GROUPS	INDUSTRY	SUB-INDUSTRY
<div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>3. Industrials</b> </div>	<ul style="list-style-type: none"> <li>• Capital Goods</li> </ul>	<ul style="list-style-type: none"> <li>• Aerospace &amp; Defense</li> <li>• Building Products</li> <li>• Construction &amp; Engineering</li> <li>• Electrical Equipment</li> <li>• Industrial Conglomerates</li> <li>• Machinery</li> </ul>	<ul style="list-style-type: none"> <li>• Aerospace &amp; Defense</li> <li>• Building Products</li> <li>• Construction &amp; Engineering</li> <li>• Electrical Components &amp; Equipment</li> <li>• Heavy Electrical Equipment</li> <li>• Industrial Conglomerates</li> <li>• Construction &amp; Farm Machinery &amp; Heavy Trucks</li> <li>• Industrial Machinery</li> </ul>
	<ul style="list-style-type: none"> <li>• Commercial Services &amp; Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Trading Companies &amp; Distributors</li> </ul>	<ul style="list-style-type: none"> <li>• Trading Companies &amp; Distributors</li> <li>• Commercial Printing</li> <li>• Data Processing Services</li> <li>• Diversified commercial &amp; professional Services</li> <li>• Human Resource &amp; Employment Services</li> <li>• Environment &amp; Facilities Services</li> <li>• Office services &amp; suppliers</li> </ul>
	<ul style="list-style-type: none"> <li>• Transportation</li> </ul>	<ul style="list-style-type: none"> <li>• Air Freight &amp; Logistics</li> <li>• Airlines</li> <li>• Marine</li> <li>• Road &amp; Rail</li> <li>• Transportation Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Air Freight &amp; Logistics</li> <li>• Airlines</li> <li>• Marine</li> <li>• Railroads</li> <li>• Tracking</li> <li>• Airport services</li> <li>• Highways &amp; Railtracks</li> <li>• Marine Ports &amp; Services</li> </ul>



SECTOR	INDUSTRY GROUPS	INDUSTRY	SUB-INDUSTRY
<div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>4. Consumer Discretionary</b> </div>	<ul style="list-style-type: none"> <li>• Automobiles &amp; Components</li> </ul>	<ul style="list-style-type: none"> <li>• Auto components</li> </ul>	<ul style="list-style-type: none"> <li>• Auto parts &amp; equipment</li> <li>• Tires &amp; Rubber</li> </ul>
	<ul style="list-style-type: none"> <li>• Automobiles</li> </ul>	<ul style="list-style-type: none"> <li>• Automobile manufacturers</li> <li>• Motorcycle manufacturers</li> </ul>	
	<ul style="list-style-type: none"> <li>• Consumer Durables &amp; Apparel</li> </ul>	<ul style="list-style-type: none"> <li>• Household durables</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer electronics</li> <li>• Home Furnishings</li> <li>• Homebuilding</li> <li>• Household Appliances</li> <li>• Housewares &amp; specialties</li> </ul>
	<ul style="list-style-type: none"> <li>• Leisure equipment &amp; products</li> </ul>	<ul style="list-style-type: none"> <li>• Leisure products</li> <li>• Photographic products</li> </ul>	
	<ul style="list-style-type: none"> <li>• Textiles, apparel &amp; luxury goods</li> </ul>	<ul style="list-style-type: none"> <li>• Apparel, accessories &amp; luxury goods</li> <li>• Footwear</li> <li>• textiles</li> </ul>	
	<ul style="list-style-type: none"> <li>• Consumer services</li> </ul>	<ul style="list-style-type: none"> <li>• Hotels, restaurants &amp; leisure</li> </ul>	<ul style="list-style-type: none"> <li>• Casinos &amp; gaming</li> <li>• Hotels, resorts &amp; cruise lines</li> <li>• Leisure facilities</li> <li>• Restaurants</li> </ul>
	<ul style="list-style-type: none"> <li>• Diversified consumer services</li> </ul>	<ul style="list-style-type: none"> <li>• Education services</li> <li>• Specialized consumer services</li> </ul>	
	<ul style="list-style-type: none"> <li>• Media</li> </ul>	<ul style="list-style-type: none"> <li>• Media</li> </ul>	<ul style="list-style-type: none"> <li>• Advertising</li> <li>• Broadcasting &amp; Cable TV</li> <li>• Movies &amp; Entertainment</li> <li>• Publishing</li> </ul>

<b>SECTOR</b>	<b>INDUSTRY GROUPS</b>	<b>INDUSTRY</b>	<b>SUB-INDUSTRY</b>
4. Consumer Discretionary	• Retailing	• Distributors • Internet & Catalog Retail	• Distributors • Catalog retail • Internet retail
		• Multiline Retail	• Department stores • General Merchandise Stores
		• Specialty retail	• Apparel retail • Computer & electronics retail • Home improvement retail • Specialty stores • Automotive retail • Homefurnishing retail
5. Consumer Staples	• Food & staples retailing	• Food & staple retailing	• Drug retail • Food distributors • Food retail • Hypermarkets & super centres
		• Beverages	• Brewers • Distillers & Vintners • Soft drinks
		• Food products	• Agricultural products • Meat, poultry & fish • Packaged foods & meats
		• Tobacco	• Tobacco
	• household & personal products	• Household products	• Household products
		• Personal products	• Personal products

<b>SECTOR</b>	<b>INDUSTRY GROUPS</b>	<b>INDUSTRY</b>	<b>SUB-INDUSTRY</b>	
<b>6. Health Care</b>	<ul style="list-style-type: none"> <li>• Health care equipment &amp; services</li> </ul>	<ul style="list-style-type: none"> <li>• Health care equipment &amp; supplies</li> </ul>	<ul style="list-style-type: none"> <li>• Health care equipment</li> <li>• Health care supplies</li> </ul>	
		<ul style="list-style-type: none"> <li>• Health care providers &amp; services</li> </ul>	<ul style="list-style-type: none"> <li>• Health care distributors</li> <li>• Health care services</li> <li>• Health care facilities</li> <li>• Managed health care</li> </ul>	
		<ul style="list-style-type: none"> <li>• Health care technology</li> </ul>	<ul style="list-style-type: none"> <li>• Health care technology</li> </ul>	
		-----		
<b>7. Financials</b>	<ul style="list-style-type: none"> <li>• Pharmaceuticals, Biotechnology &amp; Life Sciences</li> </ul>	<ul style="list-style-type: none"> <li>• Biotechnology</li> </ul>	<ul style="list-style-type: none"> <li>• Biotechnology</li> </ul>	
		<ul style="list-style-type: none"> <li>• Pharmaceuticals</li> </ul>	<ul style="list-style-type: none"> <li>• Pharmaceuticals</li> </ul>	
		<ul style="list-style-type: none"> <li>• Life sciences tools &amp; services</li> </ul>	<ul style="list-style-type: none"> <li>• Life sciences tools &amp; services</li> </ul>	
		-----		
<b>7. Financials</b>	<ul style="list-style-type: none"> <li>• Banks</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial banks</li> </ul>	<ul style="list-style-type: none"> <li>• Diversified banks</li> <li>• Regional banks</li> </ul>	
		<ul style="list-style-type: none"> <li>• Thrifts &amp; mortgage finance</li> </ul>	<ul style="list-style-type: none"> <li>• Thrifts &amp; mortgage finance</li> </ul>	
		-----		
		<ul style="list-style-type: none"> <li>• Diversified financials</li> </ul>	<ul style="list-style-type: none"> <li>• Diversified financial services</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer finance</li> <li>• Other diversified financial service</li> <li>• Multi-sector holdings</li> <li>• Specialized finance</li> </ul>
<b>7. Financials</b>	<ul style="list-style-type: none"> <li>• Consumer finance</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer finance</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer finance</li> </ul>	
		<ul style="list-style-type: none"> <li>• Capital markets</li> </ul>	<ul style="list-style-type: none"> <li>• Asset management &amp; custody banks</li> <li>• Investment banking &amp; brokerage</li> <li>• Diversified capital markets</li> </ul>	
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SECTOR	INDUSTRY GROUPS	INDUSTRY	SUB-INDUSTRY
<div style="border: 1px solid black; padding: 5px; text-align: center;">7. Financials</div>	<ul style="list-style-type: none"> <li>• Insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Insurance brokers</li> <li>• Life &amp; health insurance</li> <li>• Multi-line insurance</li> <li>• Property &amp; casualty insurance</li> <li>• reinsurance</li> </ul>
	<ul style="list-style-type: none"> <li>• Real Estate</li> </ul>	<ul style="list-style-type: none"> <li>• Real estate</li> </ul>	<ul style="list-style-type: none"> <li>• Real estate investment trust</li> <li>• Real estate management &amp; development</li> </ul>
		<ul style="list-style-type: none"> <li>• Real estate investment trusts (REITs)</li> </ul>	<ul style="list-style-type: none"> <li>• Diversified REIT's</li> <li>• Industrial REIT's</li> <li>• Mortgage REIT's</li> <li>• Office reit's</li> <li>• Residential REIT's</li> <li>• Retail REIT's</li> <li>• Specialized REIT's</li> </ul>
		<ul style="list-style-type: none"> <li>• Real estate management &amp; development</li> </ul>	<ul style="list-style-type: none"> <li>• Real estate management &amp; development</li> </ul>
<div style="border: 1px solid black; padding: 5px; text-align: center;">8. Information Technology</div>	<ul style="list-style-type: none"> <li>• Software &amp; services</li> </ul>	<ul style="list-style-type: none"> <li>• Internet software &amp; services</li> <li>• IT services</li> </ul>	<ul style="list-style-type: none"> <li>• Internet software &amp; services</li> <li>• IT Consulting &amp; other services</li> <li>• Data processing and outsourced services</li> </ul>
	<ul style="list-style-type: none"> <li>• Software</li> </ul>	<ul style="list-style-type: none"> <li>• Application software</li> <li>• System software</li> <li>• Home entertainment software</li> </ul>	<ul style="list-style-type: none"> <li>• Application software</li> <li>• System software</li> <li>• Home entertainment software</li> </ul>

<b>SECTOR</b>	<b>INDUSTRY GROUPS</b>	<b>INDUSTRY</b>	<b>SUB-INDUSTRY</b>
8. Information Technology	<ul style="list-style-type: none"> <li>Technology hardware &amp; equipment</li> </ul>	<ul style="list-style-type: none"> <li>Communications equipment</li> <li>Computers &amp; peripherals</li> <li>Electronic equipment &amp; instruments</li> <li>Office electronics</li> <li>Semiconductor equipment &amp; products</li> <li>Semiconductors &amp; semiconductor equipment</li> </ul>	<ul style="list-style-type: none"> <li>Communications equipment</li> <li>Networking equipment</li> <li>Telecommunications equipment</li> <li>Computer hardware</li> <li>Computer storage &amp; peripherals</li> <li>Electronic equipment manufacturers</li> <li>Electronic manufacturing services</li> <li>Technology distributors</li> <li>Office electronics</li> <li>Semiconductor equipment</li> <li>semiconductors</li> <li>Semiconductor equipment</li> <li>semiconductors</li> </ul>
9. Telecommunication Services	<ul style="list-style-type: none"> <li>Telecommunication services</li> </ul>	<ul style="list-style-type: none"> <li>Diversified telecommunication services</li> <li>Wireless telecommunication services</li> </ul>	<ul style="list-style-type: none"> <li>Alternative carriers</li> <li>Integrated telecommunication services</li> <li>Wireless telecommunication services</li> </ul>
10. Utilities	<ul style="list-style-type: none"> <li>utilities</li> </ul>	<ul style="list-style-type: none"> <li>Electric utilities</li> <li>Gas utilities</li> <li>Multi-utilities</li> <li>Water utilities</li> <li>Independent power producers &amp; energy traders</li> </ul>	<ul style="list-style-type: none"> <li>Electric utilities</li> <li>Gas utilities</li> <li>Multi-utilities</li> <li>Water utilities</li> <li>Independent power producers &amp; energy traders</li> </ul>

## Attachment 2 – List of CEOs

### Attachment 2a – Italian CEOs

#### S&P/MIB 40 ITALIAN COMPANIES CAPITALIZATION AND CEOs

##### TOP 40 PER MARKET CAPITALIZATION

#	Company	CEO	Market capitalization (MLD euro) 31.08.08	% on the index
1	Eni	Scaroni Paolo	€ 86.035.110.000,00	<b>18,25%</b>
2	Unicredit Group S.p.A.	Profumo Alessandro	€ 50.633.300.000,00	<b>10,74%</b>
3	Intesa Sanpaolo S.p.A.	Passera Corrado	€ 48.586.730.000,00	<b>10,31%</b>
4	Enel S.p.A.	Conti Fulvio	€ 38.815.440.000,00	8,23%
5	Generali Assicurazioni S.p.A.	Balbinot Sergio	€ 32.517.200.000,00	6,90%
6	Tenaris S.A.	Rocca Paolo	€ 20.883.700.000,00	4,43%
7	Telecom Italia S.p.A.	Barnabè Franco	€ 20.324.560.000,00	4,31%
8	Fiat Group Automobiles S.p.A.	Marchionne Sergio	€ 13.720.310.000,00	2,91%
9	Banca Monte dei Paschi di Siena S.p.A.	Vigni Antonio	€ 12.164.670.000,00	2,58%
10	Saipem S.p.A.	Tali Pietro Franco	€ 11.075.240.000,00	2,35%
11	Atlantia S.p.A.	Castellucci Giovanni	€ 10.542.360.000,00	2,24%
12	Ubi Banca S.c.p.A.	Massiah Victor	€ 9.842.847.000,00	2,09%
13	Banco Popolare S.c.r.l.	Innocenzi Fabio	€ 8.633.690.000,00	1,83%
14	Stmicroelectronics	Bozotti Carlo	€ 8.588.578.000,00	1,82%
15	Luxottica S.p.A.	Guerra Andrea	€ 8.524.311.000,00	1,81%
16	Snam Rete Gas S.p.A.	Malacarne Carlo	€ 8.261.091.000,00	1,75%
17	Mediobanca S.p.A.	Nagel Alberto Nicola	€ 8.163.654.000,00	1,73%
18	Finmeccanica S.p.A.	Guarguaglini Pier Francesco	€ 7.947.331.000,00	1,69%
19	AZA S.p.A.	Ravanelli Renato	€ 6.727.914.000,00	1,43%
20	Mediaset S.p.A.	Adreani Giuliano	€ 6.015.402.000,00	1,28%
21	Alleanza Assicurazioni S.p.A.	Molinari Luigi Amato	€ 5.668.077.000,00	1,20%
22	Terna - Rete Elettrica Nazionale S.p.A.	Cattaneo Flavio	€ 5.457.479.000,00	1,16%
23	Unipol S.p.A.	Salvatori Carlo	€ 3.712.422.000,00	0,79%
24	Lottomatica	Sala Marco	€ 3.271.381.000,00	0,69%
25	Parmalat S.p.A.	Bondi Enrico	€ 3.195.200.000,00	0,68%
26	PRYSMIAN S.p.A.	Battista Valerio	€ 3.113.000.000,00	0,66%
27	Fondiarria-Sai S.p.A.	Marchionni Fausto	€ 3.054.293.000,00	0,65%
28	Banca Popolare di Milano S.c.r.l.	Viola Fabrizio	€ 2.909.390.000,00	0,62%
29	Buzzi Unicem S.p.A.	Buzzi Michele	€ 2.821.142.000,00	0,60%
30	Italcementi Group	Pesenti Carlo	€ 2.747.361.000,00	0,58%
31	Pirelli e C. S.p.A.	Puri Negri Carlo Alessandro	€ 2.582.940.000,00	0,55%
32	Mediolanum S.p.A.	Doris Ennio	€ 2.297.741.000,00	0,49%
33	Autogrill S.p.A.	Tondato Da Ruos Gianmario	€ 2.289.600.000,00	0,49%
34	Bulgari Group S.p.A.	Trapani Francesco	€ 2.214.665.000,00	0,47%
35	Geox S.p.A.	Bolzonello Diego	€ 2.167.901.000,00	0,46%
36	Fastweb S.p.A.	Parisi Stefano	€ 1.630.711.000,00	0,35%
37	Impregilo S.p.A.	Rubegni Alberto	€ 1.566.015.000,00	0,33%
38	Mondadori (Arnoldo) Editore S.p.A.	Costa Maurizio	€ 1.005.939.000,00	0,21%
39	Seat Pagine Gialle S.p.A.	Majocchi Luca	€ 907.769.600,00	0,19%
40	Gruppo Editoriale L'Espresso S.p.A.	Benedetto Marco	€ 816.759.900,00	0,17%
			<b>€ 471.433.224.500,00</b>	<b>100,00%</b>

## Attachment 2b – French CEOs

### CAC 40 FRENCH COMPANIES CAPITALIZATION AND CEOs

#### TOP 40 PER MARKET CAPITALIZATION

#	Company	CEO	Market capitalization (MLD euro) 31.05.08	% on the index 22.7.08
1	Total	Christophe de Margerie	€ 111.717.100.000,00	9,81%
2	EDF	Pierre Gadonneix	€ 104.465.100.000,00	9,17%
3	SUEZ	Gerard Mestrallet	€ 79.398.330.000,00	6,97%
4	Arcelor Mittal	Lakshmi Mittal	€ 72.948.410.000,00	6,40%
5	Sanofi-Aventis	Gerard Le Fur	€ 64.265.980.000,00	5,64%
6	BNP Paribas	Baudoin Prot	€ 58.777.270.000,00	5,16%
7	France Télécom	Didier Lombard	€ 53.424.220.000,00	4,69%
8	AXA	Henri de Castries	€ 47.679.870.000,00	4,19%
9	L'Oréal	Jean-Paul Agon	€ 42.877.360.000,00	3,76%
10	Société Générale	Daniel Bouton	€ 40.116.290.000,00	3,52%
11	LVMH	Bernard Arnault	€ 36.809.810.000,00	3,23%
12	Credit Agricole SA	Georges Pauget	€ 33.239.290.000,00	2,92%
13	Vivendi	Jean-Bernard Lévy	€ 31.040.050.000,00	2,73%
14	Carrefour	José Luis Duran	€ 26.039.110.000,00	2,29%
15	Danone	Franck Riboud	€ 25.050.420.000,00	2,20%
16	Air Liquide	Benoît Potier	€ 21.954.580.000,00	1,93%
17	Alstom	Patrick Kron	€ 20.881.010.000,00	1,83%
18	VINCI	Xavier Huillard	€ 19.607.080.000,00	1,72%
19	Schneider Electric	Jean-Pascal Tricoire	€ 17.707.680.000,00	1,55%
20	Renault	Carlos Ghosn Bichara	€ 17.369.770.000,00	1,52%
21	Veolia Environnement	Henri Proglio	€ 17.188.510.000,00	1,51%
22	Saint-Gobain	Pierre-André de Chalendar	€ 16.989.750.000,00	1,49%
23	Lafarge	Bruno Lafont	€ 16.795.380.000,00	1,47%
24	Bouygues	Martin Bouygues	€ 14.715.170.000,00	1,29%
25	Pernod Ricard	Patrick Ricard	€ 14.501.100.000,00	1,27%
26	EADS	Louis Gallois	€ 13.468.130.000,00	1,18%
27	Unibail-Rodamco	Guillaume Poitrinal	€ 12.107.880.000,00	1,06%
28	Dexia	Axel Miller	€ 11.707.980.000,00	1,03%
29	Accor	Gilles Pélisson	€ 10.563.950.000,00	0,93%
30	PPR	François-Henri Pinault	€ 10.206.380.000,00	0,90%
31	Alcatel	Patricia Russo	€ 9.640.632.000,00	0,85%
32	Vallourec	Pierre Verluca	€ 9.397.665.000,00	0,83%
33	STMicroelectronics	Carlo Bozotti	€ 8.543.234.000,00	0,75%
34	Peugeot Citroen	Christian Streiff	€ 8.177.665.000,00	0,72%
35	Gaz de France	Jean-Francois Cirelli	€ 8.000.000.000,00	0,70%
36	Essilor	Xavier Fontanet	€ 7.879.617.000,00	0,69%
37	Michelin	Michel Rollier	€ 7.094.426.000,00	0,62%
38	Capgemini	Paul Hermelin	€ 6.099.915.000,00	0,54%
39	Air France-KLM	Jean-Cyril Spinetta	€ 5.462.490.000,00	0,48%
40	Lagardère	Arnaud Lagardere	€ 5.141.736.000,00	0,45%
				0,00%
			<b>€ 1.139.050.340.000,00</b>	<b>100,00%</b>

## Attachment 2c – British CEOs

### FTSE100 UK COMPANIES CAPITALIZATION AND CEOs

#### TOP 40

#	Società	CEO	Market capitalization 31.7.08 in GBPm	Conversion in euros (1,40) € 1,40	% on the index 31.07.08
1	Royal Dutch Shell	Jeroen van der Veer	£113.116	€ 158.362,40	8,77%
2	HSBC	Michael Francis Geoghegan	£100.719	€ 141.006,60	7,81%
3	BP	Tony Hayward	£98.265	€ 137.571,00	7,62%
4	Vodafone Group	Colao Vittorio	£71.602	€ 100.242,80	5,55%
5	GlaxoSmithKline	Jan Pierre Garnier	£61.627	€ 86.277,80	4,78%
6	Rio Tinto	Tom Albanese	£53.480	€ 74.872,00	4,15%
7	Anglo American	Cynthia Carroll	£38.731	€ 54.223,40	3,00%
8	BG Group	Frank Joseph Chapman	£38.611	€ 54.055,40	2,99%
9	BHP Billiton	Marius Kloppers	£37.365	€ 52.311,00	2,90%
10	AstraZeneca	David Brennan	£36.018	€ 50.425,20	2,79%
11	Royal Bank of Scotland Group	Fred Goodwin	£34.378	€ 48.129,20	2,66%
12	Tesco	Terry Leahy	£28.366	€ 39.712,40	2,20%
13	British American Tobacco	Paul Nicholas Adams	£27.665	€ 38.731,00	2,14%
14	Barclays Bank	John Silvester Varley	£27.528	€ 38.539,20	2,13%
15	Xstrata	Mick Davis	£26.570	€ 37.198,00	2,06%
16	Diageo	Paul Walsh	£22.637	€ 31.691,80	1,75%
17	Standard Chartered	Peter Sands	£22.014	€ 30.819,60	1,71%
18	Reckitt Benckiser Group	Bart Becht	£19.768	€ 27.675,20	1,53%
19	Imperial Tobacco	Davis Gareth	£19.215	€ 26.901,00	1,49%
20	Unilever	Patric Cescau	£18.182	€ 25.454,80	1,41%
21	National Grid	Steve Holliday	£16.669	€ 23.336,60	1,29%
22	Lloyds TSB Group	Eric Daniels	£16.623	€ 23.272,20	1,29%
23	BAE System	Mike Turner	£15.785	€ 22.099,00	1,22%
24	HBOS	Andy Hornby	£15.243	€ 21.340,20	1,18%
25	Prudential	Mark Tucker	£13.591	€ 19.027,40	1,05%
26	Aviva	Andrew Moss	£13.448	€ 18.827,20	1,04%
27	BT Group	Ben Verwaayen	£13.404	€ 18.765,60	1,04%
28	Scottish & Southern Energy	Ian Marchant	£12.205	€ 17.087,00	0,95%
29	SABMiller	Graham Mackay	£11.773	€ 16.482,20	0,91%
30	Centrica	William Samuel Hugh Laidlaw	£11.551	€ 16.171,40	0,90%
31	Man Group	Peter Clarke	£10.530	€ 14.742,00	0,82%
32	Cadbury Schweppes	Todd Stitzer	£8.057	€ 11.279,80	0,62%
33	British Energy Group	Bill Coley	£7.489	€ 10.484,60	0,58%
34	Morrison (Wm) Supermarkets	Marc J. Bolland	£6.951	€ 9.731,40	0,54%
35	Compass Group	Richard John Cousins	£6.811	€ 9.535,40	0,53%
36	Rolls-Royce Group	John Rose	£6.471	€ 9.059,40	0,50%
37	Reed Elsevier	Crispin Davis	£6.356	€ 8.898,40	0,49%
38	International Power	Philip Cox	£6.196	€ 8.674,40	0,48%
39	British Sky Broadcasting Group	James Murdoch	£6.010	€ 8.414,00	0,46%
40	Land Securities Group	Francis Salway	£5.972	€ 8.360,80	0,47%
				€ 0,00	
<b>PARTIAL TOT 1</b>			<b>£1.106.992.000.000</b>	<b>€ 1.549.788.800.000,00</b>	<b>85,80%</b>



### Attachment 3 – More detailed information about the sample

#### Attachment 3a - Speed to CEO (Age at CEO nomination the first time)

Country	CEO's name	Company	AGE at CEO nomination the first time
I	Francesco Trapani	Bulgari Group S.p.A.	27
I	Andrea Guerra	Luxottica S.p.A.	33
I	Corrado Passera	Intesa Sanpaolo S.p.A.	34
I	Marco Benedetto	Gruppo Editoriale L'Espresso S.p.A.	36
I	Flavio Cattaneo	Terna - Rete Elettrica Nazionale S.p.A.	36
I	Fabio Innocenzi	Banco Popolare S.c.r.l.	37
I	Paolo Scaroni	Eni	39
I	Carlo Alessandro Puri Negri	Pirelli e C. Real Estate S.p.A.	39
I	Alessandro Profumo	Unicredit Group S.p.A.	40
I	Giovanni Castellucci	Atlantia S.p.A.	41
I	Carlo Pesenti	Italcementi Group	41
I	Alberto Nicola Nagel	Mediobanca S.p.A.	42
I	Ennio Doris	Mediolanum S.p.A.	42
I	Victor Massiah	Ubi Banca S.c.p.A.	42
I	Gianmario Tondato da Ruos	Autogrill S.p.A.	43
I	Michele Buzzi	Buzzi Unicem S.p.A.	43
I	Luca Majocchi	Seat Pagine Gialle S.p.A.	43
I	Sergio Balbinot	Generali Assicurazioni S.p.A.	44
I	Diego Bolzonello	Geox S.p.A.	44
I	Marco Sala	Lottomatica	44
I	Franco Barnabè	Telecom Italia S.p.A.	44
I	Alberto Rubegni	Impregilo S.p.A.	46
I	Carlo Bozotti	Stmicroelectronics	46
I	Pietro Franco Tali	Saipem S.p.A.	47
I	Stefano Parisi	Fastweb S.p.A.	48
I	Sergio Marchionne	Fiat Group Automobiles S.p.A.	48
I	Fulvio Conti	Enel S.p.A.	49
I	Giuliano Andreani	Mediaset S.p.A.	49
I	Maurizio Costa+D15	Mondadori (Arnoldo) Editore S.p.A.	49
I	Antonio Vigni	Banca Monte dei Paschi di Siena S.p.A.	53
I	Carlo Malacarne	Snam Rete Gas S.p.A.	53
I	Carlo Salvatori	Unipol S.p.A.	54
I	Pier Francesco Guarguaglini	Finmeccanica S.p.A.	57
I	Enrico Bondi	Parmalat S.p.A.	59
I	Fausto Marchionni	Fondiaria-Sai S.p.A.	60
I	Luigi Amato Molinari	Alleanza Assicurazioni S.p.A.	n.d.
I	Fabrizio Viola	Banca Popolare di Milano S.c.r.l.	n.d.
I	Valerio Battista	PRYSMIAN S.p.A.	n.d.
I	Paolo Rocca	Tenaris S.A.	n.d.

<b>Country</b>	<b>CEO's name</b>	<b>Company</b>	<b>AGE at CEO nomination the first time</b>
I	Renato Ravanelli	ÄZ A S.p.A.	n.d.
F	Jean-Paul Agon	L'Oréal	25
F	Patrick Ricard	Pernod Ricard	26
F	Gilles Pélisson	Accor	31
F	Patrick Kron	Alstom	31
F	Carlos Ghosn Bichara	Renault	31
F	Arnaud Lagardere	Lagardère	32
F	Xavier Huillard	VINCI	32
F	Xavier Fontanet	Essilor	33
F	Martin Bouygues	Bouygues	34
F	Pierre-André de Chalendar	Saint-Gobain	34
F	Christian Streiff	Peugeot	35
F	Bernard Arnault	LVMH	38
F	Guillaume Poitrial	Unibail-Rodamco	38
F	Henri de Castries	AXA	39
F	Axel Miller	Dexia	39
F	Jean-Bernard Lévy	Vivendi	39
F	Benoît Potier	Air Liquide	40
F	José Luis Duran	Carrefour	40
F	Franck Riboud	Danone	41
F	Henri Proglio	Veolia Environnement	41
F	Patrick Ricard	Pernod Ricard	41
F	Christophe de Margerie	Total	42
F	François-Henri Pinault	PPR	43
F	Jean-Pascal Tricoire	Schneider Electric	43
F	Daniel Bouton	Société Générale	43
F	Baudoin Prot	BNP Paribas	45
F	Jean-Francois Cirelli	Gaz de France	46
F	Carlo Bozotti	STMicroelectronics	46
F	Jean-Cyril Spinetta	Air France-KLM	47
F	Patricia Russo	Alcatel	47
F	Louis Gallois	EADS	48
F	Gerard Mestrallet	SUEZ	48
F	Paul Hermelin	Capgemini	49
F	Bruno Lafont	Lafarge	50
F	Pierre Verluca	Vallourec	53
F	Gerard Le Fur	Sanofi-Aventis	54
F	Georges Pauget	Credit Agricole SA	58
F	Michel Rollier	Michelin	60
F	Pierre Gadonneix	EDF	61
F	Didier Lombard	France Télécom	63
F	Lakshmi Mittal	Arcelor Mittal	n.d.
F	Lakshmi Mittal	Arcelor Mittal	n.d.

<b>Country</b>	<b>CEO's name</b>	<b>Company</b>	<b>AGE at CEO nomination the first time</b>
UK	James Murdoch	British Sky Broadcasting Group	28
UK	William Samuel Hugh Laidlaw	Centrica	30
UK	Andy Hornby	HBOS	31
UK	John Silvester Varley	Barclays Bank	33
UK	Cynthia Carroll	Anglo American	33
UK	Mike Turner	BAE System	36
UK	Marc J. Bolland	Morrison (Wm) Supermarkets	36
UK	Mark Tucker	Prudential	36
UK	Paul Walsh	Diageo	37
UK	Fred Goodwin	Royal Bank of Scotland Group	37
UK	Bart Becht	Reckitt Benckiser Group	38
UK	Colao Vittorio	Vodafone Group	38
UK	Mick Davis	Xstrata	39
UK	Ian Marchant	Scottish & Southern Energy	40
UK	Richard John Cousins	Compass Group	41
UK	Davis Crispin	Reed Elsevier	41
UK	Terry Leahy	Tesco	41
UK	Tom Albanese	Rio Tinto	43
UK	Peter Sands	Standard Chartered	44
UK	Marius Kloppers	BHP Billiton	45
UK	Tony Hayward	BP	45
UK	Todd Stitzer	Cadbury Schweppes	45
UK	Francis Salway	Land Securities Group	45
UK	Jeroen van der Veer	Royal Dutch Shell	45
UK	Davis Gareth	Imperial Tobacco	46
UK	Peter Clarke	Man Group	46
UK	Frank Joseph Chapman	BG Group	47
UK	Eric Daniels	Lloyds TSB Group	47
UK	David Brennan	AstraZeneca	48
UK	Andrew Moss	Aviva	48
UK	Jan Pierre Garnier	GlaxoSmithKline	48
UK	Paul Nicholas Adams	British American Tobacco	49
UK	Steve Holliday	National Grid	50
UK	Graham Mackay	SABMiller	50
UK	Michael Francis Geoghegan	HSBC	51
UK	Patric Cescau	Unilever	57
UK	Bill Coley	British Energy Group	61
UK	Ben Verwaayen	BT Group	N.d.
UK	Philip Cox	International Power	N.d.
UK	John Rose	Rolls-Royce Group	N.d.

Attachment 3b - CEOs tenure in current company

Country	CEO's name	Company	Tenure in the company
I	Victor Massiah	Ubi Banca S.c.p.A.	1
I	Franco Barnabe`	Telecom Italia S.p.A.	2
I	Flavio Cattaneo	Terna - Rete Elettrica Nazionale S.p.A.	2
I	Carlo Salvatori	Unipol S.p.A.	2
I	Paolo Scaroni	Eni	3
I	Enrico Bondi	Parmalat S.p.A.	3
I	Stefano Parisi	Fastweb S.p.A.	4
I	Sergio Marchionne	Fiat Group Automobiles S.p.A.	4
I	Andrea Guerra	Luxtottica S.p.A.	4
I	Marco Sala	Lottomatica	5
I	Luca Majocchi	Seat Pagine Gialle S.p.A.	5
I	Fabio Innocenzi	Banco Popolare S.c.r.l.	6
I	Giovanni Castellucci	Atlantia S.p.A.	7
I	Corrado Passera	Intesa Sanpaolo S.p.A.	7
I	Gianmario Tondato da Ruos	Autogrill S.p.A.	8
I	Fulvio Conti	Enel S.p.A.	9
I	Alberto Nicola Nagel	Mediobanca S.p.A.	9
I	Renato Ravanelli	A2A S.p.A.	12
I	Pier Francesco Guarguaglini	Finmeccanica S.p.A.	12
I	Ennio Doris	Mediolanum S.p.A.	12
I	Giuliano Andreani	Mediaset S.p.A.	14
I	Alessandro Profumo	Unicredit Group S.p.A.	14
I	Pietro Franco Tali	Saipem S.p.A.	15
I	Maurizio Costa+D15	Mondadori (Arnoldo) Editore S.p.A.	16
I	Michele Buzzi	Buzzi Unicem S.p.A.	18
I	Carlo Malacarne	Snam Rete Gas S.p.A.	18
I	Carlo Alessandro Puri Negri	Pirelli e C. Real Estate S.p.A.	19
I	Carlo Bozotti	Stmicroelectronics	21
I	Paolo Rocca	Tenaris S.A.	23
I	Francesco Trapani	Bulgari Group S.p.A.	24
I	Marco Benedetto	Gruppo Editoriale L'Espresso S.p.A.	24
I	Sergio Balbinot	Generali Assicurazioni S.p.A.	25
I	Alberto Rubegni	Impregilo S.p.A.	26
I	Antonio Vigni	Banca Monte dei Paschi di Siena S.p.A.	36
I	Fausto Marchionni	Fondiaria-Sai S.p.A.	42
I	Luigi Amato Molinari	Alleanza Assicurazioni S.p.A.	n.d.
I	Fabrizio Viola	Banca Popolare di Milano S.c.r.l.	n.d.
I	Diego Bolzonello	Geox S.p.A.	n.d.
I	Carlo Pesenti	Italcementi Group	n.d.
I	Valerio Battista	PRYSMIAN S.p.A.	n.d.

<b>Country</b>	<b>CEO's name</b>	<b>Company</b>	<b>Tenure in the company</b>
F	Christian Streiff	Peugeot	2
F	Pierre Gadonneix	EDF	4
F	Jean-Francois Cirelli	Gaz de France	4
F	Didier Lombard	France Télécom	5
F	Jean-Bernard Lévy	Vivendi	6
F	Patrick Kron	Alstom	7
F	Axel Miller	Dexia	7
F	Patricia Russo	Alcatel	9
F	Louis Gallois	EADS	9
F	Carlos Ghosn Bichara	Renault	9
F	Gilles Pélisson	Accor	10
F	Jean-Cyril Spinetta	Air France-KLM	11
F	Michel Rollier	Michelin	12
F	Xavier Huillard	VINCI	12
F	Guillaume Poitrinal	Unibail-Rodamco	13
F	Paul Hermelin	Capgemini	15
F	Baudoin Prot	BNP Paribas	16
F	José Luis Duran	Carrefour	17
F	Xavier Fontanet	Essilor	17
F	Daniel Bouton	Société Générale	17
F	Henri de Castries	AXA	19
F	Pierre-André de Chalendar	Saint-Gobain	19
F	Bernard Arnault	LVMH	20
F	François-Henri Pinault	PPR	21
F	Carlo Bozotti	STMicroelectronics	21
F	Arnaud Lagardere	Lagardère	22
F	Gerard Le Fur	Sanofi-Aventis	22
F	Jean-Pascal Tricoire	Schneider Electric	22
F	Gerard Mestrallet	SUEZ	24
F	Bruno Lafont	Lafarge	25
F	Benoît Potier	Air Liquide	27
F	Franck Riboud	Danone	27
F	Pierre Verluca	Vallourec	27
F	Martin Bouygues	Bouygues	30
F	Jean-Paul Agon	L'Oréal	30
F	Christophe de Margerie	Total	34
F	Georges Pauget	Credit Agricole SA	35
F	Henri Proglio	Veolia Environnement	36
F	Patrick Ricard	Pernod Ricard	41
F	Lakshmi Mittal	Arcelor Mittal	n.d.

<b>Country</b>	<b>CEO's name</b>	<b>Company</b>	<b>Tenure in the company</b>
U.K.	Cynthia Carroll	Anglo American	2
U.K.	William Samuel Hugh Laidlaw	Centrica	2
U.K.	Richard John Cousins	Compass Group	2
U.K.	Marc J. Bolland	Morrison (Wm) Supermarkets	2
U.K.	Andy Hornby	HBOS	3
U.K.	Andrew Moss	Aviva	4
U.K.	James Murdoch	British Sky Broadcasting Group	5
U.K.	Ben Verwaayen	BT Group	6
U.K.	Peter Sands	Standard Chartered	6
U.K.	Eric Daniels	Lloyds TSB Group	7
U.K.	Steve Holliday	National Grid	7
U.K.	Mick Davis	Xstrata	7
U.K.	Paul Walsh	Diageo	8
U.K.	Philip Cox	International Power	8
U.K.	Francis Salway	Land Securities Group	8
U.K.	Bill Coley	British Energy Group	9
U.K.	Davis Crispin	Reed Elsevier	9
U.K.	Fred Goodwin	Royal Bank of Scotland Group	10
U.K.	Frank Joseph Chapman	BG Group	12
U.K.	Colao Vittorio	Vodafone Group	12
U.K.	Marius Kloppers	BHP Billiton	15
U.K.	Peter Clarke	Man Group	15
U.K.	Tom Albanese	Rio Tinto	15
U.K.	David Brennan	AstraZeneca	16
U.K.	Ian Marchant	Scottish & Southern Energy	16
U.K.	Jan Pierre Garnier	GlaxoSmithKline	18
U.K.	Mark Tucker	Prudential	18
U.K.	Bart Becht	Reckitt Benckiser Group	20
U.K.	John Rose	Rolls-Royce Group	24
U.K.	Todd Stitzer	Cadbury Schweppes	25
U.K.	Tony Hayward	BP	26
U.K.	John Silvester Varley	Barclays Bank	29
U.K.	Terry Leahy	Tesco	29
U.K.	Mike Turner	BAE System	30
U.K.	Graham Mackay	SABMiller	30
U.K.	Paul Nicholas Adams	British American Tobacco	33
U.K.	Michael Francis Geoghegan	HSBC	35
U.K.	Davis Gareth	Imperial Tobacco	35
U.K.	Patric Cescau	Unilever	35
U.K.	Jeroen van der Veer	Royal Dutch Shell	37

## Attachment 3c - CEOs age

Country	CEO's name	Company	Age
I	Andrea Guerra	Luxottica S.p.A.	42
I	Renato Ravanelli	A2A S.p.A.	43
I	Alberto Nicola Nagel	Mediobanca S.p.A.	43
I	Flavio Cattaneo	Terna - Rete Elettrica Nazionale S.p.A.	44
I	Michele Buzzi	Buzzi Unicem S.p.A.	45
I	Carlo Pesenti	Italcementi Group	45
I	Fabio Innocenzi	Banco Popolare S.c.r.l.	47
I	Gianmario Tondato da Ruos	Autogrill S.p.A.	48
I	Giovanni Castellucci	Atlantia S.p.A.	49
I	Marco Sala	Lottomatica	49
I	Luca Majocchi	Seat Pagine Gialle S.p.A.	49
I	Victor Massiah	Ubi Banca S.c.p.A.	49
I	Sergio Balbinot	Generali Assicurazioni S.p.A.	50
I	Diego Bolzonello	Geox S.p.A.	50
I	Francesco Trapani	Bulgari Group S.p.A.	51
I	Alessandro Profumo	Unicredit Group S.p.A.	51
I	Stefano Parisi	Fastweb S.p.A.	52
I	Corrado Passera	Intesa Sanpaolo S.p.A.	54
I	Antonio Vigni	Banca Monte dei Paschi di Siena S.p.A.	55
I	Carlo Malacarne	Snam Rete Gas S.p.A.	55
I	Sergio Marchionne	Fiat Group Automobiles S.p.A.	56
I	Carlo Alessandro Puri Negri	Pirelli e C. Real Estate S.p.A.	56
I	Carlo Bozotti	Stmicroelectronics	56
I	Paolo Rocca	Tenaris S.A.	56
I	Alberto Rubegni	Impregilo S.p.A.	57
I	Pietro Franco Tali	Saipem S.p.A.	59
I	Maurizio Costa+D15	Mondadori (Arnoldo) Editore S.p.A.	60
I	Franco Barnabè	Telecom Italia S.p.A.	60
I	Fulvio Conti	Enel S.p.A.	61
I	Paolo Scaroni	Eni	62
I	Marco Benedetto	Gruppo Editoriale L'Espresso S.p.A.	63
I	Fausto Marchionni	Fondiaria-Sai S.p.A.	65
I	Giuliano Andreani	Mediaset S.p.A.	66
I	Carlo Salvatori	Unipol S.p.A.	67
I	Ennio Doris	Mediolanum S.p.A.	68
I	Luigi Amato Molinari	Alleanza Assicurazioni S.p.A.	69
I	Pier Francesco Guarguaglini	Finmeccanica S.p.A.	71
I	Enrico Bondi	Parmalat S.p.A.	74
I	Fabrizio Viola	Banca Popolare di Milano S.c.r.l.	n.d.




<b>Country</b>	<b>CEO's name</b>	<b>Company</b>	<b>Age</b>
I	Valerio Battista	PRYSMIAN S.p.A.	n.d.
F	Axel Miller	Dexia	41
F	Guillaume Poitral	Unibail-Rodamco	41
F	José Luis Duran	Carrefour	43
F	Jean-Pascal Tricoire	Schneider Electric	45
F	François-Henri Pinault	PPR	46
F	Arnaud Lagardere	Lagardère	47
F	Jean-Francois Cirelli	Gaz de France	50
F	Pierre-André de Chalendar	Saint-Gobain	50
F	Gilles Pélisson	Accor	51
F	Benoît Potier	Air Liquide	51
F	Jean-Paul Agon	L'Oréal	52
F	Bruno Lafont	Lafarge	52
F	Franck Riboud	Danone	53
F	Jean-Bernard Lévy	Vivendi	53
F	Henri de Castries	AXA	54
F	Christian Streiff	Peugeot	54
F	Carlos Ghosn Bichara	Renault	54
F	Xavier Huillard	VINCI	54
F	Patrick Kron	Alstom	55
F	Patricia Russo	Alcatel	56
F	Lakshmi Mittal	Arcelor Mittal	56
F	Martin Bouygues	Bouygues	56
F	Paul Hermelin	Capgemini	56
F	Gerard Le Fur	Sanofi-Aventis	56
F	Carlo Bozotti	STMicroelectronics	56
F	Baudoin Prot	BNP Paribas	57
F	Christophe de Margerie	Total	57
F	Daniel Bouton	Société Générale	58
F	Bernard Arnault	LVMH	59
F	Gerard Mestrallet	SUEZ	59
F	Henri Proglio	Veolia Environnement	59
F	Xavier Fontanet	Essilor	60
F	Georges Pauget	Credit Agricole SA	61
F	Patrick Ricard	Pernod Ricard	63
F	Louis Gallois	EADS	64
F	Michel Rollier	Michelin	64
F	Pierre Verluca	Vallourec	64
F	Jean-Cyril Spinetta	Air France-KLM	65
F	Pierre Gadonneix	EDF	65
F	Didier Lombard	France Télécom	66





<b>Country</b>	<b>CEO's name</b>	<b>Company</b>	<b>Age</b>
UK	James Murdoch	British Sky Broadcasting Group	36
UK	Andy Hornby	HBOS	40
UK	Marius Kloppers	BHP Billiton	46
UK	Ian Marchant	Scottish & Southern Energy	46
UK	Peter Sands	Standard Chartered	46
UK	Peter Clarke	Man Group	47
UK	Colao Vittorio	Vodafone Group	47
UK	Andrew Moss	Aviva	49
UK	Richard John Cousins	Compass Group	49
UK	Francis Salway	Land Securities Group	49
UK	Marc J. Bolland	Morrison (Wm) Supermarkets	49
UK	Fred Goodwin	Royal Bank of Scotland Group	49
UK	Cynthia Carroll	Anglo American	50
UK	Mick Davis	Xstrata	50
UK	Tony Hayward	BP	51
UK	Steve Holliday	National Grid	51
UK	Mark Tucker	Prudential	51
UK	Bart Becht	Reckitt Benckiser Group	51
UK	Tom Albanese	Rio Tinto	51
UK	John Silvester Varley	Barclays Bank	52
UK	William Samuel Hugh Laidlaw	Centrica	52
UK	Terry Leahy	Tesco	52
UK	Paul Walsh	Diageo	53
UK	David Brennan	AstraZeneca	55
UK	Frank Joseph Chapman	BG Group	55
UK	Paul Nicholas Adams	British American Tobacco	55
UK	Michael Francis Geoghegan	HSBC	55
UK	Ben Verwaayen	BT Group	56
UK	Todd Stitzer	Cadbury Schweppes	56
UK	Philip Cox	International Power	56
UK	Eric Daniels	Lloyds TSB Group	57
UK	Davis Gareth	Imperial Tobacco	58
UK	Davis Crispin	Reed Elsevier	59
UK	Graham Mackay	SABMiller	59
UK	Mike Turner	BAE System	60
UK	Patric Cescau	Unilever	60
UK	Jan Pierre Garnier	GlaxoSmithKline	61
UK	John Rose	Rolls-Royce Group	61
UK	Jeroen van der Veer	Royal Dutch Shell	61
UK	Bill Coley	British Energy Group	63

# Attachment 4. Description of the companies of the sample

## Attachment 4a. Italian companies







<p><b>A2A S.p.A.</b></p> <ul style="list-style-type: none"> <li>A2A, national leader in the field of environmental services, is the multiutility corporation born of the merger in January 2008 between two historical companies of the cities of Milan and Brescia, AEM and ASM.</li> <li>With pro-forma revenues of 9.4 billion euro and an EBITDA of 1.8 billion, A2A ranks topmost among Italy's ex-municipalized companies.</li> <li>It is Italy's second largest power generator in terms of installed capacity and sales volumes, with a well-balanced production mix and a substantial portion obtained from hydroelectric, clean sources and renewable energy.</li> <li>Finally, A2A sells 2 billion cubic metres of gas per year and is the third national player in the gas sector.</li> <li>Executive: RAVANELLI Renato</li> <li>Address: Corso di Porta Vittoria 4, 20122 Milano</li> <li>Website:</li> </ul> 	<p><b>ALLEANZA ASSICURAZIONI S.p.A.</b></p> <ul style="list-style-type: none"> <li>Established in Genoa in 1898 and part of the Generali Group since 1934, Alleanza Assicurazioni is Italy's number one insurance firm in the individual life insurance branch.</li> <li>Alleanza Assicurazioni is the parent of Imprese Alleanza, formed of companies controlled, which operate in sectors spanning from insurance and finance to real estate.</li> <li>Listed on the Milan Stock Exchange since 1971, Alleanza Assicurazioni has over 300 general agencies. Its main shareholders are Assicurazioni Generali and Banca d'Italia.</li> <li>Exec.: MOLINARI Luigi Amato</li> <li>Address: Viale Luigi Sturzo 35, 20154 Milano</li> <li>Website: <a href="http://www.alleanzaassicurazioni.it">www.alleanzaassicurazioni.it</a></li> </ul> 	<p><b>AUTOGRILL S.p.A.</b></p> <ul style="list-style-type: none"> <li>Autogrill is a world leader in food, beverage and retail services for people on the move.</li> <li>Operating almost exclusively as a concessionaire, Autogrill serves travellers in a variety of venues including motorway travel plazas, airports and railway stations.</li> <li>The Group operates in 26 countries. Every year, its 70.000 staff serve more than 1 billion customers.</li> <li>The company is controlled by Edizione Holding - the Benetton family holding company, with a 57.09% share - and has been listed on the Milan Stock Exchange since 1996.</li> <li>Exec.: TONDATO DA RUOS Gianmario</li> <li>Address: Centro Direzionale Milanofiori, Palazzo Z, Strada 5, 20089 Rozzano/Milano</li> <li>Website: <a href="http://www.autogrill.com">www.autogrill.com</a></li> </ul> 
<p><b>ATLANTIA</b></p> <ul style="list-style-type: none"> <li>Atlantia, since May 2007, is the new corporate name of Autostrade S.p.A., the major provider of motorways building and management.</li> <li>Atlantia provides services, traffic control, telecommunications and user information through a network of over 3,000 km of fibre optical systems running parallel to the motorway.</li> <li>Each day they have over 4 million passengers.</li> <li>The holding has near 10.000 employees.</li> <li>Exec.: CASTELLUCCI Giovanni</li> <li>Address: Via Bergamini 50 – 00159 Roma</li> <li>Website: <a href="http://www.autostrade.it">www.autostrade.it</a></li> </ul>  	<p><b>BCA Monte Paschi di Siena</b></p> <ul style="list-style-type: none"> <li>Born in 1472, Banca MPS is recognized in the world as the most ancient bank still working.</li> <li>It is among the main 5 banks in Italy, with 3.000 branches and near 24.500 employees and 4.500.000 customers.</li> <li>Activities span from traditional banking to asset management (mutual funds, assets administration, pension funds, life insurance), from investment banking to innovative forms of corporate finance (project finance, merchant banking, financial consulting), with special interest in retail banking to families and SMEs.</li> <li>Exec.: VIGNI Antonio</li> <li>Address: Piazza Salimbeni 3 – 53100 Siena</li> <li>Website: <a href="http://www.mps.it">www.mps.it</a></li> </ul> 	<p><b>BCA POP MILANO</b></p> <ul style="list-style-type: none"> <li>Banca Popolare di Milano, founded in 1865, is an interregional commercial bank offering, directly or through controlled companies, services in different sectors: Retail, Corporate, Asset Management, Investment Banking, Private Banking and Insurance. Over 6.000 employees, 1,4 million customers. 600 branches.</li> <li>BPM group focuses its activities on retail clients, SMEs and asset management products. Exec.: VIOLA Fabrizio</li> <li>Address: Piazza Meda 4 – 20121 Milano</li> <li>Website: <a href="http://www.bpm.it">www.bpm.it</a></li> </ul> 
<p><b>BANCO POPOLARE S.c.r.l.</b></p> <ul style="list-style-type: none"> <li>Banco Popolare Società Cooperativa is the result of the merger in July 2007 of Banco Popolare di Verona and Banca Popolare Italiana. The new entity thus formed ranks among the top five banking groups in Italy and is the first cooperative bank in terms of counters.</li> <li>It is a multi-functional banking group operating through specialized companies in credit and financial brokerage.</li> <li>The Group has four Foundations which invest in charitable causes and social activities.</li> <li>Exec.: INNOCENZI Fabio</li> <li>Address: Piazza Nogarà 2, I-37121 Verona</li> <li>Website: <a href="http://www.bancopopolare.it">www.bancopopolare.it</a></li> </ul> 	<p><b>BULGARI GROUP</b></p> <ul style="list-style-type: none"> <li>The world's most famous family of jewellers, goldsmiths and silversmiths, and one of the largest jewellers, Bulgari was founded in the period following World War II, and then started expanding abroad, opening the first overseas store in New York</li> <li>Over the years, Bulgari gradually diversified activities, and today its range of products has expanded to include jewels, watches, silk, perfumes, leather, eyewear, gifts and home design.</li> <li>Today, Bulgari runs 236 stores worldwide and has about 1,800 employees.</li> <li>Exec.: TRAPANI Francesco</li> <li>Address: Lungotevere Marzio 11, I-00186 Roma</li> <li>Website: <a href="http://www.bulgari.com">www.bulgari.com</a></li> </ul> 	<p><b>BUZZI UNICEM</b></p> <ul style="list-style-type: none"> <li>Buzzi Unicem is an international group producing and selling cement and ready concrete. It is the second group in Italy, with 13 plants.</li> <li>The group produces 40 million tons of cement and 16 cubic metres of concrete per year.</li> <li>It is present all over the world: second in Germany, first in Luxembourg, but also in U.S., Mexico and other countries.</li> <li>Exec.: BUZZI Michele</li> <li>Address: Via Buzzi 6, 15033 Casale Monferrato</li> <li>Website: <a href="http://www.buzziunicem.it">www.buzziunicem.it</a></li> </ul> 
<p><b>ENEL S.p.A.</b></p> <ul style="list-style-type: none"> <li>Enel is Italy's largest power company, and Europe's third-largest listed utility for market capitalization.</li> <li>Enel produces and sells electricity mostly in Europe, North and Latin America. Enel is also the second-largest Italian distributor and vendor of natural gas, with over 2.2 million customers and a 12% market share.</li> <li>Listed on the Milan and New York stock exchanges since 1999</li> <li>The parent company maintains control over strategic policies and basic operating strategies.</li> <li>Exec.: CONTI Fulvio</li> <li>Address: Viale Regina Margherita 137, 00198 Roma</li> <li>Website: <a href="http://www.enel.it">www.enel.it</a></li> </ul> 	<p><b>ENI</b></p> <ul style="list-style-type: none"> <li>Eni is one of the world's leading integrated energy companies, operating in the oil and gas, electricity generation and sale, petrochemicals, oilfield services construction and engineering industries.</li> <li>It has a strong edge and leading international market position. Eni is also involved in many renewable energy research projects, with a special focus on biofuels and solar energy.</li> <li>It is in 70 countries with near 73.000 employees.</li> <li>Listed both in Milan and in New York.</li> <li>Exec.: SCARONI Paolo</li> <li>Address: Piazzale Entico Mattei – 00144 Roma</li> <li>Website: <a href="http://www.eni.it">www.eni.it</a></li> </ul> 	<p><b>FASTWEB</b></p> <ul style="list-style-type: none"> <li>Founded as e.Biscom and a listed company since 2000, Fastweb operates in broadband telecommunications on the fixed network in Italy.</li> <li>Fastweb has developed a new generation of transmission networks that are alternative to the traditional telephone networks and extended them to the main Italian cities and metropolitan areas.</li> <li>A Swisscom group company since 2007, Fastweb bases its competitive advantage on a technological solution that combines the extensive use of IP (Internet Protocol) for the integrated management of voice, data and video with optic fibres and xDSL systems.</li> <li>Exec.: PARISI Stefano</li> <li>Address: Via Caracciolo 51, 20155 Milano</li> <li>Website: <a href="http://www.company.fastweb.it">www.company.fastweb.it</a></li> </ul> 

## Italian companies





<p><b>FIAT GROUP</b></p> <ul style="list-style-type: none"> <li>Founded in Turin in 1899, Fiat is currently one of the world's leading industrial groups, with global operations in over 100 countries, a workforce in excess of 162,000 people.</li> <li>Fiat Group has gradually branched out operations, and today its business revolves around industries: cars (brands Fiat, Lancia, Alfa Romeo, Abarth); agricultural and construction equipment (Case e New Holland); commercial vehicles (Iveco, Irisbus, Astra e Magirus); Ferrari and Maserati; automotive components and production systems (Fiat Powertrain Technologies, Magneti Marelli, Teksid e Comau); publishing and communications (La Stampa e Publikompass).</li> <li>Exec.: MARCHIONNE Sergio</li> <li>Address: Via Nizza 250 – 10126 Torino</li> <li>Website: <a href="http://www.fiatgroup.it">www.fiatgroup.it</a></li> </ul> 	<p><b>FINMECCANICA</b></p> <ul style="list-style-type: none"> <li>Finmeccanica is currently one of Italy's most acknowledged high-tech industrial groups, whose operations are chiefly concentrated on space sector and defence field: design and manufacture of helicopters, aircraft, satellites, space infrastructures, missile systems and defence electronics.</li> <li>Listed on the Milan Stock Exchange, Finmeccanica has a total workforce of around 46,000.</li> <li>Exec.: GUARGUAGLINI Pier Francesco</li> <li>Address: Piazza Monte Grappa 4, 00195 Roma</li> <li>Website: <a href="http://www.finmeccanica.it">www.finmeccanica.it</a></li> </ul> 	<p><b>FONDIARIA SAI</b></p> <ul style="list-style-type: none"> <li>Fondiar-SAI S.p.A. is the parent company of the Fondiar-SAI Group, Italy's second insurance group and leader in the non-life business. The Fondiar-SAI Group includes more than 110 subsidiaries, active not only in insurance, finance and banking but also in real estate, agriculture, health, assistance and services.</li> <li>The Group operates in the insurance sector with two listed companies, the parent company Fondiar-SAI and Milano Assicurazioni. The third listed company of the Group is Immobiliare Lombarda S.p.A., active in the real-estate sector.</li> <li>In the financial sector the Group has its captive bank - Banca SAI, a stock brokerage company. The Group's equity portfolio includes large stakes in companies such as Generali, Mediobanca, Capitalia, Pirelli and RCS.</li> <li>Exec.: MARCHIONNI Fausto</li> <li>Address: Corso Galileo Galilei 12, 10126 Torino</li> <li>Website: <a href="http://www.fondiar-sai.it">http://www.fondiar-sai.it</a></li> </ul> 
<p><b>GENERALI ASSICURAZIONI S.p.A.</b></p> <ul style="list-style-type: none"> <li>Established in 1831, Assicurazioni Generali is the largest and one of the oldest insurance companies in Italy, and operates in some 50 countries in the world.</li> <li>Its network includes a number of associates in which the Generali Group has a significant, albeit minority stake.</li> <li>The Generali Group is involved in all the operational environments of large-scale plant and high technology: civil engineering projects, oil drilling platforms, information technology networks, civil aviation fleets, insurance of space missions.</li> <li>Exec.: BALBINOT Sergio</li> <li>Address: Piazza Duca degli Abruzzi 2, 34132 Trieste</li> <li>Website: <a href="http://www.generali.it">www.generali.it</a></li> </ul> 	<p><b>GEOX</b></p> <ul style="list-style-type: none"> <li>Since the mid-1990s, the Geox Group has been operating in the field of footwear and clothing in 68 countries.</li> <li>The name of the trademark "Geox" comes from the combination of "geo" (Earth in Greek), upon which we all walk, and "X", which stands for technology.</li> <li>The Geox R&amp;D centre makes important studies on the sweat and transpiration of the entire human body, and, thanks to laboratory tests and cooperation with certain universities, it has found a way to improve wellbeing.</li> <li>Executive: BOLZONELLO Diego</li> <li>Address: Via Feltrina Centro 16, I-31030 Montebelluna/Treviso</li> <li>Website: <a href="http://www.geox.com">www.geox.com</a></li> </ul> 	<p><b>GR EDIT L'ESPRESSO</b></p> <ul style="list-style-type: none"> <li>Founded in 1955 as NER - Nuove Edizioni Romane, Gruppo Editoriale L'Espresso is one of the most important Italian media companies.</li> <li>With more than 3,300 employees, it carries out activities in the areas of daily and periodical press, radio broadcasting, advertising, Internet and television. The Espresso Group publishes the national daily "la Repubblica" and the weekly "L'Espresso", it owns 3 national radio stations, including Radio DeeJay, and one TV channel, Rete A. The Internet company Kataweb S.p.A. manages all the Group's online initiatives with offers involving radio and video, web solutions and services to firms.</li> <li>Exec.: BENEDETTO Marco</li> <li>Address: Via Cristoforo Colombo 149, 00147 Roma</li> <li>Website: <a href="http://www.gruppoespresso.it">www.gruppoespresso.it</a></li> </ul> 
<p><b>IMPREGILO</b></p> <ul style="list-style-type: none"> <li>In business since 1906, Impregilo is one of the leading international general contracting and construction groups, with expertise in constructing dams, hydroelectric and sea-water desalination plants, building roads and motorways, railways and underground systems, ports and maritime works, airports, subterranean and irrigation projects, civil engineering works for power generation and nuclear facilities, residential and industrial construction, property management, environmental and cultural conservation projects, treatment plants for primary and waste water, solid waste treatment (to create combustible fuel and conserve energy) and toxic smoke treatment.</li> <li>Executive: RUBEGNI Alberto</li> <li>Address: Viale Italia 1, I-20099 Sesto San Giovanni/Milano</li> <li>Website: <a href="http://www.impregilo.it">www.impregilo.it</a></li> </ul> 	<p><b>INTESA SAN PAOLO</b></p> <ul style="list-style-type: none"> <li>Intesa Sanpaolo, was born by the merger of Sanpaolo IMI in Banca Intesa; it is leader in Italy in financial activities for individuals and firms.</li> <li>It has over 11 million customers. It is also one of the major group in Europe, in 35 countries.</li> <li>The group is divided in business units: Territorial banks (mass retail, private banking, industrial credit); Corporate &amp; Investment Banking (for companies and financial firms; M&amp;A, merchant banking, capital markets, global custody); Foreign banks; Eurizon Financial Group (insurance and asset gathering)</li> <li>Exec.: PASSERA Corrado</li> <li>Address: Piazza San Carlo 156, 10121 Torino</li> <li>Website: <a href="http://www.intesaspaolo.it">www.intesaspaolo.it</a></li> </ul> 	<p><b>ITALCEMENTI</b></p> <ul style="list-style-type: none"> <li>Italcementi is the parent company of the Italcementi Group, which is one of the largest cement producers in the world. Italcementi is controlled by Italmobiliare (Pesenti family). Italcementi is one of the 10 largest Italian industrial companies, with a staff of over 21,800. 5<sup>th</sup> cement producers in the world.</li> <li>Italmobiliare's companies are active in various sectors (mostly industrial and financial) in Italy and abroad. The core business is building materials, but the Group also operates in the food packaging and thermal insulation sectors through the Sirap Gema Group.</li> <li>In the financial sector Italmobiliare operates through three main companies, and owns minority equity stakes among which Mediobanca, UniCredito, BPU - Banche Popolari Unite, Mittel and RCS MediaGroup.</li> <li>Exec.: PESENTI Carlo</li> <li>Address: Via Camozzi 124, 24121 Ben</li> <li>Website: <a href="http://www.italcementi.it">www.italcementi.it</a> <a href="http://www.italcementigroup.com">www.italcementigroup.com</a></li> </ul> 
<p><b>LOTTOMATICA</b></p> <ul style="list-style-type: none"> <li>Listed on the stock market since May 17, 2001, Lottomatica is Italy's major gaming company and provides automated services to citizens and enterprises. 6.300 employees in 50 countries.</li> <li>Majority held by the De Agostini Group, Lottomatica has fully automated the Lotto game, running it as a State licensee since 1993. The company, which operates through an extensive real-time on-line network of over 44,000 terminals run by approximately 35,000 Lotto tobacconist-betting shops, manages the whole gaming process.</li> <li>Exec.: SALA Marco</li> <li>Address: Viale del Campo Boario 56/D, 00153 Roma</li> <li>Website: <a href="http://www.lottomatica.it">www.lottomatica.it</a></li> </ul> 	<p><b>LUXOTTICA GROUP</b></p> <ul style="list-style-type: none"> <li>Founded in 1961 by Leonardo Del Vecchio Luxottica is the world leader in the design, production, marketing and distribution of quality sun and optical eyewear.</li> <li>It is world leader in its field and distributing products in 130 countries around the world, through 28 branches and 5.700 shops. Major acquisitions over the years have further strengthened Luxottica's position on world markets.</li> <li>Exec.: GUERRA Andrea</li> <li>Address: Via Cantù 2, 20123 Milano</li> <li>Website: <a href="http://www.luxottica.com">www.luxottica.com</a></li> </ul> 	<p><b>MEDIASET S.p.A.</b></p> <ul style="list-style-type: none"> <li>Part of the Fininvest Group, Mediaset is Italy's leading private TV network operator.</li> <li>Listed on the Stock Exchange since 1996, Mediaset is also involved in advertising (accounting for most of its revenues), international broadcasting, telecommunications, production of music records</li> <li>Mediaset has its own facilities to produce TV programmes. Mediaset has exclusive rights to major football and other individual sport events.</li> <li>Exec.: ADREANI Giuliano</li> <li>Address: Viale Europa 48, 20093 Cologno Monzese/Milano</li> <li>Website: <a href="http://www.gruppomediasset.it">www.gruppomediasset.it</a></li> </ul> 

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<p><b>MEDIOBANCA</b></p> <ul style="list-style-type: none"> <li>• Mediobanca was established in 1946 by Banca Commerciale Italiana, Credito Italiano and Banco di Roma (now part of Banca di Roma). Listed since 1956.</li> <li>• Today, the Milan-based investment bank employs approximately 380 people, and its key areas of operation are wholesale banking, equity investment, retail financial services, private banking, private equity and trust business. Mediobanca offers high-quality advisory services and provides finance in all its various forms, from traditional bank credit to advanced solutions available on capital markets.</li> <li>• Exec.: NAGEL Alberto Nicola</li> <li>• Address: Piazzetta Enrico Cuccia 1, 20121 Milano</li> <li>• Website: <a href="http://www.mediobanca.it">www.mediobanca.it</a></li> </ul> 	<p><b>MEDIOLANUM</b></p> <ul style="list-style-type: none"> <li>• The Mediolanum Group is one of the most important distributors of financial and insurance products on the Italian market, operating through one of the country's largest and most modern networks of financial advisors and insurance agents, Banca Mediolanum.</li> <li>• The holding company, Mediolanum S.p.A., was created by the merger of Fininvest Italia S.p.A. and Programma Italia S.p.A. in December 1995.</li> <li>• Exec.: DORIS Ennio</li> <li>• Address: Palazzo Meucci, Via F. Sforza 15, Milano 3, 20080 Basiglio/Milano</li> <li>• Website: <a href="http://www.bancamediolanum.it">www.bancamediolanum.it</a></li> </ul> 	<p><b>MONDADORI EDIT</b></p> <ul style="list-style-type: none"> <li>• Arnoldo Mondadori Editrice, founded in 1907, is currently one of the major publishing groups in Europe.</li> <li>• Employing more than 4,600 people, it holds 52% of the Italian periodicals market, with over 50 weekly and monthly magazines boasting the highest readership. Mondadori is also Italy's major book publisher (28.3% of the domestic market).</li> <li>• Other activities include direct marketing, printing/graphic activities, computer publishing, advertising, school publishing and radio broadcasting.</li> <li>• Exec.: RUBEGNI Alberto</li> <li>• Address: 20090 Segrate/Milano</li> <li>• Website: <a href="http://www.mondadori.it">www.mondadori.it</a></li> </ul> 
<p><b>PARMALAT</b></p> <ul style="list-style-type: none"> <li>• Parmalat S.p.A. heads up a multinational food group with a product portfolio largely divided into three parts: milk, milk derivatives, and fruit drinks.</li> <li>• The Parmalat Group is present in Europe, North America, Central and South America, Australia and South Africa, and it employs a workforce of around 15,600. Parmalat is the leader in the sector of milk</li> <li>• During 2005, the Parmalat Group's brand portfolio was thoroughly revised to trim it down in number.</li> <li>• Exec.: BONDÌ Enrico</li> <li>• Address: Via Oreste Grassi 26, 43044 Collecchio/Parma</li> <li>• Website: <a href="http://www.parmalat.com">www.parmalat.com</a></li> </ul> 	<p><b>PIRELLI</b></p> <ul style="list-style-type: none"> <li>• With over 80% of industrial activities based overseas, the Pirelli Group can be truly reputed as being a member by right of the tight circle of companies operating on a global basis. In fact, geographical diversification has been a goal sought for ever since inception in 1872 and achieved over the following decades.</li> <li>• The Group's activities now revolve around higher value-added businesses, such as telecommunications (2 start-up), tyres, real estate, broadband and second generation photonics and the environment.</li> <li>• Exec.: PURI NEGRI Carlo Alessandro</li> <li>• Address: Viale Sarca 222, 20126 Milano</li> <li>• Website: <a href="http://www.pirelli.com">www.pirelli.com</a></li> </ul> 	<p><b>PRYSMIAN</b></p> <ul style="list-style-type: none"> <li>• Prysmian is a world leader in energy and telecommunication cables and system, being in 36 countries with 54 plants.</li> <li>• With its strong position in the market segments characterised by the highest added value, the Group is active in the development, design, manufacturing, supply and installation of a wide range of cables for the most diverse applications in the energy and telecommunication sectors.</li> <li>• Exec.: BATTISTA Valerio</li> <li>• Address: Viale Sarca 222, 20126 Milano</li> <li>• Website: <a href="http://www.prysmian.com">www.prysmian.com</a> <a href="http://www.it.prysmian.com">www.it.prysmian.com</a></li> </ul> 

<p><b>SAIPEM</b></p> <ul style="list-style-type: none"> <li>• Saipem is a leader in the oil industry services sector and one of the largest international companies in terms of size.</li> <li>• Its main activities are land and offshore drilling, construction of offshore production systems and laying of underwater pipelines, and construction of petrochemical plants and laying of cross country pipelines.</li> <li>• Saipem is a global contractor, with a strong local presence in strategic and emerging areas such as West Africa, the former Soviet Union, Central Asia, North Africa, the Middle East and South East Asia.</li> <li>• Exec.: TALI Pietro Franco</li> <li>• Address: Via Martiri di Cefalonia 67, 20097 San Donato Milanese/Milano</li> <li>• Website: <a href="http://www.saipem.eni.it">www.saipem.eni.it</a></li> </ul> 	<p><b>SEAT PAGINE GIALLE</b></p> <ul style="list-style-type: none"> <li>• Seat Pagine Gialle is a leading company in direct information and multimedia telephone directories, with products and services delivered on a multimedia platform</li> <li>• The group's parent company, Seat Pagine Gialle S.p.A., was created on August 1, 2003, from the split in the previous company of the same name. 3 million employees.</li> <li>• Exec.: MAJOCCHI Luca</li> <li>• Address: Via Grosso 10/4, 20151 Milano</li> <li>• Website: <a href="http://www.seat.it">www.seat.it</a></li> </ul> 	<p><b>SNAM RETE GAS</b></p> <ul style="list-style-type: none"> <li>• Snam Rete Gas is the company that owns and manages the natural gas transportation network in Italy. Activities are entirely focused on gas transportation in Italy, the third biggest European market.</li> <li>• Activities are entirely focused on gas transportation in Italy. The network is directly connected to the production fields, import lines and storage centres that feed the Italian gas system. Snam Rete Gas transports natural gas for all the operators active in the Italian market, as required under the criteria defined by the Electricity and Gas Regulator.</li> <li>• Exec.: MALACARNE Carlo</li> <li>• Address: Piazza Santa Barbara 7, 20097 San Donato Milanese/Milano</li> <li>• Website: <a href="http://www.snamretegas.it">www.snamretegas.it</a></li> </ul> 
<p><b>STMICROELECTRONICS</b></p> <ul style="list-style-type: none"> <li>• STMicroelectronics is global leader from development to delivery, in semiconductor solutions for every electric applications.</li> <li>• The company is leader in System-on-Chip technology.</li> <li>• Shares also quoted at NYSE, Paris and Milan.</li> <li>• In 2006 net revenues was 9,85 billion dollars and net income 782 million dollars.</li> <li>• STMicroelectronics staffs about 50,000 employees around the world, and has 16 advanced R&amp;D units, 39 design and application centres, 16 manufacturing sites and 88 sales offices in 31 countries. It maintains its presence in Italy with 2 sites, the HQ in Agrate Brianza/Milan, and the new Net Economy Laboratory Area in Catania.</li> <li>• Exec.: BOZOTTI Carlo</li> <li>• Address: Via C. Olivetti 2, 20041 Agrate Brianza/Milano</li> <li>• Website: <a href="http://www.st.com">www.st.com</a></li> </ul> 	<p><b>TELECOM ITALIA</b></p> <ul style="list-style-type: none"> <li>• Telecom Italia is one of the world's foremost ICT groups.</li> <li>• It operates in the fixed-line, mobile, satellite telecommunications, Internet, media and IT markets.</li> <li>• With a total workforce of about 91,300 people, the Group comprises Telecom Italia (fixed lines), TIM (mobile lines), Telecom Italia Lab (innovation and research), Telecom Italia Media (Internet and television content production) and Olivetti Tecnost (office products and systems).</li> <li>• Exec.: BARNABE FRANCO</li> <li>• Address: Corso d'Italia 41, 00198 Roma</li> <li>• Website: <a href="http://www.telecomitalia.it">www.telecomitalia.it</a></li> </ul> 	<p><b>TENARIS</b></p> <ul style="list-style-type: none"> <li>• Tenaris is the world's leading manufacturer of seamless steel pipe products and supplier of pipe handling, storage and distribution services to the oil and gas, energy and mechanical industries.</li> <li>• Tenaris operates worldwide, with 21,500 employees and manufacturing facilities located in South America, Canada, the USA, Japan and Romania, and a proprietary global service and distribution network present in over 20 countries</li> <li>• TenarisDalmine, in Italy, has an annual capacity of 950,000 tons of pipes and over 3,000 employees, and is the major European producer and supplier of high-quality pipes for the energy, automotive and mechanical industries.</li> <li>• Exec.: ROCCA Paolo</li> <li>• Address: Piazza Caduti 6 luglio 1944 1, I-24044 Dalmine/Bergamo</li> <li>• Website: <a href="http://www.tenaris.com">www.tenaris.com</a></li> </ul> 

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<p><b>TERNA</b></p> <ul style="list-style-type: none"> <li>• Founded by Enel in 1999 to take over all parts of the national transmission network hitherto owned by Enel, Terna operates in the transmission of electric energy and it owns over 90% of the national network.</li> <li>• Terna's business involves the working, maintenance and development of the network, and for this activity the company receives a remuneration based on a price system established by the Electricity and Gas Regulator.</li> <li>• Today Terna is one of the largest companies in the sector, and is also present in Brazil.</li> <li>• Quoted on the stock exchange since 2004.</li> <li>• Exec.: CATTANEO Flavio</li> <li>• Address: Via Arno 64, 00198 Roma</li> <li>• Website: <a href="http://www.terna.it">www.terna.it</a></li> </ul> 	<p><b>UBI BANCA</b></p> <ul style="list-style-type: none"> <li>• Gruppo Unione di Banche Italiane - UBI Banca, was founded on April 1, 2007, as a result of the merger of Banche Popolari Unite - BPU Banca and Banca Lombarda e Piemontese.</li> <li>• UBI Banca is Italy's fourth largest banking group, with 1,970 branches and 4 million customers.</li> <li>• UBI Banca is organized around a federal model formed by: UBI Banca S.c.p.a., the listed cooperative parent bank (UBI.IM, UBI.MI), eight network banks with close ties at local level, a full range of product companies providing asset management, consumer credit, life insurance, non-life, corporate banking, leasing and factoring.</li> <li>• The Group also maintains an international presence (Germany, France, U.K., Singapore, Shanghai, Mumbai, Hong Kong and São Paulo du Brazil).</li> <li>• Exec.: MASSIAH Victor</li> <li>• Address: Piazza Vittorio Veneto 8, 24122 Bergamo</li> <li>• Website: <a href="http://www.ubibanca.it">www.ubibanca.it</a></li> </ul> 
<p><b>UNICREDIT</b></p> <ul style="list-style-type: none"> <li>• The UniCredit Group is one of Europe's main banking and financial concerns in terms of size and profitability.</li> <li>• Its international network is made up of branches (9,200), representative offices and minor investee companies in fifty countries around the world.</li> <li>• The UniCredit Group is structured into 7 Divisions: Retail; Corporate; Private &amp; Asset Management; Markets &amp; Investment Banking; Central Eastern Europe (CEE); Poland Markets; Global Banking Services.</li> <li>• The UniCredit Group is listed on the Italian Stock Exchange and on the Deutsche Börse.</li> <li>• Exec.: PROFUMO Alessandro</li> <li>• Address: Via San Protaso, 1/3, 20121 Milano</li> <li>• Website: <a href="http://www.unicreditgroup.eu">www.unicreditgroup.eu</a></li> </ul> 	<p><b>UNIPOL</b></p> <ul style="list-style-type: none"> <li>• Unipol Assicurazioni is one of the insurance subsidiaries of the newly-formed financial holding Unipol Gruppo Finanziario S.p.A.</li> <li>• Unipol has been present in Italy since 1963 and listed on the Stock Exchange since 1986. Following the reorganization process which led to the birth, in September 2007, of Unipol Gruppo Finanziario S.p.A., Unipol Assicurazioni now focuses its activities on insurance, supplying its network with highly innovative products.</li> <li>• Exec.: SALVATORI Carlo</li> <li>• Address: Via Stalingrado 45, 40128 Bologna</li> <li>• Website: <a href="http://www.unipol.it">www.unipol.it</a></li> </ul> 


SOURCE: Author's personal elaboration

## Attachment 4b. French companies












<p><b>ACCOR</b></p> <ul style="list-style-type: none"> <li>• Accor, a major global group and the European leader in hotels, as well as the global leader in services to corporate clients and public institutions, operates in nearly 100 countries with 150,000 employees.</li> <li>• It offers to its clients over 40 years of expertise in two core businesses: <ul style="list-style-type: none"> <li>– Hotels, with the Sofitel, Pullman, MGallery, Novotel, Mercure, Suitehotel, Ibis, all seasons, Etap Hotel, Formule 1 and Motel 6 brands, representing 4,000 hotels and nearly 500,000 rooms in 90 countries</li> <li>– Services, with 30 million people in 40 countries benefiting from Accor Services products in employee and public benefits, rewards and loyalty, and expense management.</li> </ul> </li> <li>• Executive: Gilles Pélissou</li> <li>• Website: <a href="http://www.accor.com">www.accor.com</a></li> </ul> 	<p><b>AIR FRANCE KLM</b></p> <ul style="list-style-type: none"> <li>• The Group is the world leader in terms of international passenger traffic; and its cargo activity (not including integrators) and is one of the world's major maintenance service providers.</li> <li>• The Group counts more than 104,600 employees throughout the world</li> <li>• Passenger transport is the Group's main business, with 74.8 million passengers carried, a fleet in operation of 607 aircraft, and 258 destinations worldwide.</li> <li>• The Group structure is simple: a holding company with two airline subsidiaries and three core businesses: passenger transport, cargo transport, aircraft maintenance services.</li> <li>• Executive: Jean-Cyril Spinetta</li> <li>• Website: <a href="http://www.airfranceklm-finance.com/groupe-air-france-klm.html">http://www.airfranceklm-finance.com/groupe-air-france-klm.html</a></li> </ul> 	<p><b>AIR LIQUIDE</b></p> <ul style="list-style-type: none"> <li>• With more than 40,000 employees in 75 countries, Air Liquide is the world leader in industrial and medical gases.</li> <li>• The Group offers innovative solutions based on constantly enhanced technologies and produces air gases (oxygen, nitrogen, argon, rare gases...) and many other gases including hydrogen.</li> <li>• 6 core business activities, Industrial Merchant, Large Industries, Electronics, Healthcare, Related Activities</li> <li>• Executive: Benoît Potier</li> <li>• Website: <a href="http://www.airliquide.com">www.airliquide.com</a></li> </ul> 
<p><b>ALCATEL</b></p> <ul style="list-style-type: none"> <li>• Alcatel-Lucent today is one of the largest innovation powerhouses in the communications industry</li> <li>• As a leader in fixed, mobile and converged broadband access, carrier and enterprise IP technologies, applications, and services, Alcatel-Lucent offers the end-to-end solutions that enable compelling communications services.</li> <li>• With 77,000 employees and operations in more than 130 countries, Alcatel-Lucent is a local partner with global reach.</li> <li>• It is organized around three business groups and two geographic regions. The Carrier Business Group serves fixed, wireless and convergent service providers. The Enterprise Business Group focuses on meeting the needs of business customers. The Services Business Group designs, deploys, manages and maintains networks worldwide.</li> <li>• Executive: Patricia Russo</li> <li>• Website: <a href="http://www.alcatel-lucent.com">www.alcatel-lucent.com</a></li> </ul> 	<p><b>ALSTOM</b></p> <ul style="list-style-type: none"> <li>• Alstom is a global leader in equipment and services for power generation and rail transport, setting the benchmark for innovative and environmentally conscious technologies.</li> <li>• The Group is the only multi specialist constructor in the railway sector covering everything from rolling stock and maintenance to signaling and infrastructures. Alstom provides turnkey integrated power plant solutions and associated services for a wide variety of energy sources, including gas, coal, hydro, nuclear and wind.</li> <li>• The Group is present in more than 70 countries worldwide and employs around 76 000 people.</li> <li>• Executive: Patrick Kron</li> <li>• Website: <a href="http://www.alstom.com">www.alstom.com</a></li> </ul> 	<p><b>ARCELOR-MITTAL</b></p> <ul style="list-style-type: none"> <li>• ArcelorMittal is the world's number one steel company, with over 320,000 employees in more than 60 countries.</li> <li>• ArcelorMittal is the leader in all major global markets, including automotive, construction, household appliances and packaging.</li> <li>• The Group leads in R&amp;D and technology, holds sizeable captive supplies of raw materials and operates extensive distribution networks.</li> <li>• Its industrial presence in Europe, Asia, Africa and America gives the Group exposure to all the key steel markets, from emerging to mature. ArcelorMittal will be looking to develop positions in the high-growth Chinese and Indian markets.</li> <li>• ArcelorMittal is currently listed on the stock exchanges of New York, Amsterdam, Paris, Brussels, Luxembourg and on the Spanish stock exchanges of Barcelona, Bilbao, Madrid and Valencia.</li> <li>• Executive: Lakshmi Mittal</li> <li>• Website: <a href="http://www.arcelormittal.com">www.arcelormittal.com</a></li> </ul> 
<p><b>AXA</b></p> <ul style="list-style-type: none"> <li>• The AXA Group is an important global player whose ambition is to attain leadership in its core Financial Protection business.</li> <li>• Financial Protection involves offering to customers - individuals as well as small, mid-size and large businesses - a wide range of product and services that meet their insurance, protection, savings, retirement and financial planning needs throughout their lives.</li> <li>• 67 million clients, 174.935 employees. 400,000 shareholders.</li> <li>• Executive: Henri de Castries</li> <li>• Website: <a href="http://www.axa.com">www.axa.com</a></li> </ul> 	<p><b>BNP PARIBAS</b></p> <ul style="list-style-type: none"> <li>• BNP Paribas is a European leader in banking and financial services, with a significant and growing presence in the United States and leading positions in Asia.</li> <li>• The Group has one of the largest international banking networks, a presence in over 85 countries and 169,800 employees.</li> <li>• 1st largest French company and 5th in the banking industry worldwide, 1st bank in the Euro Zone (<i>'Global 2000 Forbes' 2008</i>), 6th most valuable international banking brand (Brand Finance 2008)</li> <li>• Executive: Baudouin Prot</li> <li>• Website: <a href="http://www.bnpparibas.com">www.bnpparibas.com</a></li> </ul> 	<p><b>BOUYGUES</b></p> <ul style="list-style-type: none"> <li>• The Bouygues group, initially focused on the building sector in the Paris area, rapidly expanded its business to include property development and industrial precasting, operating across France through its regional subsidiaries.</li> <li>• Established in 80 countries, the Bouygues group employs 137,500 people .</li> <li>• Bouygues has a diversified industrial group with a strong corporate culture. Its business activities focus on two sectors: Construction with Bouygues Construction (building, civil works and electrical contracting), Bouygues Immobilier (property development) and Colas (roads), and Telecoms/Media with TF1 and Bouygues Telecom.</li> <li>• Executive: Martin Bouygues</li> <li>• Website: <a href="http://www.bouygues.com">www.bouygues.com</a> 1</li> </ul> 
<p><b>CAPGEMINI</b></p> <ul style="list-style-type: none"> <li>• Capgemini is headquartered in Paris, France and operates in more than 36 countries with over 86,000 people in North America, Europe, and the Asia Pacific region.</li> <li>• Capgemini helps clients deal with changing business and technology issues. It has four major disciplines: consulting, outsourcing, technology, local professional services.</li> <li>• Executive: Paul Hermelin</li> <li>• Website: <a href="http://www.capgemini.com">www.capgemini.com</a></li> </ul> 	<p><b>CARREFOUR</b></p> <ul style="list-style-type: none"> <li>• It is one of the world's leading distribution groups. The world's second-largest retailer and the largest in Europe, the group currently operates four main grocery store formats: hypermarkets, supermarkets, hard discount and convenience stores.</li> <li>• The Carrefour group currently has over 15,000 stores, either company-operated or franchises, with 490.000 employees.</li> <li>• Executive: José Luis Duran</li> <li>• Website: <a href="http://www.carrefour.com">www.carrefour.com</a></li> </ul> 	<p><b>CREDIT AGRICOLE</b></p> <ul style="list-style-type: none"> <li>• France's foremost banking group with 28% of the consumer market the Crédit Agricole Group is N°1 banking group in Europe in terms of retail banking revenues and N°8 banking group worldwide in terms of shareholder's equity.</li> <li>• Main activities: Regional Banking services, retail, specialized financial services, asset management, insurance and private banking, corporate and investment banking, international retail banking</li> <li>• Executive: Georges Pauget</li> <li>• Website: <a href="http://www.credit-agricole.com">www.credit-agricole.com</a></li> </ul> 

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<p><b>DANONE</b></p> <ul style="list-style-type: none"> <li>• It is a French food-products company, a global leader in healthy food.</li> <li>• Founded in 1919, it has 76.044 employees.</li> <li>• Three main areas: fresh dairy products, water, baby nutrition, medical nutrition.</li> <li>• Danone has adopted a strategy of growth through joint ventures, particularly in fast-growing emerging markets</li> <li>• Executive: Franck Riboud</li> <li>• Website: <a href="http://www.danone.com">www.danone.com</a></li> </ul> 	<p><b>DEXIA</b></p> <ul style="list-style-type: none"> <li>• The Group is active in the sectors of asset management, insurance, investor services and capital markets.</li> <li>• Dexia is the first global player on the local public finance sector.</li> <li>• Two pillars: retail banking in Europe and public &amp; project finance at global level.</li> <li>• Dexia is a retail bank which has 5.5 million customers in Belgium, Luxembourg, Slovakia and Turkey.</li> <li>• Executive: Alex Miller</li> <li>• Website: <a href="http://www.dexia.com">www.dexia.com</a></li> </ul> 	<p><b>EADS</b></p> <ul style="list-style-type: none"> <li>• EADS is a global leader in aerospace, defence and related services.</li> <li>• Its Defence &amp; Security Division is a provider of comprehensive systems solutions and makes EADS the major partner in the Eurofighter consortium</li> <li>• The company is subdivided into five Divisions: Airbus, Eurocopter, Astrium, Military Transport Aircraft, Defence &amp; Security.</li> <li>• EADS employs about 116,000 people at more than 70 production sites, above all in France, Germany, Great Britain and Spain as well as in the U.S. and Australia.</li> <li>• EADS is listed on the Frankfurt, Madrid and Paris stock exchanges.</li> <li>• Executive: Louis Gallois</li> <li>• Website: <a href="http://www.eads.com">www.eads.com</a></li> </ul> 
<p><b>EDF</b></p> <ul style="list-style-type: none"> <li>• The EDF Group a leading player in the European energy industry, present in all areas of the electricity value chain, from generation to trading, and increasingly active in the gas chain in Europe.</li> <li>• Leader in the French electricity market, the Group also has solid positions in the United Kingdom, Germany and Italy.</li> <li>• In the electricity sector, it has the premier generation fleet and customer portfolio in Europe and operates in strategically targeted areas in the rest of the world.</li> <li>• Executive: Pierre Gadonneix</li> <li>• Website: <a href="http://www.edf.com">www.edf.com</a></li> </ul> 	<p><b>ESSILOR</b></p> <ul style="list-style-type: none"> <li>• Essilor International S.A. is a French company producing primarily ophthalmic lenses along with <u>ophthalmic</u> optical equipment.</li> <li>• Essilor was formed from the merger of ophthalmic firms Essel and in 1972.</li> <li>• It dominate the market on every continent, and it is Europe's fourth-largest medical equipment firm.</li> <li>• Executive: Xavier Fontanet</li> <li>• Website: <a href="http://www.essilor.com">www.essilor.com</a></li> </ul> 	<p><b>FRANCE TELECOM</b></p> <ul style="list-style-type: none"> <li>• France Telecom is the number three mobile operator and the number one provider of broadband internet services in Europe and one of the world leaders in providing telecommunication services to multinational companies.</li> <li>• France Telecom serves close to 174 million customers in five continents as of June 30, 2008, of which two thirds are Orange customers.</li> <li>• Orange is the key brand of France Telecom, one of the world's leading telecommunications operators.</li> <li>• Executive: Didier Lombard</li> <li>• Website: <a href="http://www.francetelecom.com">www.francetelecom.com</a></li> </ul> 




<p><b>GAZ DE FRANCE</b></p> <ul style="list-style-type: none"> <li>• One of the leading energy providers in the world, GDF is active across the entire energy value chain, in electricity and natural gas, upstream to downstream.</li> <li>• GDF relies on diversified supply sources as well as flexible and high-performance power generation in order to provide innovative energy solutions to individuals, cities and businesses.</li> <li>• It is listed on the Brussels, Luxembourg and Paris stock exchanges</li> <li>• Executive: Jean-Francois Cirelli</li> <li>• Website: <a href="http://www.gazdefrance.com">www.gazdefrance.com</a></li> </ul> 	<p><b>L'OREAL</b></p> <ul style="list-style-type: none"> <li>• A worldwide leader in cosmetics, 25 global brands (e.g. Garnier, Kerastase, Lancome, Biotherm, Vichy, etc).</li> <li>• 5 key expertises: hair care, hair color, skin care, make up, fragrances.</li> <li>• 63,358 employees worldwide</li> <li>• Diversity is a core value for L'Oréal.</li> <li>• Executive: Jean-Paul Agon</li> <li>• Website: <a href="http://www.loreal.com">www.loreal.com</a></li> </ul> 	<p><b>LAFARGE</b></p> <ul style="list-style-type: none"> <li>• World leader in building materials, Lafarge extracts resources from the heart of the earth to make materials to bring to the heart of life.</li> <li>• At a global level, Lafarge is: co-leader in Cement, co-leader in Aggregates, n° 3 in Concrete, n° 3 in Gypsum.</li> <li>• The Group controls a unique portfolio of Businesses: Cement: 54%, Aggregates and concrete: 37%, Gypsum: 9%.</li> <li>• Present in 76 countries, the Group responds to the world's demand for housing and infrastructure.</li> <li>• Executive: Bruno LAFONT</li> <li>• Website: <a href="http://www.lafarge.com">www.lafarge.com</a></li> </ul> 
<p><b>LAGARDERE</b></p> <ul style="list-style-type: none"> <li>• Lagardère, one of the world's leading media groups, is strategically positioned on content, knowledge and culture.</li> <li>• The Group has four distinct, complementary business lines: book publishing, distribution of cultural products, print and audiovisual media, and management and marketing of sporting rights.</li> <li>• Lagardère generates over 60% of its turnover outside France and operates in more than 40 countries.</li> <li>• Executive: Arnaud Lagardere</li> <li>• Website: <a href="http://www.lagardere.com">www.lagardere.com</a></li> </ul> 	<p><b>LVMH</b></p> <ul style="list-style-type: none"> <li>• World leader in luxury, LVMH Moët Hennessy - Louis Vuitton possesses a unique portfolio of over 60 prestigious brands.</li> <li>• The Group is active in five different sectors: Wines &amp; Spirits, Fashion &amp; Leather Goods, Perfumes &amp; Cosmetics, Watches &amp; Jewelry, Selective retailing.</li> <li>• Thanks to its brand development strategy, and the expansion of its international retail network (more than 2,000 stores worldwide), LVMH has more than 71,000 employees, 74% of whom are based outside France.</li> <li>• Executive: Bernard Arnault</li> <li>• Website: <a href="http://www.lhmv.com">www.lhmv.com</a></li> </ul> 	<p><b>MICHELIN</b></p> <ul style="list-style-type: none"> <li>• Michelin is primarily a tyre manufacturer, the worlds largest. It is also famous for its Red and Green travel guides, for the Michelin stars that the Red Guide awards to restaurants for their cooking, for its road maps, and for its historic emblem, the Michelin Man.</li> <li>• Mainly, it manufactures and sells tires for all kinds of vehicles, publishes maps and guides and operates a number of digital services in more than 170 countries.</li> <li>• Michelin Group is active on all continents, from China to Brazil and from The United States of America to Germany and Russia.</li> <li>• Executive: Michel Rollier</li> <li>• Website:</li> </ul> 

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<p><b>PERNOD-RICARD</b></p> <ul style="list-style-type: none"> <li>• The world's co-leader in wines and spirits, Pernod Ricard has a large portfolio of local and international brands. The Group's prestigious brands are at the centre of its strategy.</li> <li>• Since its creation in 1975, Pernod Ricard has undergone sustained development, founded on both organic growth and successive acquisitions.</li> <li>• Building on its portfolio of Premium brands, its presence on every continent and its decentralised management structure, Pernod Ricard intends to continue to develop internationally.</li> <li>• Executive: Patrick Ricard</li> <li>• Website: <a href="http://www.pernod-ricard.com">www.pernod-ricard.com</a></li> </ul> 	<p><b>PEUGEOT</b></p> <ul style="list-style-type: none"> <li>• Peugeot is a major French car brand, part of PSA Peugeot Citroën.</li> <li>• PSA Peugeot Citroën comprises two strong and clearly differentiated brands: Peugeot and Citroën. Each one has its own identity and its own commercial policy. It is the second largest automaker in Europe, behind Volkswagen. Peugeot's roots go back to pepper, salt and coffee mill manufacturing in 1842 and later bicycle manufacturing at the end of the 19th century.</li> <li>• Executive: Christian Streiff</li> <li>• Website: <a href="http://www.peugeot.com">www.peugeot.com</a></li> </ul> 	<p><b>PPR</b></p> <ul style="list-style-type: none"> <li>• PPR is a French multinational holding company specializing in retail shops and luxury brands.</li> <li>• The company was founded in 1963 by the billionaire businessman François Pinault.</li> <li>• It was originally called Pinault-Printemps-Redoute, but changed its name on 18 May 2005 to simply PPR.</li> <li>• PPR is organised around 6 operating branches: Fnac, Redcats Group, Conforama, CFAO, Puma and Gucci Group. These companies coordinate global and powerful global brands driven by distinctive distribution models and renowned for their creativity and formidable ability to innovate.</li> <li>• Executive: François-Henri Pinault</li> <li>• Website: <a href="http://www.ppr.com">www.ppr.com</a></li> </ul> 
<p><b>RENAULT</b></p> <ul style="list-style-type: none"> <li>• Renault S.A. is a French automaker producing cars, vans, buses, tractors, and trucks.</li> <li>• The company is well known for numerous revolutionary designs, security technologies, and motor racing.</li> <li>• Present in 118 countries, Renault is a multi-brand volume carmaker.</li> <li>• It has achieved a global dimension through: its Alliance with Nissan, its acquisition of the Romanian manufacturer Dacia, the creation of Renault Samsung Motors in South Korea.</li> <li>• Renault's workforce of nearly 130,000 employees conceives, designs, manufactures and markets attractive, safe, environmentally-friendly vehicles.</li> <li>• Executive: Carlos Ghosn Bichara</li> <li>• Website: <a href="http://www.renault.com">www.renault.com</a></li> </ul> 	<p><b>SAINT-GOBAIN</b></p> <ul style="list-style-type: none"> <li>• Saint-Gobain specializes in the design, production and distribution of functional materials, including glass for the automotive and construction industries, refractory ceramics, crystals, mortars, plaster, pipes and bottles.</li> <li>• As a producer, processor and distributor of materials (glass, ceramics, plastics, cast iron, etc.), Saint-Gobain transforms raw materials into advanced products for use in our daily lives, as well as developing tomorrow's new materials.</li> <li>• Saint-Gobain operates in 54 countries worldwide, is one of the world's hundred leading industrial corporations, and fields a workforce of over 207,000.</li> <li>• Saint-Gobain is listed on the stock markets in Paris, London, Frankfurt, Zurich, Brussels, Amsterdam.</li> <li>• Executive: Pierre-André de Chalendar</li> <li>• Website: <a href="http://www.saint-gobain.com">www.saint-gobain.com</a></li> </ul> 	<p><b>SANOFI-AVENTIS</b></p> <ul style="list-style-type: none"> <li>• Sanofi-Aventis, headquartered in Paris, is a multinational pharmaceutical company. The company is the world's fourth largest pharmaceutical company.</li> <li>• Sanofi-Aventis engages in the research, development, manufacturing and marketing of pharmaceutical products for sale principally in the prescription market, but they also develop over-the-counter medication.</li> <li>• Sanofi-Aventis cover 7 major therapeutic areas: cardiovascular, thrombosis, oncology, diabetes, central nervous system, internal medicine and vaccines.</li> <li>• Executive: Gerard Le Fur</li> <li>• Website: <a href="http://www.sanofi-aventis.com">www.sanofi-aventis.com</a></li> </ul> 
<p><b>SCHNEIDER ELECTRIC</b></p> <ul style="list-style-type: none"> <li>• Schneider Electric, the global specialist in energy management, offers integrated solutions to make energy safe, reliable, efficient and productive for the Energy &amp; Infrastructure, Industry, Data Centres &amp; Networks, Buildings and Residential markets.</li> <li>• Schneider Electric's 120,000 employees in 102 countries, helping individuals and organisations make the most of their energy.</li> <li>• An integrated and balanced portfolio of activities: Electrical distribution medium &amp; low voltage; Industrial automation &amp; control; Building automation &amp; security; Installation system &amp; control (wiring devices + home automation); Energy monitoring &amp; control; Critical power &amp; cooling services; Services</li> <li>• Executive: Jean Pascal Tricoire</li> <li>• Website: <a href="http://www.schneiderelectric.com">www.schneiderelectric.com</a></li> </ul> 	<p><b>SOCIETE GENERALE</b></p> <ul style="list-style-type: none"> <li>• Société Générale is one of the main European financial services companies and also maintains extensive activities in others parts of the world.</li> <li>• The three main divisions are Retail Division &amp; Specialized Financial Services, Corporate and Investment Banking and Global Investment Management &amp; Services.</li> <li>• Société Générale is one of the oldest banks in France. It is often nicknamed <i>SocGen</i> in the international financial world.</li> <li>• Société Générale Group serves 27 million customers in France and worldwide.</li> <li>• Executive: Daniel Bouton</li> <li>• Website: <a href="http://www.socgen.com">www.socgen.com</a></li> </ul> 	<p><b>STMICROELECTRONICS</b></p> <ul style="list-style-type: none"> <li>• STMicroelectronics is one of the world's largest semiconductor companies. Corporate Headquarters are in Geneva.</li> <li>• STMicroelectronics was created in 1987 by the merger of SGS Microelettronica of Italy and Thomson Semiconducteurs of France.</li> <li>• It is the world's fifth largest semiconductor company with market leadership in many fields. It is also the #1 supplier of semiconductors for the Industrial market and for set-top box applications, and occupies leading positions in fields as varied as discrete devices, camera modules for mobile phones and automotive integrated circuits.</li> <li>• The group totals over 45,000 employees and 78 sales offices in 36 countries.</li> <li>• Executive: Carlo Bozotti</li> <li>• Website: <a href="http://www.st.com">www.st.com</a></li> </ul> 
<p><b>SUEZ</b></p> <ul style="list-style-type: none"> <li>• As the European leader in multitechnical services, SUEZ Energy Services develops global solutions for its customers in the industry, the infrastructure and the tertiary sectors as for design, realisation and maintenance of technical installations along with energy, utility and long-term multi technical management</li> <li>• Executive: Gerard Mestrallet</li> <li>• Website: <a href="http://www.suez.com">www.suez.com</a></li> </ul> 	<p><b>TOTAL</b></p> <ul style="list-style-type: none"> <li>• Total is a multinational energy company committed to leveraging innovation and initiative to provide a sustainable response to the growing energy demand.</li> <li>• The fourth largest publicly-traded integrated international oil and gas company and a world-class chemicals manufacturer, Total operates in more than 130 countries and has 96, 400 employees.</li> <li>• Total engages in all aspects of the petroleum industry (both upstream operations and downstream operations) Total also produces base chemicals (petrochemicals and fertilizers) and specialty chemicals for the industrial and consumer markets (rubber processing, adhesives, resins and electroplating). In addition, Total has interests in the coal mining and power generation sectors.</li> <li>• Executive: Christophe de Margerie</li> <li>• Website: <a href="http://www.total.com">www.total.com</a></li> </ul> 	<p><b>UNIBAIL-RODAMCO</b></p> <ul style="list-style-type: none"> <li>• Unibail-Rodamco is the leading Pan-European commercial property investor and developer</li> <li>• It is present in 14 countries across Europe and proactive its three major business lines: shopping centres, offices, and convention &amp; exhibitions.</li> <li>• Unibail-Rodamco has a very large free float in comparison with all continental European listed property investment stocks.</li> <li>• Executive: Guillaume Poittrinal</li> <li>• Website: <a href="http://www.unibail-rodamco.com">www.unibail-rodamco.com</a></li> </ul> 




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<p><b>VALLOUREC</b></p> <ul style="list-style-type: none"> <li>• Vallourec S.A. is a French group of companies specialised in hot rolled seamless steel tubes, expandable tubular technology, automotive parts and stainless steel.</li> <li>• Founded in 1957, it is present in 10 countries.</li> <li>• Executive: Pierre Verluca</li> <li>• Website: <a href="http://www.vallourec.com">www.vallourec.com</a></li> </ul> 	<p><b>VEOLIA ENVIRONMENT</b></p> <ul style="list-style-type: none"> <li>• With operations on every continent and more than 319,000 employees, Veolia Environment provides customized solutions to meet the needs of municipal and industrial customers.</li> <li>• Founded in 1853, it has four complementary segments: water, environmental services, energy services and passenger transportation.</li> <li>• Executive: Henri Proglio</li> <li>• Website: <a href="http://www.veoliaenvironment.com">www.veoliaenvironment.com</a></li> </ul> 
<p><b>VINCI</b></p> <ul style="list-style-type: none"> <li>• Vinci is a French construction and electrical engineering company.</li> <li>• Created in 1899, Vinci has become the largest company in construction and related services worldwide.</li> <li>• It employs over 134,000 employees.</li> <li>• Executive: Xavier Huillard</li> <li>• Website: <a href="http://www.vinci.com">www.vinci.com</a></li> </ul> 	<p><b>VIVENDI</b></p> <ul style="list-style-type: none"> <li>• Vivendi is a leader in entertainment with activities in music, TV, cinema, mobile, internet, and games.</li> <li>• Vivendi is a major player in each of its activities: Universal Music Group, the world's No. 1 recorded music company, Groupe Canal+, a major player in the financing, acquisition and distribution of motion pictures in France and in Europe, SFR, France's No. 2 mobile telecommunications operator, Maroc Telecom, the leading mobile and fixed-line and internet access operator in Morocco, Activision Blizzard, a worldwide pure-play online and console game publisher</li> <li>• 37.223 employees in 77 countries</li> <li>• Executive: Jean-Bernard Lévy</li> <li>• Website: <a href="http://www.vivendi.com">www.vivendi.com</a></li> </ul> 

SOURCE: Author's personal elaboration

## Attachment 4c. British companies

<p><b>ANGLO AMERICAN</b></p> <ul style="list-style-type: none"> <li>• Anglo American is one of the world's largest diversified mining groups.</li> <li>• It operates in Africa, Europe, South and North America, Australia and Asia.</li> <li>• 190,000 employees across 45 countries</li> <li>• 3 core commodities: Precious (Platinum and diamonds), Base metals, bulks (Ferrous metals and Coal)</li> <li>• Executive: Cynthia Carroll</li> <li>• Website: <a href="http://www.angloamerica.co.uk">www.angloamerica.co.uk</a></li> </ul> 	<p><b>ASTRA ZENECA</b></p> <ul style="list-style-type: none"> <li>• It is one of the world's leading pharmaceutical companies</li> <li>• It is a large Anglo-Swedish pharmaceutical company formed on 6 April 1999 by the merger of Swedish Astra AB and British Zeneca Group PLC.</li> <li>• The corporate headquarters are in London, England, the research and development (R&amp;D) headquarters are in Södertälje, Sweden. Major R&amp;D centres are located on three continents in the United States, United Kingdom, Sweden, and India.</li> <li>• AstraZeneca develops, manufactures, and sells pharmaceuticals to treat disorders in the gastrointestinal, cardiac and vascular, neurological and psychiatric, infection, respiratory, pathological inflammation and oncology areas.</li> <li>• Executive: David Brennan</li> <li>• Website: <a href="http://www.astrazeneca.co.uk">www.astrazeneca.co.uk</a></li> </ul> 	<p><b>AVIVA</b></p> <ul style="list-style-type: none"> <li>• It is the world's fifth largest insurance group and the biggest in the U.K., with 57,000 employees serving around 45 million customers worldwide</li> <li>• The main activities are long-term savings, fund management and general insurance</li> <li>• Executive: Andrew Moss</li> <li>• Website: <a href="http://www.aviva.com">www.aviva.com</a></li> </ul> 
<p><b>BAE SYSTEM</b></p> <ul style="list-style-type: none"> <li>• BAE Systems is a global company engaged in the development, delivery and support of advanced defence and aerospace systems in the air, on land and at sea.</li> <li>• BAE Systems is the premier global defence and aerospace company delivering a full range of products and services for air, land and naval forces, as well as advanced electronics, information technology solutions and customer support services</li> <li>• It has major operations across five continents, with customers and partners in more than 100 countries.</li> <li>• With 97,500 employees worldwide, BAE Systems is the 3rd largest global defence company and the 6th largest US defense company</li> <li>• Executive: Mike Turner</li> <li>• Website: <a href="http://www.baesystem.com">www.baesystem.com</a></li> </ul> 	<p><b>BARCLAYS BANK</b></p> <ul style="list-style-type: none"> <li>• Barclays is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services, with an extensive international presence in Europe, the USA, Africa and Asia.</li> <li>• With over 300 years of history and expertise in banking, Barclays operates in over 50 countries and employs over 150,000 people.</li> <li>• Barclays moves, lends, invests and protects money for over 42 million customers and clients worldwide.</li> <li>• Executive: John Silvester Varley</li> <li>• Website: <a href="http://www.barclays.com">www.barclays.com</a></li> </ul> 	<p><b>BG GROUP</b></p> <ul style="list-style-type: none"> <li>• A leading player in the global energy market, BG Group is a dynamic growing business with operations in some 27 countries over five continents.</li> <li>• While the headquarters are in United Kingdom (UK), over 60% of the talented professionals who make up the BG team are located outside the UK.</li> <li>• Its focus is on understanding, building and supplying natural gas markets around the world.</li> <li>• It operates in four key business sectors – Exploration and Production, Liquefied Natural Gas, Transmission and Distribution, Power.</li> <li>• Executive: Frank Joseph Chapman</li> <li>• Website: <a href="http://www.bg-group.com">www.bg-group.com</a></li> </ul> 






<p><b>BHP BILLITON</b></p> <ul style="list-style-type: none"> <li>• BHP Billiton is a global leader in the resources industry.</li> <li>• 41,000 employees working in over 100 operations in 25 countries</li> <li>• 9 core areas: aluminium, base metals, iron or, diamonds, energy coal, manganese, metallurgical coal, petroleum and stainless steel materials</li> <li>• Executive: Marius Kloppers</li> <li>• Website: <a href="http://www.bhpbilliton.com">www.bhpbilliton.com</a></li> </ul> 	<p><b>BP</b></p> <ul style="list-style-type: none"> <li>• BP is one of the world's largest energy companies, providing its customers with fuel for transportation, energy for heat and light, retail services and petrochemicals products for everyday items</li> <li>• BP p.l.c., previously known as British Petroleum, is the third largest global energy company, a multinational oil company with headquarters in London.</li> <li>• 97,600 employees</li> <li>• Executive: Tony Hayward</li> <li>• Website: <a href="http://www.bp.com">www.bp.com</a></li> </ul> 	<p><b>BRITISH AMERICAN TOBACCO</b></p> <ul style="list-style-type: none"> <li>• BAT is the world's second largest quoted tobacco group by global market share, with brands sold in more than 180 markets.</li> <li>• With over 300 brands in portfolio, the business was founded in 1902 and by 1912 had become one of the world's top dozen companies by market capitalisation.</li> <li>• The subsidiary companies produce some 684 billion cigarettes through 47 cigarette factories in 40 countries.</li> <li>• It employs over 53,000 people worldwide.</li> <li>• Executive: Paul Nicholas Adams</li> <li>• Website: <a href="http://www.bat.com">www.bat.com</a></li> </ul> 
<p><b>BRITISH ENERGY GROUP</b></p> <ul style="list-style-type: none"> <li>• British Energy Group plc is the UK's largest producer of electricity and the lowest carbon emitter of the major UK electricity generators.</li> <li>• With a dedicated workforce of about 6,000 skilled professionals, it produces around one-sixth of the nation's electricity.</li> <li>• It is primarily an operator of formerly state-owned nuclear power stations, owning eight nuclear power stations and one coal fired power station</li> <li>• Executive: Bill Coley</li> <li>• Website: <a href="http://www.british-energy.com">www.british-energy.com</a></li> </ul> 	<p><b>BRITISH SKY BROADCASTING GROUP</b></p> <ul style="list-style-type: none"> <li>• British Sky Broadcasting is the operator of the UK's largest digital pay television platform and a leading broadcaster of sports, movies, entertainment and news.</li> <li>• BSkyB produces TV content, and owns several TV channels. More than a third of the equity is owned by News Corporation, an Australian/American company chaired by Rupert Murdoch.</li> <li>• Executive: James Murdoch</li> <li>• Website: <a href="http://www.sky.com">www.sky.com</a></li> </ul> 	<p><b>BT GROUP</b></p> <ul style="list-style-type: none"> <li>• BT is one of the world's leading providers of communications solutions and services operating in 170 countries.</li> <li>• Its principal activities include networked IT services, local, national and international telecommunications services, and higher-value broadband and internet products and services.</li> <li>• BT consists principally of four lines of business: BT Global Services, Openreach, BT Retail and BT Wholesale.</li> <li>• Executive: Ben Verwaayen</li> <li>• Website: <a href="http://www.btplc.com">www.btplc.com</a></li> </ul> 

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<p><b>CADBURY SCHWEPPE'S</b></p> <ul style="list-style-type: none"> <li>It is the world's biggest confectionery company with a number one or number two position in 20 of the 50 largest confectionery markets across the globe.</li> <li>It creates chocolate, gum and candy brands people love - brands like Cadbury, Trident and Halls.</li> <li>Founded in 1824 in Birmingham, it operates in over 60 countries, employing around 50,000 people</li> <li>Executive: Todd Stützer</li> <li>Website: <a href="http://www.cadbury.com">www.cadbury.com</a></li> </ul> 	<p><b>CENTRICA</b></p> <ul style="list-style-type: none"> <li>Centrica plc is a large multinational utility company, created in 1997 when British Gas plc demerged into Centrica plc and BG plc (later BG Group plc).</li> <li>Centrica plc, trading as British Gas (and as Scottish Gas in Scotland) is market leader in the supply of energy to UK households.</li> <li>Executive: William Samuel Hugh Laidlaw</li> <li>Website: <a href="http://www.centrica.com">www.centrica.com</a></li> </ul> 	<p><b>COMPASS GROUP</b></p> <ul style="list-style-type: none"> <li>Compass Group plc is the largest food service business in the world. It provides catering services to many types of institutions, for example schools, hospitals, prisons, airports, companies and resident healthcare homes.</li> <li>It operates in around 62 countries, with more than 360,000 employees</li> <li>Founded in 1941, the he Compass Group owns the following brands and businesses: Eurest, Bon Appétit Management Company, Morrison, Eurest Support Services, Levy Restaurants, Chartwells. It also operates many franchises of outlets such as Burger King, Caffè Ritazza, Starbucks and Upper Crust.</li> <li>Executive: Richard John Cousins</li> <li>Website: <a href="http://www.compass-group.com">www.compass-group.com</a></li> </ul> 
<p><b>DIAGEO</b></p> <ul style="list-style-type: none"> <li>Diageo is the world's leading premium drinks business with an outstanding collection of beverage alcohol brands across spirits, wine and beer categories.</li> <li>The brands include: Smirnoff, Johnnie Walker, Captain Morgan, Baileys, J&amp;B, José Cuervo, Tanqueray, Guinness, Crown Royal, Beaulieu Vineyard and Sterling Vineyards wines, and Bushmills Irish whiskey.</li> <li>Diageo is present in over 180 markets around the world. The company is listed on both the London Stock Exchange and the New York Stock Exchange.</li> <li>22,000 people worldwide with offices in around 80 countries.</li> <li>Diageo was formed in 1997, following the merger of GrandMet and Guinness, and is headquartered in London.</li> <li>Executive: Paul Walsh</li> <li>Website: <a href="http://www.diageo.com">www.diageo.com</a></li> </ul> 	<p><b>GLAXOSMITHKLINE</b></p> <ul style="list-style-type: none"> <li>GlaxoSmithKline plc is a United Kingdom-based pharmaceutical, biological, and healthcare company.</li> <li>GSK is the world's second largest pharmaceutical company and a research-based company with a wide portfolio of pharmaceutical products covering anti-infectives, central nervous system (CNS), respiratory, gastro-intestinal/metabolic, oncology, and vaccines products. It also has a Consumer Healthcare operation comprising leading oral healthcare products, nutritional drinks, and over the counter (OTC) medicines.</li> <li>Executive: Jan Pierre Garnier</li> <li>Website: <a href="http://www.gsk.com">www.gsk.com</a></li> </ul> 	<p><b>HBOS</b></p> <ul style="list-style-type: none"> <li>HBOS is a major UK company. The Group provides retail, business and corporate banking, and insurance and investment services through its multi-brand strategy in the UK and internationally.</li> <li>HBOS plc is a banking and insurance group in the United Kingdom, the holding company for Bank of Scotland plc, which operates the Bank of Scotland and the Halifax bank; HBOS Australia, owner of BankWest; and HBOS Insurance &amp; Investment Group Limited, the group's insurance division.</li> <li>HBOS was formed by the merger of Halifax plc and the Governor and Company of the Bank of Scotland</li> <li>About 72,000 people are employed across the Group.</li> <li>Executive: Andy Hornby</li> <li>Website: <a href="http://www.hbosplc.com">www.hbosplc.com</a></li> </ul> 
<p><b>HSBC</b></p> <ul style="list-style-type: none"> <li>HSBC Holdings plc is the holding company of the world's largest company and the world's largest banking group</li> <li>According to <i>Forbes</i> magazine, HSBC is currently the fourth largest bank in the world in terms of assets (\$2,348.98 billion), the second largest in terms of sales (\$146.50 billion), the largest in terms of market value (\$180.81 billion), and the most profitable bank in the world with \$19.13 billion in net income last year</li> <li>HSBC is by far the largest bank both in the United Kingdom and in Hong Kong</li> <li>HSBC Group is one of the oldest banking houses in the modern world.</li> <li>Executive: Michael Francis Geoghegan</li> <li>Website: <a href="http://www.hsbc.com">www.hsbc.com</a></li> </ul> 	<p><b>IMPERIAL TOBACCO</b></p> <ul style="list-style-type: none"> <li>Imperial Tobacco is the world's fourth largest international tobacco company, which manufactures, markets and sells a comprehensive range of cigarettes, tobaccos, rolling papers, filter tubes and cigars.</li> <li>It is the second largest UK-based tobacco company by global sales. It is Germany's second largest tobacco company In 2007 Imperial Tobacco entered the United States tobacco market, the fourth largest tobacco company in the US.</li> <li>Imperial Tobacco's corporate headquarters are in Bristol, England. It has 58 factories operating around the world, and employs some 40,000 people.</li> <li>Executive: Davis Gareth</li> <li>Website: <a href="http://www.imperial-tobacco.com">www.imperial-tobacco.com</a></li> </ul> 	<p><b>INTERNATIONAL POWER</b></p> <ul style="list-style-type: none"> <li>International Power plc is a leading independent electricity generating company with interests in over 33,000 MW (gross) of power generating capacity, located in 20 countries.</li> <li>Its businesses include: wholesale production of fresh water through seawater desalination; production and distribution of steam; district heating via cogeneration; a small but growing electricity retail business; open-cast coal mining; gas transportation and renewable energy</li> <li>Executive: Philip Cox</li> <li>Website: <a href="http://www.ipplc.com">www.ipplc.com</a></li> </ul> 
<p><b>LAND SECURITIES GROUP</b></p> <ul style="list-style-type: none"> <li>Land Securities REIT is the largest property company in Europe and the leading British property development and investment company headquartered in central London.</li> <li>The company switched to Real Estate Investment Trust status when REITs were introduced in the United Kingdom in January 2007.</li> <li>The Group traces its origins to 1944</li> <li>Land Securities' core investments are office buildings, primarily in central London, and in retail property, which is more widely spread across the UK.</li> <li>Executive: Francis Salway</li> <li>Website: <a href="http://www.landsecurities.com">www.landsecurities.com</a></li> </ul> 	<p><b>LLOYDS TSB GROUP</b></p> <ul style="list-style-type: none"> <li>Lloyds TSB Group plc is a leading British financial institution with its head office in London.</li> <li>It was formed in 1995 by the merger of Lloyds Bank and the Trustee Savings Bank (TSB).</li> <li>Lloyds TSB is currently the fifth largest banking group in the UK</li> <li>Lloyds TSB Group's activities are organised into three businesses: UK Retail Banking and Mortgages, Insurance and Investments, and Wholesale and International Banking.</li> <li>Executive: Eric Daniel</li> <li>Website: <a href="http://www.lloydstbs.com">www.lloydstbs.com</a></li> </ul> 	<p><b>MAN GROUP</b></p> <ul style="list-style-type: none"> <li>Man Group plc is a leading global provider of alternative investment products.</li> <li>It is a United Kingdom based company</li> <li>Man manages over USD70 billion and employs 1,800 people in 13 countries worldwide.</li> <li>The original business was founded in 1783.</li> <li>Executive: Peter Clarke</li> <li>Website: <a href="http://www.mangrouplc.com">www.mangrouplc.com</a></li> </ul> 

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<p><b>MORRISON SUPERMARKETS</b></p> <ul style="list-style-type: none"> <li>Wm Morrison Supermarkets is the fourth largest chain of supermarkets in the United Kingdom.</li> <li>Morrisons' market share as of January 2008 is at 11.4%, making it the smallest of the "Big Four" supermarkets, behind Tesco (31.5%), ASDA (16.8%) and Sainsbury's (15.9%), but far ahead of the fifth place Co-operative Group, which has a share of 4.4%.</li> <li>Founded in 1899 Morrisons was for many years focused in the north of England. With the takeover of Safeway in 2004, the company expanded southwards, and now has a total of 375 superstores across the UK.</li> <li>Executive: Marc J. Bolland</li> <li>Website: <a href="http://www.morrison.co.uk">www.morrison.co.uk</a></li> </ul> 	<p><b>NATIONAL GRID</b></p> <ul style="list-style-type: none"> <li>National Grid plc is an international, London-based utilities company which also operates in other countries, principally its wholly owned subsidiary in the United States.</li> <li>It is one of the largest investor-owned energy companies in the world.</li> <li>The company adopted its current name in July 2005 when shareholders agreed the change from National Grid Transco plc.</li> <li>Executive: Steve Holliday</li> <li>Website: <a href="http://www.nationalgrid.com">www.nationalgrid.com</a></li> </ul> 	<p><b>PRUDENTIAL</b></p> <ul style="list-style-type: none"> <li>Prudential plc is a United Kingdom-based financial services company.</li> <li>The company has over 21 million customers worldwide.</li> <li>The Company has four business units: <i>Prudential UK</i> (pensions, annuities, savings and investments); <i>M&amp;G</i> (investment management services including retail fund management, institutional fixed income, pooled life, pension funds, property and private finance); <i>Prudential Corporation Asia</i> (the business is the largest UK life insurer in Asia); <i>Jackson National Life</i>.</li> <li>Executive: Mark Tucker</li> <li>Website: <a href="http://www.prudential.com">www.prudential.com</a></li> </ul> 
<p><b>RECKITT BENCKISER GROUP</b></p> <ul style="list-style-type: none"> <li>Reckitt Benckiser plc is a leading British-based manufacturer of household cleaning and personal care products.</li> <li>Reckitt Benckiser has operations in more than sixty countries and sells its products in more than 180 countries.</li> <li>Executive: Bart Becht</li> <li>Website: <a href="http://www.reckittbenckiser.com">www.reckittbenckiser.com</a></li> </ul> 	<p><b>REED-ELSEVIER</b></p> <ul style="list-style-type: none"> <li>Reed Elsevier is a world leading provider of professional information and online workflow solutions in the Science, Medical, Legal, Risk Information and Analytics, and Business sectors.</li> <li>Based in over 200 locations worldwide, it creates authoritative content delivered through market leading brands (e.g. Chilit, Calgon, Glassex, etc)</li> <li>Executive: Davis Crispin</li> <li>Website: <a href="http://www.reed-elsevier.com">www.reed-elsevier.com</a></li> </ul> 	<p><b>RIO TINTO</b></p> <ul style="list-style-type: none"> <li>Rio Tinto is one of the world's leading mining and exploration companies.</li> <li>Its major products include aluminium, copper, diamonds, energy products, gold, industrial minerals and iron ore.</li> <li>Its activities span the world but are strongly represented in Australia and North America. There are also significant businesses in South America, Asia, Europe and southern Africa.</li> <li>Executive: Tom Albanese</li> <li>Website: <a href="http://www.riotinto.com">www.riotinto.com</a></li> </ul> 

<p><b>ROLLS-ROYCE GROUP</b></p> <ul style="list-style-type: none"> <li>Rolls-Royce, a world-leading provider of power systems and services for use on land, at sea and in the air, operates in four global markets - civil aerospace, defence aerospace, marine and energy.</li> <li>Services revenues have grown by ten per cent per annum compound over the past ten years. Rolls-Royce has a broad customer base comprising 600 airlines, 4,000 corporate and utility aircraft and helicopter operators, 160 armed forces, more than 2,000 marine customers including 70 navies, and energy customers in 120 countries.</li> <li>Rolls-Royce is a technology leader, employing 38,000 people in offices, manufacturing and service facilities in 50 countries.</li> <li>Executive: John Rose</li> <li>Website: <a href="http://www.rolls-royce.com">www.rolls-royce.com</a></li> </ul> 	<p><b>ROYAL BANK OF SCOTLAND GROUP</b></p> <ul style="list-style-type: none"> <li>RBS is one of the world's top 10 financial services groups and a leading provider of personal, business and institutional banking services.</li> <li>The Royal Bank of Scotland Group's Personal Banking businesses provide customers in the UK and overseas with a range of banking services - from everyday accounts to mortgages, loans, investments and insurance.</li> <li>Royal Bank of Scotland has around 700 branches, mainly in Scotland though there are branches in many larger towns and cities throughout England and Wales.</li> <li>Executive: Fred Goodwin</li> <li>Website: <a href="http://www.rbs.com">www.rbs.com</a></li> </ul> 	<p><b>ROYAL DUTCH SHELL</b></p> <ul style="list-style-type: none"> <li>Shell is a global group of energy and petrochemical companies.</li> <li>Royal Dutch Shell consists of the upstream businesses of Exploration &amp; Production and Gas &amp; Power and the downstream businesses of Oil Products, Chemicals and Oil Sands.</li> <li>104,000 employees in more than 110 countries</li> <li>Executive: Jeroen Van der Veer</li> <li>Website: <a href="http://www.shell.com">www.shell.com</a></li> </ul> 
<p><b>SAB MILLER</b></p> <ul style="list-style-type: none"> <li>SABMiller is one of the world's leading brewers with brewing interests or major distribution agreements in over 60 countries spread across six continents.</li> <li>The portfolio of brands includes premium international beers such as Pilsner Urquell, Peroni Nastro Azzurro, Miller Genuine Draft and Grolsch along with market-leading local brands such as Aguila, Castle, Miller Lite, Snow and Tyskie.</li> <li>Six of the brands are among the top 50 in the world.</li> <li>Executive: Graham Mackay</li> <li>Website: <a href="http://www.sabmiller.com">www.sabmiller.com</a></li> </ul> 	<p><b>SCOTTISH &amp; SOUTHERN ENERGY</b></p> <ul style="list-style-type: none"> <li>Scottish and Southern Energy plc is a leading British-based energy company. Its headquarters are in Scotland.</li> <li>Main areas: Energy Supply (it is the second largest supplier of energy in the UK); Contracting; Energy Services (wind turbines, solar thermal systems, solar photovoltaic systems and ground-source heat pumps); energy system; gas storage; generation; network management (Building and operating private electricity and gas networks throughout the UK); Retail (Supplying electrical and gas domestic appliances online); Scotia Gas Networks; Telecom</li> <li>Executive: Ian Marchant</li> <li>Website: <a href="http://www.scottish-southern.co.uk">www.scottish-southern.co.uk</a></li> </ul> 	<p><b>STANDARD CHARTERED</b></p> <ul style="list-style-type: none"> <li>Standard Chartered Bank is a British bank headquartered in London with operations in more than seventy countries.</li> <li>It operates a network of over 1,700 branches and outlets (including subsidiaries, associates and joint ventures) and employs 73,000 people.</li> <li>It now focuses on consumer, corporate, and institutional banking, and on the provision of treasury services—areas in which the Group had particular strength and expertise.</li> <li>Standard Chartered is listed on the London Stock Exchange and the Hong Kong Stock Exchange</li> <li>Executive: Peter Sands</li> <li>Website: <a href="http://www.standardchartered.com">www.standardchartered.com</a></li> </ul> 

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<p><b>TESCO</b></p> <ul style="list-style-type: none"> <li>• Tesco plc is a British-based international grocery and general merchandising retail chain.</li> <li>• It has the largest British retailer by both global sales and domestic market share</li> <li>• In 2008, Tesco became the world's fourth largest retailer, the first movement among the top five since 2003.</li> <li>• Originally specialising in food and drink, it has diversified into areas such as clothing, consumer electronics, consumer financial services, retailing and renting DVDs, CDs, music downloads, Internet service, consumer telecoms, consumer health insurance, consumer dental plans and software.</li> <li>• Executive: Terry Leahy</li> <li>• Website: <a href="http://www.tescoplcc.com">www.tescoplcc.com</a></li> </ul> 	<p><b>UNILEVER</b></p> <ul style="list-style-type: none"> <li>• Unilever is a multi-national corporation, formed of Anglo-Dutch parentage that owns many of the world's consumer product brands in foods, beverages, cleaning agents and personal care products.</li> <li>• Unilever employs nearly 180,000 people</li> <li>• Unilever's major competitors include Procter &amp; Gamble, Nestlé, Kraft Foods, Mars Incorporated, Reckitt Benckiser and Henkel.</li> <li>• Executive: Patric Cescau</li> <li>• Website:</li> </ul> 
<p><b>VODAFONE GROUP</b></p> <ul style="list-style-type: none"> <li>• Vodafone Group Plc is the world's leading mobile telecommunications company</li> <li>• Vodafone currently has operations in 25 countries and partner networks in a further 42 countries.</li> <li>• Vodafone is a mobile network operator headquartered in Berkshire, England, UK.</li> <li>• The name Vodafone comes from <b>Voice data fone</b>, chosen by the company to "reflect the provision of voice and data services over mobile phones."</li> <li>• As of 2006 Vodafone had an estimated 260 million customers in 25 markets across 5 continents. On this measure, it is the second largest mobile telecom group in the world behind <a href="#">China Mobile</a>.</li> <li>• Executive: Vittorio Colao</li> <li>• Website:</li> </ul> 	<p><b>XSTRATA</b></p> <ul style="list-style-type: none"> <li>• Xstrata is a global diversified mining group, with its headquarters in Zug, Switzerland.</li> <li>• Xstrata's businesses maintain a meaningful position in seven major international commodity markets: copper, coking coal, thermal coal, ferrochrome, nickel, vanadium and zinc, with a growing platinum group metals business, additional exposures to gold, cobalt, lead and silver, recycling facilities and a suite of global technology products, many of which are industry leaders.</li> <li>• The Group's operations and projects span 18 countries. Xstrata employs approximately 56,000 people, including contractors.</li> <li>• Executive: Mick Davis</li> <li>• Website: <a href="http://www.xstrata.com">www.xstrata.com</a></li> </ul> 

SOURCE: Author's personal elaboration.

## **Attachment 5 - Executive Summary**

In the following few pages we intend to sum up all the research process we have follow and the main results of our research, in order to provide a quick overview of the whole document.

### **BACKGROUND**

- ¶ The third millennium is characterized by an increasing fast changing environment, where globalization, new technologies and cultural diversity take place. In this context, companies need to adapt to unexpected changes and they can achieve competitiveness by having two main characteristics:
  - Flexibility, in order to adapt to fast changes;
  - effective top level management.
- ¶ Top level management, and in particular the role of the CEO, play a critical role within a company, because it:
  - defines strategies, mission, vision, values;
  - shapes employer mindset and spread company culture.
- ¶ Research around leadership and CEOs has been widely studied and it has been possible to identify two big families:
  - main leadership theories: Trait theory, Behavioural theory, Contingency theory
  - main empirical studies on CEOs: traits and qualities, educational background, influence on performance, attitude towards innovation, work experiences, relationship with board and TMT, succession choices, etc.
- ¶ It seems that there are two gaps to be filled in the literature review:
  - analysis of the process by which an executive becomes CEO;
  - focus on European CEOs.

## RESEARCH DESCRIPTION

¶ AIMS – the research has three main aims:

- to fill the gaps in the literature;
- to present a profile picture of the CEOs in three European countries: Italy, France and United Kingdom;
- to investigate the speed at which an executive reaches the CEO position (in terms of age at the time of CEO nomination) and identify if there are some drivers which can affect it.

¶ CEOs PROFILE – the author considered three types of variables, related to:

- demographic data (gender, age, number of children, publications, awards, etc)
- work experiences information:
  - current company (tenure, age of CEO nomination, inside or outside nomination, etc)
  - previous companies (age at which they became CEO in the first time in their life, number of previous companies, number of companies and industry changes, international experience, function and industry of the first job, etc)
- educational background (having a degree, type of degree, graduation age, holding a post-degree, etc)

¶ RESEARCH QUESTION – *“Are there drivers in an executive background, which allow an individual to reach the CEO position faster?”*

- HYPOTHESES: An executive becomes CEO faster if:
  - Hp.1. EMPLOYER CHANGES:
    - Hp.1a. he/she has changed companies more times;
    - Hp. 1b. he/she has changed industries more times;
  - Hp. 2. INTERNATIONAL WORK EXPERIENCE
    - Hp. 2a. he/she has done international work experience;

- Hp. 2b. he/she has more international work experience, in terms of number of years spent abroad;
- Hp.3.TENURE IN CURRENT COMPANY
  - Hp. 3a. he/she has been nominated inside the company;
  - Hp. 3b. he/she has more tenure within the company;
- Hp.4. FIRST WORK EXPERIENCE
  - Hp. 4a. the industry of his/her first work experience was financials;
  - Hp.4b. the function of his/her first work experience was finance;
- Hp.5: HE/SHE STUDIED ECONOMICS;
- Hp.6: HE/SHE ATTENDED AN MBA;
- Hp. 7: HE IS MALE

¶ SAMPLE – The author decided to focus the research on 3 countries across Europe: Italy, France and United Kingdom.

- CEOs of the top 40 listed companies for each countries have been identified (top defined in terms of market capitalization) and the main index at the Stock Exchange of each country has been considered:
  - S&P/MIB Index at Milan Stock Exchange;
  - CAC 40 Index at Paris Stock Exchange;
  - FTSE100 Index at London Stock Exchange.
- For each CEOs a set of variables (related to demographic information, work experiences information and educational information) have been analyzed in order to describe the profile of the management in each country and to make correlation analysis to test the hypotheses.



## EMPIRICAL RESEARCH RESULTS

The research has been carried out distinguishing between profile description of the sample (through frequencies, mean, mode, median, standard deviation, variance, max. and min.) and career progression description, expressed by the correlation between some choices and the speed to CEO, that is the age at which an executive reaches the CEO position.

¶ In terms of sample profile, the research has found out that:

- Demographic information
  - CEO age: the sample has 54.3 years old on average (going from 36 to 74).
    - Italy: 55.1 years old
    - France: 55.1 years old
    - U.K.: 52.6 years old
  - Gender: 98.3% of the sample is composed by male (2 women only).
    - Italy: 100.0% male
    - France: 97.5% male (1 woman)
    - U.K.: 97.5% male (1 woman)
  - Number of children: on average, CEOs have 3 children (min. 1 and max. 6).
  - Publications: only 5.83% of CEOs has written and published books or articles.
  - Awards: 35.0% of the sample has received a prize (such as Knight of the order of labour merit, legion d'honneur, laurea honoris causa or man of the year prize).
    - Italy: 22.5%
    - France: 57.5%
    - U.K.: 25.0%
  - Hobbies: the most preferred hobby is skiing.
- Educational background information
  - Having a degree: 98.1% of the sample has a degree.
    - Italy: 100.0%
    - France: 94.9%

- U.K.: 100.0%
- Graduation age: on average, 23.5 years old.
- Holding a postgraduate title: 38.0% of the sample.
  - Italy: 22.2%
  - France: 44.7%
  - U.K.: 50.0%
- Post graduation age: on average, 27.5 years old.
- Work experiences information
  - Current company
    - Industry: 22.0% of the listed companies are in the financial industry and 22.0% consumer discretionary.
    - Tenure: the average tenure in current company is 15.7 years (going from 1 to 42).
      - Italy: 12.9
      - France: 18.1
      - U.K.: 15.8
    - Number of years CEO in the current company: on average, the CEOs of the sample have been holding this position for 5.7 years (going from 1 to 37).
      - Italy: 4.8
      - France: 7.3
      - U.K.: 4.9
    - Age of CEO nomination in the current company: 48.4 years old on average (going from 26 to 71).
      - Italy: 50
      - France: 48
      - U.K.: 48
    - Inside Vs. Outside nomination: 80.0% of the CEOs come from within the company.
      - Italy: 73.7%

- France: 85.0%
- U.K.: 81.6%
- Other internal activities: 44.2% of the sample has other functions within the company
  - Italy: 45.0%
  - France: 75.0%
  - U.K.: 13.0%
- Other external activities: 68.3% of the sample in board member or other roles in external companies
  - Italy: 77.5
  - France: 57.5%
  - U.K.: 70.0%
- Previous companies
  - Already CEO: 55.7% of the sample had already been CEO (before the current company).
    - Italy: 61.5%
    - France: 41.0%
    - U.K.: 65.0%
  - Number of company changes: on average, the CEOs of the sample have changed 4 companies during their career
    - Italy: 4.6
    - France: 4.9
    - U.K.: 2.3
  - Number of industry changes: on average, the CEOs of the sample have changed 1 industry during their career
    - Italy: 1.5
    - France: 0.9
    - U.K.: 0.6
  - Function in the first job: 29.0% of the CEOs started their career in finance.

- Industry of the first job: 30.0% of the CEOs were in the industrials industry at the time of their first work experience
- International experience: 40.8% of the CEOs made work experience abroad.
  - Italy: 25.0%
  - France: 44.7%
  - U.K.: 68.7%
- Number of years of international experience: 6.6 years on average.
  - Italy: 3.2
  - France: 6.4
  - U.K.: 8.9
- Speed to CEO:
  - First time CEO nomination: people of the sample were nominated CEOs for their first time at the age of 43 (going from 25 to 63).
    - Italy: 44
    - France: 42
    - U.K.: 42
  - Number of years in the CEO position before: 3.2 years on average.

¶ In terms of career choices, we have run a correlation analysis and find support or not to our hypotheses:

- Hp.1a: Supported (0.04); Not significant;
- Hp. 1b: Supported (0.17); Not significant;
- **Hp. 2a:** Supported (0.18); Significant at 0.05;
- Hp. 2b: Supported (0.17); Not significant;
- Hp.3a: Supported (0.09); Not significant;
- Hp. 3b: Not supported (-0.09); Not significant;
- Hp.4a: Supported (0.02); Not significant;
- Hp.4b: Supported (0.04); Not significant;
- **Hp.5:** Supported (0.24); Significant at 0.02;

- **Hp.6:** Supported (0.31); Significant at 0.02;
- Hp. 7: Supported: (0.05); Not significant;

¶ Only hypotheses 2a, 5 and 6 are supported. Therefore, the variable speeding-up an executive career toward the CEO position are having international experience, having studied economics and holding an MBA, whereas the others do not affect the speed to reach the CEO position.

In the discussion of the results, the author provides her point of view regarding each hypothesis and regarding the reality of the single countries. Finally, she highlights limits of the research, further avenues of research and usefulness.



# **TRADUZIONE ITALIANA DEI PRINCIPALI CONCETTI CHIAVE**

## **PREFAZIONE**

Questa tesi di dottorato tratta principalmente di leadership e del ruolo dell'amministratore delegato (A.D.) all'interno di un'azienda.

Il tema della leadership è stato ampiamente esplorato sotto diversi punti di vista, in base ai diversi obiettivi di ogni ricercatore. Molti autori hanno, in passato, analizzato solo alcuni aspetti della leadership, tracciando linee di ricerca distinte, dalla teoria dei tratti a quella delle contingenze; ciò nonostante, negli ultimi anni si è avuto un maggiore sforzo nel cercare di integrare i diversi approcci.

L'A.D. è stato studiato quale leader principale all'interno di una azienda: nei continui cambiamenti in atto nell'attuale scenario economico, in fatti, l'A.D. ha un ruolo cruciale in un'azienda, in quanto la guida attraverso fenomeni quali la globalizzazione, la competizione, la guerra dei talenti, la ricerca di organizzazioni sempre più flessibili, etc. Da una disamina degli studi precedenti, si evince come i ricercatori si siano concentrate su alcuni aspetti relative all'amministratore delegato, quali le caratteristiche intrinseche, il background, gli studi effettuati, le esperienze di lavoro, lo stile di management, la relazione con i sottoposti e con il Consiglio di Amministrazione, l'impatto sulle performance aziendali, etc. Sembra, tuttavia, che nessuno abbia finora analizzato il processo attraverso il quale un executive raggiunge la posizione di A.D. e quale siano le variabili che influenzano la velocità con cui si arriva a ricoprire tale carica. Questo è quindi quello che la presente tesi di dottorato intende analizzare, focalizzandosi su 3 nazioni europee: Italia, Francia e Gran Bretagna.

Con la presente ricerca, l'autore intende soddisfare due diversi tipi di audience con differenti esigenze: gli accademici, i quali preferiscono spiegazioni dettagliate e valutazioni critiche delle principali teorie e dei precedenti studi, e i managers, i quali preferiscono ricevere risposte immediate su cosa fare e come fare per poter essere più efficaci, trovandosi a dover affrontare le sfide quotidiane del proprio lavoro. Per il primo gruppo, l'autore fornisce una descrizione delle principali fasi della ricerca, mentre per il secondo fornisce evidenze su quali variabili influenzano la velocità di carriera di un executive verso la posizione di A.D.

## INTRODUZIONE

Lo scenario economico mondiale è caratterizzato da un numero di aziende altamente competitive che si trovano ad affrontare quotidianamente nuove sfide alla ricerca di un vantaggio competitivo sostenibile. Cambiamenti radicali nello scenario economico nazionale ed internazionali sono, ad esempio, la globalizzazione dei mercati, la volatilità e la segmentazione della domanda, l'introduzione di nuove forme di comunicazione e di nuove tecnologie, le diversità culturali, etc.

Negli ultimi 25 anni, alcuni autori (Handy, 1989, Kanter, 1985, Pascale, 1990 etc) sono giunti alla conclusione che la competitività possa essere raggiunta dalle aziende principalmente essendo in possesso di 2 caratteristiche:

1. *flessibilità*, in modo tale da sapersi adattare con successo agli improvvisi cambiamenti;
2. *top-level management* in grado di gestire e sviluppare le risorse.

Tichy and Cohen (1997) hanno affermato che la risorsa più scarsa all'interno di una azienda oggi sono i leader in grado di trasformare continuamente le organizzazioni per "sfidare e vincere" il mondo di domani. Child (1974) affermava che i top manager compiono scelte strategiche: prendono decisioni relative agli obiettivi aziendali e alla struttura dell'organizzazione stessa. Come sostenuto da Scaringella (2007), per affrontare la globalizzazione e la complessità, i leader devono essere al tempo stesso strateghi, uomini di finanza e comunicatori. Devono essere professionali, aperti, avere una cultura generale e qualità umane. L'amministratore delegato (A.D.), in particolare, assume un ruolo rilevante, trovandosi a dover definire la visione strategica di lungo periodo, garantendo un giusto bilanciamento fra iniziative di breve e medio-lungo termine, per avere risultati oggi e porre le basi per il successo di domani. L'A.D. definisce la strategia e la diffonde nell'organizzazione. Il personaggio dell'A.D. è stato notevolmente studiato negli ultimi 30 anni sotto svariati punti di vista (qualità personali, caratteristiche da possedere, educazione ricevuta, scelte di carriera, efficacia, etc), ma sembra tuttavia evidente che nessuno si è focalizzato sul processo che porta un executive a raggiungere la posizione di A.D.

In questo contesto, l'autore ha deciso di porre le basi per la propria ricerca, in cui intende andare ad indagare quali scelte, legate al percorso accademico e lavorativo, impattano sulla velocità di carriera verso la posizione più alta di una organizzazione.



## PANORAMICA DELLA LETTERATURA ESISTENTE

Un'analisi degli studi esistenti ha evidenziato come sia possibile distinguere due grandi gruppi: in uno, relativo a prospettive storiche sulla leadership, vengono descritti i principali contributi sui pensieri teorici esistenti, mentre nell'altro ci si focalizza sulle ricerche empiriche esistenti sugli A.D.

In merito al primo gruppo, sul tema della leadership, la ricerca disponibile è abbondante e riconducibile a 3 macro famiglie:

1. Teoria dei tratti, focalizzata su qualità e competenze di un leader.
2. Teorie comportamentali, focalizzate sul controllo, motivazione, incentivo, comportamento che un leader può avere sugli altri
3. Teorie contingenti, focalizzate sul concetto di influenza, che implica un cambiamento al fine di raggiungere gli obiettivi del gruppo. Include gli studi su come le diverse situazione impattino l'efficacia dei leader (modelli di Fiedler, Hersey e Blanchard, House)

In base alla prima teoria, (Stogdill, 1948; Norburn, 1986), vi sono alcune caratteristiche da possedere per esercitare una leadership di successo (qual energia, autostima, propensione al rischio, etc). Nella seconda, gli autori studiano l'efficacia e l'influenza dei comportamenti dei leader sui subordinati: Burns (1978) parla di leadership transazionale e trasformazionale, dove la seconda implica maggior coinvolgimento e motivazione del team, che condivide valori e obiettivi comuni. Nella terza teoria, vengono considerati fattori "situazionali", che vanno ad influenzare l'efficacia dello stile di leadership; Fiedler (1967) afferma che la posizione di potere determina lo stile manageriale, Evans e House's Path Goal Theory (1971) affermano che un leader deve guidare il suo gruppo verso un goal definito, Hersey and Blanchard's situational leadership (1988) affermano che I leader devono essere flessibili e adattarsi alle diverse situazioni in cui si trovano.

In merito al secondo gruppo, 6 sono i principali cluster di interesse studiati fino ad oggi:

- g) Principali caratteristiche degli A.D.
- h) Background accademico degli A.D.
- i) Influenza dell'A.D. sulle performance aziendali
- j) Propensione degli A.D. verso l'innovazione

k) Precedenti esperienze degli A.D.

l) Nomina e successione dell'A.D.

Nel primo, gli autori (Bowers and Seashore, 1966; Gordon, 1976; Katz and Kahn, 1978) identificano fra le qualità che un leader deve possedere la responsabilità, l'autostima, la propensione al rischio, mentre altri (Norburn, 1986) analizzano similarità e differenze fra gli A.D. e il top management team (prima linea di riporto). Nel secondo, vengono analizzati gli A.D. di diversi Paesi in termini di tipologia di laurea e master post laurea (Boone, Kurtz and Flenoor, 1988; Baray and Bournois, 2007) o in termini di livello di istruzione e suo impatto sulle performance aziendali (Gottesman and Morey, 2006). Nel terzo, i ricercatori hanno misurato l'efficacia dello stile di leadership sulle performance aziendali. Thomas, Litschert and Ramaswamy (1991) dimostrano come diverse tipologie di A.D. sono associate a diversi stili; Peters and Waterman (1982), Kotter and Heskett (1992), Katzenbach (2000) considerano l'effetto dei leader sulle persone e sulla cultura. Nel quarto cluster, gli autori affermano come il desiderio di "arrivare", di fama e di potere influisca sul livello di innovazione di una azienda (Papadakis and Bourantas, 1998), mentre altri considerano il legame fra il livello di istruzione e l'ammontare di spesa destinata a R&S (Barker and Mueller, 2002). Nel quinto, il focus è stato su esperienze funzionali (Rajagopalan, 1996; Favaro, 2002) e internazionali (Roth, 1995; Daily, Certo and Dalton, 1999), dimostrando che la maggior parte degli A.D. ha raggiunto la posizione facendo carriera in finanza o operations e che gli A.D. più giovani hanno maggiore esperienza internazionale. Nel sesto, gli studi si sono concentrati sulle scelte decisionali dell'A.D. successore e del rapporto fra l'attuale e il Consiglio di Amministrazione; (Zajac, 1990; Datta and Guthrie, 1994) sostengono che quando l'azienda performa negativamente, si è più propensi a scegliere un successore esterno all'azienda. Favaro (2002) e Tabitha (2005) concordano sul fatto che il futuro A.D. venga scelto prevalentemente fra i CFO (Chief Financial Officer). Da una disamina della review letteraria emerge chiaramente come nessun autore in precedenza si sia soffermato sul processo che porta un executive a divenire A.D. e quali variabili accelerino questo percorso; per tale motivo questo vuole essere il focus della presente ricerca.

## DESCRIZIONE DELLA RICERCA

### Obiettivi

Dopo un'estensiva analisi della letteratura esistente a livello internazionale, è stato scoperto che gli autori principalmente si sono focalizzati su svariati aspetti della figura dell'amministratore delegato, quali caratteristiche personali, background accademico, raffronto col team di lavoro, legame con le performance aziendali ed efficacia della leadership, livello di innovazione, scelte di successione, etc. Tuttavia, appare chiaramente come quasi nessuno abbia esplorato il processo attraverso il quale un executive raggiunge il vertice di un'organizzazione, specialmente in termini di scelte accademiche e lavorative. Sembra esserci, infatti, una mancanza di ricerche che mostrino quali variabili contribuiscano maggiormente a diventare A.D. più velocemente. Inoltre, le ricerche sembrano concentrarsi maggiormente sul mondo americano, lasciando da parte nazioni quali l'Italia, la Francia o la Gran Bretagna.

Per le suddette ragioni, l'autore ha identificato 3 obiettivi principali che intende raggiungere col presente lavoro:

- colmare i gap riscontrati nella letteratura;
- presentare un profilo degli A.D. in Italia, Francia e UK, tenendo conto di variabili demografiche, accademiche e lavorative;
- investigare la velocità con cui un executive raggiunge la posizione di A.D., in termini di numero di età posseduta la prima volta che si è divenuti A.D.

### Research Question e ipotesi

La ricerca mira a capire se esistono particolari variabili nel background di un executive che possano essere in grado di accelerare la velocità con cui questi raggiunga la posizione di A.D. In particolare, la *research question* è:

*“Esistono dei driver nel background di un executive, in grado di far sì che questi raggiunga la posizione di CEO più velocemente?”.*

Le ipotesi nello specifico sono che un executive raggiunge la posizione di amministratore delegato più velocemente se:

*Hp.1. CAMBIAMENTI LAVORATIVI:*

*Hp.1a. ha cambiato azienda molte volte;*

*Hp. 1b. ha cambiato settore molte volte;*

*Hp.2. ESPERIENZA INTERNAZIONALE*

*Hp. 2a. ha avuto esperienza internazionale;*

*Hp. 2b. ha trascorso molti anni all'estero;*

*Hp.3.ANZIANITÀ NELL'AZIENDA ATTUALE*

*Hp. 3a. è stato nominato internamente all'azienda;*

*Hp. 3b. è all'interno dell'azienda da molti anni;*

*Hp.4. PRIMA ESPERIENZA DI LAVORO*

*Hp. 4a. il settore del primo lavoro è stato quello finanziario;*

*Hp.4b. la funzione del primo lavoro era finanza;*

*Hp.5: HA STUDIATO ECONOMIA;*

*Hp.6: POSSIEDE UN MBA;*

*Hp. 7: È UN UOMO.*

## **Campione, Fonti e Analisi**

La ricerca è stata estesa agli amministratori delegati delle 40 principali aziende italiane, francesi e inglesi. Per ogni nazione, infatti, sono state prese le 40 aziende quotate aventi maggiore capitalizzazione:

- in Italia, trattasi delle principali 40 aziende quotate all'indice S&P/MIB;
- in Francia, trattasi delle principali 40 aziende quotate all'indice CAC 40;
- in Gran Bretagna, trattasi delle principali 40 aziende quotate all'indice FTSE100.

Dei 120 A.D. componenti il campione, sono state raccolte informazioni tramite il data base on-line *Who's who*<sup>83</sup>, che fornisce biografie di persone autorevoli, che in seguito sono state integrate, qualora necessario, con informazioni prese dai siti ufficiali delle aziende.

Abbiamo visto dalla letteratura che le principali variabili studiate sugli A.D. hanno riguardato le informazioni anagrafiche (Norburn, 1986; Gottesman and Morey, 2006, etc), accademiche (Papadakis and Bourantas, 1998; Rajagopalan and Zhang, 1998, etc), e relative alle precedenti esperienze di lavoro (Barker and Mueller, 2002; Rajagopalan and Datta, 1996; Daily, Certo, Dalton, 1999). Per la ricerca in questione si è deciso di seguire queste tre macro aree, anche se, di fatto, ogni studio precedente ha presentato specifici obiettivi, gli uni differenti dagli altri; tuttavia, il punto cardine sta nel fatto che le suddette macro categorie di variabili sono state ritenute importanti nell'influenzare l'A.D., il suo futuro stile manageriale, il processo decisionale o, come qui supposto, la velocità di carriera per raggiungere la posizione di A.D.

Per ogni variabile, sono state calcolate frequenze base, quali media, moda, mediana, deviazione standard, valori massimi e minimi. Per rispondere alle ipotesi relative al percorso di carriera, è stata creata una matrice delle correlazioni<sup>84</sup> in cui sono state analizzate le variabili in relazione alla velocità, che ricordiamo essere espressa dall'età al tempo della prima nomina ad A.D.

. Il calcolo del coefficiente di correlazione di Bravais-Pearson ci è sembrata essere la misura statistica più appropriata, in quanto esprime la relazione fra due variabili in un range di valori compresi fra 0 e 1. In seguito, abbiamo effettuato un Test delle Due Code (probabilità 0,02 e 0,05), al fine di verificare se i coefficienti di correlazione trovati fossero o meno significativi.

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<sup>83</sup><http://www.whoswho.eu>

<sup>84</sup>E' utile ricordare che, avendo considerato l'età in cui un executive viene nominato amministratore delegato come espressione della velocità verso la posizione di A.D., e' stato necessario moltiplicare i valori ottenuti per le correlazioni per (-1), in quanto interessati al divenire A.D. prima possibile. I risultati vengono presentati con i segni già cambiati.

## **RISULTATI DELLA RICERCA EMPIRICA**

In questa parte vengono presentate le evidenze principali della ricerca, in termini di profilo degli A.D. e percorsi di carriera, espressi dall'identificazione di driver che accelerano la nomina ad A.D. I risultati vengono presentati per l'intero campione e per singola nazione (Italia, Francia e Gran Bretagna).

### **PROFILO**

#### **Informazioni anagrafiche**

**Genere:** La prima considerazione va fatta in merito al genere, in quanto fra i 120 A.D. del campione, compaiono solo 2 donne, una in Francia e una in U.K., mentre il top management italiano è caratterizzato solo da uomini. Nell'era della globalizzazione sembrano esserci ancora pregiudizi sul ruolo di leadership delle aziende, quali vecchie credenze che gli uomini siano più qualificati delle donne, principalmente legate alla convinzione che le donne non sappiano assumere comportamenti maschili utili ad una leadership efficace (Rojahn and Willemsem, 1994).

**Età:** L'età media del campione è 54 anni (55 in Italia e Francia, 52 in U.K.), con un valore minimo di 36 (James Murdoch, British Sky Broadcasting Group, U.K.) e un valore massimo di 74 (Enrico Bondi of Parmalat, Italy). La deviazione standard è 7,07, che esprime come i valori del campione sono dispersi intorno alle media. In termini di distribuzione, 20% degli A.D. hanno una età compresa fra 46-50 anni, 25% fra 51-55 e 25% fra 55-60, 10% sotto i 45 e 20% over 60 anni. Non ci sono grandi differenze fra le nazioni in termini di intervalli di età, ma possiamo dire che in Gran Bretagna sono concentrati principalmente fra 46 e 65 (a parte 2 eccezioni), mentre in Francia e Italia gli A.D. sono più anziani (fino a 74 anni).

**Luogo di nascita.** Considerando le nazioni in cui gli A.D. sono nati, è interessante sottolineare che gli A.D. italiani sono nati tutti in Italia (57% al nord, principalmente a Milano, 25% al centro e 5% al sud), mentre 80% degli A.D. francesi sono nati in Francia e la restante parte in Europa (tranne 1 in Brasile). Per la Gran Bretagna, non vi è questa informazione per tutti gli A.D., ma solo per il 50%, che ci rivela tuttavia che essi provengono da ogni parte del mondo (U.S., NL, U.K., F, I, Africa). Emerge chiaramente che la cultura italiana è ancora forte all'interno delle aziende, mentre nel mondo anglo-sassone si è più aperti al cross cultural management e la Francia si posiziona in mezzo a queste due posizioni.

**Status.** 19 A.D. italiani, 28 francesi e 30 inglesi sono sposati; sfortunatamente questa informazione non è provvista per tutti, per cui non possiamo trarre conclusioni non sapendo la restante parte se sia sposata o meno. Tuttavia, possiamo affermare che in ogni azione almeno il 50% è sposato, il che esprime l'importanza della famiglia, anche in termini di immagine.

**Figli.** Vi sono 21 valori mancanti in Italia, 15 in Francia e 10 in U.K., per cui non possiamo fornire un quadro reale della situazione. Per quelli di cui abbiamo l'informazione, la famiglia media è composta da 2 e 3 figli.

**Pubblicazioni.** Solo 7 A.D. su 120 (5,8% - 5 in Italy, 2 in France, 0 in the U.K.) hanno pubblicato articoli o libri. Questa piccola percentuale ci fa pensare che solo pochi siano considerati "opinin leader" e che questa variabile non sia legata alla carriera manageriale.

**Premi:** 42 A.D. su 120 (35%) hanno ottenuto un premio nella loro carriera (9 in Italia, 23 in Francia e 10 in U.K.), espressa dalla nomina a cavaliere del lavoro<sup>85</sup>, da una laurea honoris causa, dalla nomina alla legione d'onore o come uomo dell'anno. In particolare, da notare che in Francia nessuno è stato insignito di una laurea honoris causa, mentre è molto apprezzata la legione d'onore così come l'essere cavaliere del lavoro (rispettivamente 14 e 18 A.D. in Francia, comparato ai 6 e 2 in Italia e ai 2 e 4 in U.K.). Questa evidenza può essere espressione dell'importanza della vita sociale in Francia, che può derivare anche dall'alto numero di persone che hanno ricevuto un'istruzione legata alla carriera politica (vedere la sezione legata al background accademico nel seguito).

**Hobbies:** questo tipo di informazione non è sempre fornito nel curricula vitae, infatti, la abbiamo per 31 A.D. su 120. Dei 31, gli sport preferiti sono sci, tennis e golf. Possiamo evidenziare alcune differenze legate alla cultura, quali in fatto che in U.K. è molto apprezzato il cricket e la caccia, mentre in Italia il calcio.

## **Informazioni sul background accademico**

**Laurea.** Questo dato è fornito per 105 A.D. su 120 (87,5%): di questi, 103 hanno una laurea, pari al 98% del campione escluso i valori mancanti; infatti, solo 2 A.D. francesi dichiarano di non avere un titolo di laurea (Bouygues and Ricard). Il dato è fornito per 37 A.D. italiani (92,7% del sotto campione), 39 francesi (97,5%) e 29 inglesi (72,5%): non possiamo assumere che per

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<sup>85</sup>42 CEOs out of 120 as global data, whereas each CEO can have more than a type of award.

coloro di cui non abbiamo l'informazione in automatico significhi che non siano laureati, per cui commentiamo solo i 105 dati a disposizione.

Analizzando i singoli Paesi, occorre tener conto del fatto che i sistemi scolastici sono differenti. In particolare:

- Italia. Uno studente tipicamente inizia l'università verso i 19 anni, a fronte dei 18 nella maggior parte delle nazioni europee. La maggior parte delle università italiane sono pubbliche e portano il nome della città. Vi è anche un numero piccolo di università private (e.g. Luigi Bocconi). Oggigiorno il sistema universitario italiano segue le linee guida fornite dal Processo di Bologna<sup>86</sup> e i corsi sono divisi fra *laurea triennale* (3 anni, equivalente a grandi linee al bachelor) e la *laurea specialistica/magistrale* (3+2 anni).
- Francia: il sistema universitario è diviso fra *Grandes Écoles* e università pubbliche, dove le prime sono considerate più prestigiose delle seconde.
  - Le *Grandes Écoles* sono generalmente focalizzate su una singola area di interesse, quale ingegneria e economia ad esempio. Fra le *Grandes Écoles*, l'École Polytechnique è considerata la più prestigiosa fra quelle tecniche, mentre HEC (*Hautes Études Commerciales*), ESSEC (*École supérieure des sciences économiques et commerciales*) e ESCP-EAP (*European School of Management*) sono le più prestigiose fra le Business Schools. Rispetto ad altre nazioni, le università francesi si caratterizzano per dimensioni minori e alta quantità di ricerca scientifica. I criteri di selezione delle *Grandes écoles* sono molto rigidi, tanto che vi sono classi preparatorie (*classes préparatoires aux grandes écoles*) della durata di 2 anni.
  - L'università pubblica francese porta il nome della città seguita da un ordine progressivo. Anche qui si segue la riforma del Processo di Bologna.

Gran Bretagna: vi sono differenti organizzazioni a seconda che ci si trovi in Scozia, Galles, Inghilterra o Irlanda del Nord. In generale, gli studenti iniziano l'università a 18 anni e fanno un corso di 3 anni per ottenere il bachelor's degree. Le Oxbridge universities (Oxford e Cambridge) sono fra le più prestigiose.

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<sup>86</sup>Il processo di Bologna ha come obiettivo la creazione di standard europei per le università, specialmente dal punto di vista delle tempistiche, per renderle più uniformi.



Tornando ai risultati statistici, sull'Italia abbiamo trovato che dei 37 A.D. laureati, 29 hanno fatto l'Università (78,4%) e 8 il Politecnico (21,6%). Guardando allo spaccato, dei 29 universitari, 19 hanno scelto economia. Sappiamo inoltre che 27% degli italiani ha studiato in Milano Bocconi o Roma La Sapienza; solo 1 ha studiato all'estero (Sergio Marchionne, Fiat, a Toronto, ma occorre dire che è italo-canadese). Relativamente alla Francia, 37 A.D. su 39 hanno una laurea (94,87%), e di questi 17 hanno frequentato il Politecnico, (45,95%), 6 HEC (business and economics, 16,22%), 1 ESSEC (2,70%), 3 IEP (Institut d'études politiques), 2 scienze politiche (5,41%), 1 legge (2,70%) e 7 economia (18,92%). Solo 3 A.D. francesi hanno fatto l'università all'estero (Patricia Russo, Alcatel, in U.S.A; Franck Riboud, Danone, in Svizzera e Carlo Bozotti, STMicroelectronics, in Italia).

Sulla Gran Bretagna, abbiamo informazioni su 29 A.D., di cui tutti sono laureati, 11 hanno seguito il Politecnico (37,93%) e 18 l'università (62,07%), principalmente economia e legge. Interessante notare che 13 hanno studiato all'estero (Italia, Francia, Olanda, Sud Africa, U.S.A.), dati che dimostrano l'alto livello di internazionalità delle aziende inglesi rispetto alle francesi e italiane.

**Titoli post laurea.** Oggigiorno possedere un titolo post laurea implica avere una conoscenza diversificata e globale. 51,67% del campione, tuttavia, non possiede titoli post laurea (62 A.D. su 120), con 20 missing values (16,67%), mentre 31,67%, pari a 38 amministratori delegati, hanno seguito corsi post-laurea. In particolare, 13 hanno un MBA (10,83%), 7 un PhD (5,83%), 6 un master specialistico (5,00%), 3 un master in economia e management (2,50%) e 9 hanno frequentato l'ENA (7,50%). Abbiamo considerato l'ENA come categoria a sè stante, in quanto prestigiosa scuola francese che permette di accedere alle alte posizioni dello stato, alla carriera politica e pertanto molto ambita. In merito al dottorato, questo è più diffuso in Gran Bretagna, probabilmente per motivi culturali dove esiste da più tempo, mentre in Francia e Italia sta emergendo negli ultimi anni.

Guardando le singole nazioni, l'Italia ha il minor numero di A.D. con titoli post laurea (8 Vs. 17 in Francia e 13 in U.K.). Degli italiani in possesso del titolo, metà hanno studiato in Italia (tutti in Bocconi, Milano) e metà all'estero (Windor University, N.Y. Columbia University, Philadelphia University e Pennsylvania).

Relativamente alla Francia, come sopra detto, un'alta percentuale di persone ha frequentato l'ENA (*École Nationale d'Administration*), che prepara alla carriera politica e permette l'ingresso ai ministeri. La maggior parte degli A.D. francesi con MBA ha studiato ad Harvard.

Sulla Gran Bretagna, la maggior parte degli A.D. è in possesso di un MBA, e circa il 50% ha studiato alla Harvard Business School o al MIT – Massachusetts Institute of Technology.

Se non si considerano i 20 valori amncanti, la percentuale cambia leggermente: considerando solo i 100 dati in possesso, solo 38% degli A.D. è in possesso di un titolo post laurea (22,2% in Italia, pari a 8 su 36; 44,7% in Francia, pari a 17 su 38 e 50,0% in Gran Bretagna, pari a 13 su 26). L'età media a cui si è conseguito il titolo è di 26,7 anni in Italia, 28,2 in Francia e 26,3 in Gran Bretagna.

### Informazioni sulle precedenti esperienze lavorative

*Velocità con cui si diventa A.D.* (Età la prima volta in cui si è stati nominati).

**Età della nomina ad A.D. per la prima volta (velocità).** Questa è la variabile dipendente della ricerca. Ricordiamo che la velocità è stata espressa in termini di età al momento dell nomina ad amministratore delegato la prima volta. Questa informazione è fornita per 111 A.D. su 120, con età media e mediana pari a 43 anni, mentre la moda è 41, con deviazione standard 8,08. Valore minimo 25 (Jean-Paul Agon di L'Oreal) e valore massimo 63 (Didier Lombard, Telecom). Dalla tavola sotto si può notare che non vi sono grandi differenze fra nazioni.

**Table 18:** Età della nomina ad A.D. per la prima volta

	<b>IT</b>	<b>FR</b>	<b>U.K.</b>	<b>All sample</b>
<b>Mean</b>	44	42	43	43
<b>Median</b>	44	41	44	43
<b>Mode</b>	44	31-39- 43	45	41
<b>Stdev</b>	7,31	9,4	7,27	8,08
<b>Min</b>	27	25	28	25
<b>Max</b>	60	63	61	63

FONTE: Elaborazione personale.

Considerando intervalli di età, vediamo che l'Italia e la Gran Bretagna sono fra loro più simili, mentre la Francia differisce in 2 intervalli: 31-35 anni ha 9 A.D. (Vs. 2 in Italia e 3 in U.K.) e 41-45 ha 7 A.D. Vs. 12 and 10.

**Ruolo di A.D. ricoperto in precedenza.** Dell'intero campione, 55,65% (5 valori mancanti) hanno già ricoperto la carica di A.D. in precedenza, (44,35% no, di cui 15 Italiani, 23 Francesi e 13 U.K.).

**Numero di anni in cui si è stati A.D. nelle aziende precedenti.** È stato interessante valutare quanti A.D. avevano già ricoperto la stessa carica in aziende precedenti e per quanti anni. In media, 3,2 anni, rispettivamente 3,0 in Italia (max. 14), 3,1 in Francia (max. 15) e 3,6 in U.K. (max. 22), con 4 missing values.

### *Azienda attuale*

**Settore.** Si fornisce una panoramica dei settori principali delle aziende del campione. I due settori maggiormente rappresentati sono consumer discretionary (automobili, divertimenti, media, etc) e financials (banche, assicurazioni e proprietà immobiliari), anche se alcune differenze emergono fra nazioni: Italia e Francia sono fra loro più simili, principalmente rappresentate da energy (15% and 17,5%), consumer discretionary (24% and 32,5%) e financials (32% and 12,5%), ma in Francia gioca un forte ruolo anche il settore industriale (17,5% vs. 7,5% in Italy). In Gran Bretagna energy e financials sono anche presenti (15% and 24%), ma anche materials e consumer staple (12,5% and 17,5%), mentre consumer discretionary è alquanto piccolo rispetto alle altre nazioni (solo 10%). Per la mappatura del settore si è deciso di utilizzare la classificazione GICS (Global Industry Classification Standard), seguita in Italia dallo Standard & Poor's, mentre in Gran Bretagna viene usato ICB (Industry Classification Benchmark), che, tuttavia, è alquanto simile.

**Anzianità.** In media (6 missing values) gli A.D. del campione sono in azienda da 15,7 anni (rispettivamente 12,9 in Italia, 18,1 in Francia e 15,8 in U.K.). La deviazione standard è 10,43, e i valori minimi e massimi sono rispettivamente 1 e 42. Guardando alle singole nazioni, l'Italia presenta il maggior turnover (11 A.D., pari e 27,5%, sono in azienda da 1 a 5 anni), mentre i britannici restano in azienda fra 6 e 10 anni (la Francia si posiziona a metà). Si osserva che il numero minore di anni è 1 o 2 in ogni Paese (Massiah di UBI Banca in Italia, Streiff di Peugeot in Francia, e 4 aziende in U.K.), mentre il numero massimo è 41 e 42 anni in Italia e Francia (Marchionni di Fondiaria Sai e Ricard di Pernaud Ricard), Vs. 37 in Gran Bretagna (Van Der

Veer di Royal Dutch Shell). Da specificare, per l'Italia, che alcune aziende del campione hanno effettuato fusioni o acquisizioni, per cui hanno cambiato nome e risultano esistere da pochi anni, anche se il management proviene da una delle aziende che hanno effettuato la fusione; in tal caso, si è deciso di considerare il dato più vecchio di anzianità, ritenendo che si tratti solo di temi legati alla ragione sociale, in quanto di fatto il management conosce l'azienda da tempo (es. A2A, da fusione fra ex-AEM Milano e ASM Brescia, Atlantia, ex Autostrade, Intesa-San Paolo).

**Anche Presidente?** Nell'intero campione, 81 A.D. su 120 (4 missing data) sono solo A.D. e non ricoprono anche la carica di Presidente, pari a 67,5%. Guardando alle singole nazioni, 33 A.D. italiani su 40 (82,5%) non sono presidenti, così come 36 inglesi (90,0%), mentre la situazione è totalmente opposta in Francia, dove 28 A.D. su 40 sono sia amministratori delegati che presidenti, pari al 70%. In questo risultato risiede un fattore culturale, basti considerare che la definizione implicita di A.D. in francese implica entrambe le posizioni: infatti si dice PDG, che sta per "*président directeur-général*".

**Nomina interna od esterna.** 77,5% degli A.D. è stata nominato internamente all'azienda (4 missing values; la percentuale va a 80,0% se non li consideriamo), il che esprime l'importanza della crescita interna, l'acquisizione di conoscenze interne e cultura, processi, tutto quanto è legato al funzionamento di una azienda. La nomina interna si verifica in 73,7% dei casi in Italia (28 su 38), 85,0% in Francia (34 su 40) e 81,6% in U.K. (31 su 39).

**Altre attività interne.** 44,17% del campione (53 su 120) hanno un ruolo interno oltre ad essere A.D, quali la carica di presidente (vedi sopra) o l'esser membro di CdA di altre aziende. A livello nazionale, questo avviene tipicamente in Francia, con 75% dei casi Vs. 45% in Italia e 13% in Gran Bretagna.

**Altre attività esterne.** 68,3% del campione (82 su 120) ricopre anche cariche esterne, principalmente essendo presidente di varie associazioni, membri di C.d.A. di altre aziende esterne, tipicamente quelle in cui hanno lavorato in precedenza. Avviene per il 77,5% in Italia, 57,5% in Francia e 70% in U.K.

### ***Precedenti aziende***

**Numero di cambiamenti aziendali.** In media, sono state cambiate 4 aziende, con valori compresi fra 0 e 17, moda 0 e standard deviation 3,64. La Gran Bretagna si differenzia dalle altre, avendo una media alquanto inferiore (2,3 cambiamenti Vs. 4,6 in Italia e 4,9 in Francia).

22,6% degli A.D. (26 casi su 115) non ha mai cambiato azienda, avendo iniziato la carriera nell'attuale compagnia.

**Numero di cambiamenti di settore.** In media si è avuto 1 cambiamento di settore, con valori minimi e massimi di 0 e 6 (da sottolineare che in U.K. il valore massimo è 2). L'Italia ha una media maggiore delle altre 2 nazioni (1,51 Vs. 0,85 in Francia e 0,58 in Gran Bretagna).

**Esperienza internazionale.** 40,8% del campione ha avuto un'esperienza internazionale (2 missing values per la Francia, 8 per la Gran Bretagna e 30 per l'Italia: conoscendo la cultura delle aziende italiane, possiamo ipotizzare che se non citato nel cv, allora implica che la persona non ha esperienza internazionale). Analizzando i dati emerge in modo chiaro che in Italia non ha ancora preso piede l'importanza di essere esposti a diversi tipi di management e diverse culture, mentre, al contrario, questo è molto apprezzato in Gran Bretagna. Solo 25,0% degli A.D. italiani (10 su 40) ha una esperienza all'estero, a fronte di 44,7% dei francesi e 68,8% dei britannici.

**Funzione ricoperta nel primo lavoro.** 29% del campione (10 missing values) ha iniziato la propria carriera nella funzione finanza (32 A.D. su 110, con 10 missing values).

**Settore del primo lavoro.** 35 A.D. su 117 (3 missing values), pari a 29,9%, ha iniziato la carriera nel settore industriale, che include sia capital goods che servizi professionali, andando dall'aerospaziale alle costruzioni che HR e consulenza. Il secondo settore è stato energy (21 casi, 17,9%) e il terzo financials (17 casi, 14,5%).

Interessante che 47,0% degli A.D. sono attualmente nello stesso settore che quello della prima esperienza lavorativa.

### **Sottocampioni con mediana 43 anni**

Si può effettuare un ulteriore livello di analisi, fissando la "velocità a cui si diventa CEO" all'età di 43 anni, che è la mediana dell'età a cui gli A.D. del campione hanno ottenuto la carica per la prima volta. In tal modo abbiamo 2 sotto campioni di 55 casi l'uno (più 10 missing values) e possiamo effettuare paragoni fra i due.

Nella tabella che segue vediamo che non vi sono grandi differenze in termini di cambiamenti di numero di aziende e settori, che si attestano intorno ai 3 casi e 1 caso rispettivamente. Si evince invece che gli A.D. nominati tali sotto i 43 anni hanno già ricoperto la carica prima dell'attuale azienda (60,0% Vs. 44,4% degli over 43); inoltre, 65,0% ha avuto un'esperienza internazionale, Vs. 55,3% degli over 43, il che esprime come questa variabile stia acquisendo importanza nel

tempo. Sorprendentemente, solo 21,3% degli A.D. nominati prima dei 43 anni possiede un titolo post laurea, Vs. 32,7% degli over 43. Probabilmente questo è dovuto al fatto che per i più “anziani” era ritenuto molto distintivo possedere un titolo post laurea in quanto ancora poco diffuso rispetto ad oggi.

**Table 19:** Comparison between first time CEO’s nomination under and over 43 years old.

Age first time CEO	N. company changes	N. industry changes	Having been already CEO	Having international experience	Holding a post graduate degree
UNDER 43	3,04	1,06	60,00%	65,00%	21,28%
OVER 43	3,24	0,98	44,44%	55,26%	32,65%

SOURCE: Author’s personal elaboration

## **PERCORSO DI CARRIERA**

Sono state formulate 7 ipotesi che l’autore ritiene possano accelerare la velocità con cui un executive diventa A.D.

Metodologicamente, è stata effettuata un’analisi delle correlazioni, il che implica che i risultati debbano esser letti nel seguente modo::

- se il valore di correlazione è  $>0$ , significa che vi è una correlazione diretta e l’ipotesi è supportata;
- se il valore di correlazione è  $<0$ , significa che vi è una correlazione inversa, per cui l’ipotesi è rifiutata.

Avendo usato le età della prima nomina ad A.D. come approssimazione della velocità verso la posizione di A.D., abbiamo moltiplicato i valori ottenuti per (-1), al fine di poter parlare dell’età più giovane (in ogni caso, i valori vengono presentati già cambiati di segno).

L’analisi ha talvolta supportato e talvolta no le nostre ipotesi. In particolare, un executive diventa A.D. più velocemente se:

- *Hp.1. CAMBIAMENTI LAVORATIVI:*

- *Hp.1a. ha cambiato azienda molte volte;*
  - L'ipotesi è supportata: vi è una correlazione diretta anche se bassa (0,04).
  - La correlazione non è significativa (67% dei valori va nelle code)
- *Hp. 1b. ha cambiato settore molte volte;*
  - L'ipotesi è supportata: vi è una correlazione diretta anche se bassa (0,17). Più settori si cambiano, più si diventa A.D. velocemente;
  - La correlazione non è significativa (86% dei valori va nelle code di una curva normale, per cui il risultato è affidabile solo al 14%)
- *Hp.2. ESPERIENZA INTERNAZIONALE*
  - *Hp. 2a. ha avuto esperienza internazionale;*
    - L'ipotesi è supportata: vi è una correlazione diretta anche se bassa (0,18). Più si ha esperienza internazionale, più velocemente si diventa A.D.;
    - La correlazione è **significativa** allo 0,05 (in una curva normale solo il 5% dei valori va nelle code, quindi il risultato è affidabile al 95%)
  - *Hp. 2b. ha trascorso molti anni all'estero;*
    - L'ipotesi è supportata: vi è una correlazione diretta anche se bassa (0,17). Più anni si trascorrono all'estero, più si diventa A.D. velocemente;
    - La correlazione non è significativa (20% dei valori va nelle code).
- *Hp.3.ANZIANITÀ NELL'AZIENDA ATTUALE*
  - *Hp. 3a. è stato nominato internamente all'azienda;*
    - L'ipotesi è supportata: vi è una correlazione diretta anche se bassa (0,09).
    - La correlazione non è significativa (33% dei valori va nelle code)
  - *Hp. 3b. è all'interno dell'azienda da molti anni;*
    - L'ipotesi non è supportata: c'è una correlazione indiretta, seppur bassa (-0,09).
    - La correlazione non è significativa (36% dei valori va nelle code)

- *Hp.4. PRIMA ESPERIENZA DI LAVORO*
  - *Hp. 4a. il settore del primo lavoro è stato quello finanziario;*
    - L'ipotesi è supportata: vi è una correlazione diretta anche se bassa (0,02)
    - La correlazione non è significativa (86% dei valori va nelle code)
  - *Hp.4b. la funzione del primo lavoro era finanza;*
    - L'ipotesi è supportata: vi è una correlazione diretta anche se bassa (0,04)
    - La correlazione non è significativa (71% dei valori va nelle code)
- *Hp.5: HA STUDIATO ECONOMIA;*
  - L'ipotesi è supportata: vi è una correlazione diretta (0,24)
  - La correlazione è **significativa** allo 0,02 (solo 2% dei valori va nelle code, per cui il risultato è affidabile al 98%)
- *Hp.6: POSSIEDE UN MBA;*
  - L'ipotesi è supportata: c'è una correlazione diretta (0,31)
  - La correlazione è **significativa** allo 0,02 (solo 2% dei valori va nelle code, per cui il risultato è affidabile al 98%)
- *Hp. 7: È UN UOMO*
  - L'ipotesi è supportata: c'è una correlazione diretta anche se bassa (0,05)
  - La correlazione non è significativa (60% dei valori va nelle code)

In conclusione, è possibile affermare che solo le ipotesi 2a, 5 e 6 sono supportate. Perciò, le variabili che accelerano la velocità con cui un executive diventa A.D. sono l'aver esperienza internazionale, aver studiato economia e possedere un MBA.



## **DISCUSSIONE DEI RISULTATI EMPIRICI**

La ricerca è stata condotta presentando una descrizione del profilo del campione (attraverso frequenze, moda, mediana, media, deviazione standard, varianza, valore minimo e massimo) e una descrizione del percorso di carriera, espresso dalla correlazione fra le variabili identificate e l'età a cui si è stati nominati amministratori delegati per la prima volta.

In termini di profilo, considerando l'intero campione, abbiamo scoperto che il 98,3% degli A.D. è uomo, il che esprime ancora una certa resistenza nel fare occupare posizioni di rilievo alle donne (su 120 A.D. solo 2 sono donne, 1 in Franica e 1 in Gran Bretagna). In media, l'A.D. ha 54 anni, 3 figli, gli sport preferiti sono lo sci, il tennis e il golf. Solo il 5,8% ha pubblicato un testo, il che implica che questa variabile non ha peso nella carriera manageriale. 35% ha ricevuto un premio durante la carriera, specialmente in Francia, dove l'impegno sociale e politico sembra contare molto più che negli altri 2 Paesi.

La maggior parte degli A.D. (98,1%) possiede un titolo di laurea che ha conseguito, in media, a 23,5 anni, sebbene sia utile ricordare che vi sono delle differenze nei sistemi scolastici dei 3 Paesi. Solo il 38% possiede un titolo post laurea (master, Ph.D. o MBA), conseguita a 27.5 anni in media.

La velocità con la quale si diventa A.D., misurata con l'età al tempo della prima nomina, è 43 anni in media.

In media, gli A.D. sono in azienda da 15,7 anni, han cambiato 4 aziende e 1 settore, il che esprime una certa stabilità nel percorso di acquisizione delle competenze. 55,7% del campione è già stato A.D. prima dell'azienda attuale e il 30,2% è anche presidente dell'azienda, ma queste variabili cambiano leggermente nei diversi Paesi. 80% è stato nominato internamente all'azienda, il che fa emergere chiaramente come sia utile avere una piena conoscenza dell'azienda in cui lavora, in termini di regolamenti interni, polizie, legami, network, etc. Il 44,2% del campione ricopre altri ruoli in azienda e il 68,3% ricopre altre cariche esterne, il che indica come ci siano un limitato numero di persone "influenti" che controllano più aziende.

Per il 29% del campione, la prima funzione è stata finanza e per il 30% il primo settore è stato quello industriale (da ricordare come questo settore includa sia i trasporti, i beni capitali, quali aerospazio e costruzioni, sia i servizi professionali, quali la consulenza).

Solo il 40,8% degli A.D. ha effettuato un'esperienza internazionale, che esprime come questa variabile due decadi fa, al tempo in cui gli attuali A.D. stavano effettuando le loro scelte di carriera, fosse ancora non così importante per arrivare alle alte posizioni aziendali.

Dividendo il campione in due, prima e dopo la mediana dei 43 anni, si evidenziano differenze specialmente in termini di esperienza internazionale e possesso di un titolo post laurea. Sembra infatti emergere che il 65,5% degli A.D. sotto i 43 anni abbia fatto una esperienza all'estero, contro i 55,3% degli over 43, il che fa evincere in modo evidente come questa variabile abbia acquisito maggiore importanza negli anni. Il 60% degli under 43 è già stato A.D. prima di esserlo nell'attuale azienda, versus il 44,4% dell'altro sotto campione, il che può significare che vi sia maggiore fiducia nel dare accesso alle nuove generazioni. Sorprendentemente, il 21,3% degli A.D. sotto i 43 anni possiede un titolo post laurea, contro il 32,7% degli over 43: l'autore ritiene che questo risultato sia spiegabile col fatto che al tempo dello sviluppo di carriera degli over 43, possedere un titolo post laurea fosse più "distintivo" proprio grazie al fatto che fosse più raro, mentre oggi è notevolmente più diffuso.

È possibile evidenziare delle differenze fra nazioni relative a certe variabili. Primo, gli A.D. inglesi sono più giovani degli italiani e dei francesi (53 anni Vs. 55), il che può dipendere dalla durata del sistema educativo nei diversi Paesi; secondo, gli A.D. italiani hanno raggiunto la posizione più tardi degli altri (44 anni Vs. 42 negli altri Paesi); terzo, gli A.D. francesi hanno ricoperto questa posizione in precedenza solo nel 41% dei casi, meno che negli altri Paesi (Vs. 61,5% degli italiani e 65% dei britannici), il che sottolinea come in Francia si sia più orientati ad esporre nuove persone nel management, e meno legati a temi quali relazioni, fiducia, network.

Parlando dell'istruzione, in Francia il 94,9% degli A.D. possiede un titolo di laurea, contro 100% in Italia e in Gran Bretagna. In Italia vi è il minor numero di A.D. con un titolo post laurea (22,2% Vs. 44,7% in Francia e 50,0% in U.K.), il che è principalmente dovuto a questioni culturali, in Italia infatti si sta diffondendo da poco l'importanza di avere MBA, un Ph.D. o altri master. In merito alle esperienze lavorative, la Francia emerge quale paese con maggiore stabilità: gli A.D. francesi, infatti, sono in carica da 7,3 anni (gli italiani da 4,8 e gli inglesi da 4,9) e sono in azienda da circa 18,1 anni (Vs. 12,9 anni in Italia e 15,8 in U.K.); probabilmente questo è dovuto alla situazione economica dei singoli paesi e dal fatto che le aziende italiane sono più soggette a fusioni/acquisizioni, il che solitamente implica un turnaround del management. L'Italia si distingue per avere la più alta percentuale di A.D. nominati internamente (73,7% Vs. 85% e 81,6%), il che esprime l'importanza per le aziende italiane della relazione, della conoscenza della persona a cui affidi la tua azienda. Solo 25,0% degli italiani ha avuto

esperienza internazionale, Vs. 44,7% dei francesi e 68,7% degli inglesi, il che sostiene la maggiore propensione all'apertura culturale di questi ultimi.

In termini di percorso di carriera, la ricerca ha dimostrato che avere un'esperienza internazionale ha una correlazione col divenire A.D. più velocemente, il che, in un certo qual modo, è comprensibile se pensiamo ai tempi di globalizzazione e cambiamento in cui ci troviamo: l'autore ritiene, infatti, che essere esposti a diverse culture e diversi stili di management faccia sì che una persona sia più preparata ad affrontare le sfide quotidiane. Vi è anche una correlazione positiva fra il divenire A.D. velocemente e il possedere una laurea in economia, che l'autore giustifica sostenendo come il capire le implicazioni economiche delle proprie scelte sull'azienda sia un requisito base per un A.D.; inoltre, economia offre una formazione legata al modo finanziario ma anche all'analisi dell'ambiente esterno e interno, coprendo quindi ampi spettri. Infine, sembra esserci una correlazione positiva fra divenire A.D. velocemente ed avere un MBA, che, come per l'esperienza internazionale, sta acquisendo sempre maggiore importanza. In un contesto di crescente globalizzazione, dove i confini geografici vengono meno, è chiaro come avere un'esperienza internazionale sia considerato, nella scelta di un A.D., un "plus", poichè ci si espone a diverse culture e modi di lavoro. Inoltre, possedere un MBA, fornisce una cultura vasta e generale (in genere, in un MBA si seguono corsi di corporate strategy, accounting, corporate finance, organizational behaviour, managerial economics, marketing, international business law, management and control, operations management), preparando gli executive ad effettuare un salto di carriera e acquisire maggiori responsabilità.

L'autore, tuttavia, ha anche trovato risultati contro intuitivi, quali il fatto che stare a lungo in una azienda non impatti sulla velocità alla carica di A.D., mentre si pensava che conoscere a fondo l'azienda fosse importante. Aver cambiato molti settori, essere uomo, aver iniziato in una specifica funzione e settore, invece, non influiscono sulla velocità con cui si diventa amministratore delegato, mentre l'autore pensava che, ad esempio, aver cambiato molti lavori implicasse avere maggiore conoscenza dei possibili risultati delle proprie decisioni, andando ad impattare sulla flessibilità dei manager. Queste ipotesi, sfortunatamente, non sono significative e pertanto non si può dire nulla in merito.

Infine, è importante mettere in prospettiva i risultati, sottolineando che essi si riferiscono a carriere sviluppate negli scorsi 2-3 decenni, e che, pertanto, non esprimono realmente gli ultimi trend, ma anzi, il percorso che porta a raggiungere la posizione di A.D. potrebbe essere cambiato; si potranno in futuro verificare questi risultati nei prossimi 20 anni, basandosi sulle generazioni di nuovi leader.

## CONCLUSIONI

L'ambiente esterno e i suoi continui cambiamenti spingono le aziende a cercare sempre nuove fonti di vantaggio competitivo. In particolare, questi fattori esterni sono cambiamenti demografici, globalizzazione, nuove tecnologie, etc. I cambiamenti nelle strutture organizzative portano con sé una nuova sfida, dovuta al fatto che le aziende stanno diventando sempre più decentrate e flessibili. Inoltre, le responsabilità manageriali stanno implicando sempre maggiore internazionalità, perché i confini geografici stanno scomparendo.

In questo contesto, le aziende stanno spingendo l'idea che gli impiegati siano la loro principale fonte di vantaggio competitivo e stanno prendendo i talenti sempre più seriamente, dando loro notevole importanza. La guerra dei talenti ha evidenziato come i leader debbano nutrire la carriera dei loro team, sviluppandone le capacità e diffondendo la cultura aziendale. Diverse teorie descrivono diverse tipologie di comportamento dei leader a seconda delle diverse situazioni. La leadership, infatti, richiede il possedere certe caratteristiche e qualità analitiche (necessarie per analizzare i problemi e sviluppare soluzioni), interpersonali (necessarie per influenzare le persone, sviluppare le relazioni, facilitare il lavoro di team) e tecniche (necessarie a capire le attività, i processi, i prodotti, le tecnologie). Avere fiducia in se stessi ed essere persuasivi influenza l'efficacia della leadership.

Studi sulla leadership comportamentale affermano che i leader orientati alle attività aumentano l'efficienza nei team, mentre i leader orientati alle relazioni creano condivisione degli obiettivi, facendo coaching e mentoring. I veri leader di successo scelgono il tipo di stile più adatto alla situazione in cui si trovano.

Nelle teorie situazionali (Hersey and Blanchard) il mix di attività e relazione dipende dalla fiducia e capacità del subordinato; spetta dunque al leader aumentare la maturità del sottoposto. Le teorie della contingenza danno indicazioni sull'efficacia della leadership, ma non pongono troppa attenzione al processo di leadership che trasforma il modo in cui i follower vedono loro stessi e il loro lavoro. La leadership trasformazionale e carismatica cerca di colmare questo gap, instillando entusiasmo nei follower. Alcuni aspetti dei leader, quali autostima, capacità comunicative e problem solving aumentano la piacevolezza di un leader. I leader trasformazionali fanno sì che i follower condividano obiettivi comuni e siano più consapevoli dell'importanza e del valore del lavoro, sviluppando le loro capacità al meglio.

Il modello di contingenza di Fiedler parla degli effetti moderati delle variabili situazionali sulle caratteristiche dei leader e sulle relative performance dei subordinati.

La path-goal theory (House) esamina come gli aspetti del comportamento di un leader influenzino la soddisfazione dei dipendenti e la relativa motivazione. In generale, i leaders motivano i sottoposti influenzandone le percezioni.

È riconosciuto che l'amministratore delegato di una azienda è leader nel definire la strategia, nel diffondere la cultura e i valori; molti studi empirici sono stati effettuati sugli A.D., in particolare modo sulle loro caratteristiche, background accademico, esperienze precedenti, impatto sulle performance, propensione verso l'innovazione, scelte di successione, etc. Tutti gli studi si sono concentrati su specifici aspetti, in base all'oggetto e all'obiettivo della ricerca, ma sembra che nessuno finora abbia investigato il processo attraverso il quale un executive raggiunge la posizione di A.D.

La presente ricerca si è posta 3 obiettivi:

- colmare i gap della letteratura
- tracciare il profilo degli A.D. italiani, francesi e inglesi, in termini anagrafici, accademici e lavorativi
- testare la possibile esistenza di driver che impattano la velocità a cui un executive raggiunge la posizione di A.D.

L'autore ha cercato di tracciare un profilo degli A.D. di 3 Nazioni europee, in termini di informazioni demografiche, percorso scolastico e scelte di carriera, e di trovare una correlazione fra la velocità a cui si diventa A.D. e le sette ipotesi identificate. Tutte le analisi sono state effettuate a livello di campione totale e di singolo Paese.

In termini di profilo, dalla nostra ricerca è emerso che il 98,3% degli A.D. del campione è uomo; in media, ha 54 anni, 3 figli, è nell'azienda da 15,7 anni, ha cambiato 4 aziende e 1 settore. In media, gli A.D. sono stati nominati tali per la prima volta all'età di 43 anni. 55,7% del campione è già stato A.D. prima dell'azienda attuale, e l'80% è stato nominato internamente; 30,2% è anche presidente dell'azienda e 68,3% ricopre altre cariche esterne. Inoltre, 98,1% possiede un titolo di laurea, essendosi laureato in media all'età di 23,5 anni; 38% possiede un titolo post laurea che ha conseguito intorno ai 27,5 anni. 40,8% ha effettuato un'esperienza internazionale. Per il 29% del campione, la prima funzione è stata finanza e per il 30% il primo settore è stato quello industriale. Dividendo il campione in due, prima e dopo la mediana dei 43 anni, vi sono differenze specialmente in termini di esperienza internazionale e possesso di un titolo post laurea.

A livello di singola nazione, gli A.D. inglesi sono più giovani di quelli francesi e italiani; gli italiani, infatti, raggiungono la posizione di A.D. più tardi, mentre i francesi sono stati già A.D. prima dell'attuale azienda meno rispetto agli altri. In Francia vi è una percentuale minore di A.D. con un titolo di laurea rispetto agli altri due Paesi, mentre l'Italia presenta il numero più basso di A.D. in possesso di un titolo post laurea e con esperienza internazionale. In merito alle esperienze lavorative, la Francia sembra essere la nazione più stabile in quanto i suoi A.D. sono in azienda da più tempo e restano in carica più a lungo.

In termini di percorso di carriera, vi è una correlazione significativa fra il divenire A.D. più velocemente e l'aver fatto esperienza internazionale, aver studiato economia e possedere un MBA, mentre tutte le altre ipotesi formulate non hanno trovato supporto in quanto non significative. In un contesto di crescente globalizzazione è chiaro che avere esperienza internazionale è un premium in quanto permette alle persone di entrare a contatto con diverse culture; allo stesso tempo, avere un MBA fornisce una cultura generale per ricoprire ruoli manageriali.

### **Limiti e spunti per ricerche future**

Alcuni dei punti di forza di questa ricerca possono essere ritenuti dei limiti allo stesso tempo. Primo, si sarebbe potuto allargare il campione, sia in termini di più osservazioni per ogni nazione che estendendo la ricerca a più nazioni. In particolare, la dimensione del campione è stata limitata a 40 per ogni nazione, al fine di effettuare l'analisi su aziende di dimensioni comparabili. In merito al focus geografico in Europa, questo ci ha permesso di colmare un gap della letteratura, ma si sarebbero potute includere altre Nazioni. Secondo, sarebbe stato possibile includere più variabili, quali quelle relative ad aspetti privati (es. stile di vita, numero di ore dormite a notte, fumo, alcol, bilanciamento vita lavorativa e vita privata etc), al coinvolgimento sociale, tutti dati che dall'analisi dei cv non emergono, o anche dati relativi all'azienda (e.g. ROI, ROE, ROA) e alla performance. Terzo, si potrebbe effettuare un paragone fra le qualità dei CEO e relativo background con quello del loro team al primo livello di riporto, o un'analisi dell'impatto di altri elementi sullo sviluppo professionale (es. rapporto col primo capo, relazione col team, etc). Quarto, sono state usate fonti indirette, mentre interviste personali agli A.D. avrebbero aggiunto informazioni rilevanti per commentare le ipotesi e i risultati. Quinto, abbiamo deciso di usare un'analisi delle correlazioni per studiare il legame fra ogni variabile e la velocità alla quale si diventa A.D., mentre in futuro si potrebbe anche pensare ad un modello di regressione logistica che metta in relazione tutte le variabili anziché una ad una.

### **Utilità**

Come detto in precedenza, con la presente ricerca, l'autore intendeva soddisfare due diversi tipi di audience con differenti esigenze: gli accademici, i quali preferiscono spiegazioni dettagliate e valutazioni critiche delle principali teorie e dei precedenti studi, e i managers, i quali preferiscono ricevere risposte immediate su cosa fare e come fare per poter essere più efficaci, trovandosi a dover affrontare le sfide quotidiane del proprio lavoro.

L'autore ritiene che la presente ricerca possa essere di interesse in particolare per:

- Amministratori delegati internazionali, che possono usare i risultati per definire le loro strategie di successione;
- Manager delle risorse umane, che possono usare i risultati per disegnare i piani di sviluppo futuri, massimizzando la probabilità di generare leader per la loro organizzazione;
- Presidi di Business School, che possono scoprire quali sono gli elementi importanti da tenere in considerazione nel disegno del curriculum accademico ed extra accademico;
- Studenti e potenziali executive, che possono trovare informazioni rilevanti sui percorsi di carriera di successo ed eventualmente considerarli nelle decisioni da prendere sulla propria carriera.

## RIGRAZIAMENTI

Soffermandomi sulla nascita della presente ricerca, ricordo tre persone, durante una cena alcuni anni fa, sedute ad un tavolo di un bel ristorante torinese, in cui un professore francese accennava ad una studio di tale Norburn, che ancora non conoscevo, sulle caratteristiche degli amministratori delegati inglesi e le differenze e similarità con quelle dei loro team... da lì, insieme ad un compagno di “sventura”, il secondo al tavolo, abbiamo sviluppato il tema, chiedendoci quanti fossero in Italia gli amministratori delegati “giovani” e come avessero fatto a raggiungere questa posizione in così breve tempo... da lì, il campione geografico è stato esteso, ma da quell’idea alla concretizzazione del lavoro compiuto ci è voluto ancora un bel pò di tempo e duro impegno.

Le due persone in causa erano, oltre me, il professor Frank Bournois, docente all’Università Paris II, e Roberto Quaglia, direttore generale del campus italiano della ESCP-EAP, European School of Management, collega nonchè amico, a cui va un ringraziamento particolare per aver ascoltato le mie nuove proposte e variazioni sul tema, per avermi saputo fare delle critiche costruttive al fine di migliorare il lavoro e per avermi incitato anche nei momenti in cui pensavo di non farcela. Ritengo di poter dire che sia merito suo quanto ho appreso finora durante l’esperienza lavorativa insieme, in quanto mi ha saputo guidare, riprendere e incitare nel mio percorso di crescita professionale.

Vorrei anche ringraziare il professor Corradetti, responsabile del dottorato, nonchè docente di statistica all’Università di Torino, per aver pensato che ce la potessi fare, nonostante la mia ostilità verso la materia, per l’appunto.

Passando all’ambito familiare, ringrazio la mia famiglia per la sopportazione quotidiana a cui è stata sottoposta, accettando piccoli e grandi compressi, compreso quello di vedermi poco! Grazie ad Oscar, che ogni volta viene “travolto” da nuovi progetti e relativi cambiamenti che ne comportano, dai viaggi alle ore in ufficio etc, ma che nonostante tutto cerca di comprendere ed è sempre presente per un darmi conforto.

Infine, ancora un grazie a tutti coloro che in svariati modi hanno supportato la stesura di questa tesi, da Francesca che l’ha vissuta in parallelo, a Emanuele e Giulio, senza i cui preziosi consigli statistici non sarei andata lontana, agli altri colleghi che hanno subito gli sbalzi d’umore e a tutti gli amici della sfera privata che hanno ascoltato ogni mia nuova idea o riflessione, con cui mi scuso per aver saltato alcune cene/telefonate/serate, ma i tempi stringevano.

Insomma... sono stati mesi intensi un pò per tutti, ma alla fine ce la abbiamo fatta, e credo che il dottorato sia solo uno delle numerose sfide che ci aspettano, sia in ambito accademico che manageriale, altre ancora ne verranno, ma siamo pronti a recepirle.

Paola Viotto





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  - HBR (Harvard Business Review): <http://harvardbusinessonline.hbsp.harvard.edu>
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The Academy of Management Journal

Administrative Science Quarterly

British Journal of Industrial Relations

HBR (Harvard Business Review)

Human Resource Management Journal

International Journal of Human Resource Management

Journal of Management

Journal of Psychology

Journal of financial economics

Journal of Management Development

Journal of Management Education

Journal of Strategic Marketing

Leadership Quarterly

Strategic Management Journal

The Economist

The International Journal of Human Resource Management

The Journal of Law and Economics

The Psychology

Training and Development Journal

World Business

