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Bus 215

**International and Comparative Management Paper**

**Consensus, Opposition, and  
the Communication Process  
in the Italian  
Managerial Model**

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## **Objectives, Methodology, and General Structure of the Research**

The in-depth study of the Italian managerial model is a fundamental task for a Management School whose objective is to actively play a role in changing the current managerial culture in Italy. A working knowledge of this model, in fact, constitutes a very important pre-requisite for a better understanding of both the development of managerial theories and the evolution of managerial behavior in terms of the internationalization strategies adopted by corporations, and also by professional schools and consulting firms. The latter, in particular, seem to be heavily influenced by the current globalization trends.<sup>1</sup> In addition, a good understanding of the Italian managerial processes helps Italian managers build a more solid and effective paradigm for importing managerial processes that originated in other countries and cultures.

These observations have motivated a group of researchers from the Scuola di Direzione Aziendale Divisione Ricerche , at the Universita' Bocconi,<sup>2</sup> to conduct a research project about the Italian managerial model, directed towards a functional understanding of the management process.

In this paper the author will analyze some of the results that emerged from the first phase of the above mentioned research study.<sup>3</sup> The author believes that such an

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<sup>1</sup> Sinatra.

<sup>2</sup> School of Corporate Management, Research Department, at Bocconi University.

<sup>3</sup> For a more accurate analysis of the research data, refer to the working paper. Modello Italiano di Management (Wi' SDA- DIR 1992).

analysis can be very helpful for extrapolating elements that are peculiar to the Italian managerial culture.

Of all the meanings attributed to the term “Managerial Model”<sup>4</sup>, the cognitive-interactive one was chosen. We will therefore define the Italian managerial model as *the cognitive and socially interactive framework for people playing managerial roles in Italian firms*. A managerial model for the firms, i.e. cognitive and social *systems*, is the result of the interactions of the individual managerial models. So defined, managerial models can be located in a context of several interdependent variables, as shown in Figure 1.

As far as the methodology of the research is concerned, it was focused on the managerial models of top managers and entrepreneurs, who are the key-players who should mostly influence the model itself. It was therefore decided to build the managerial model through a series of semi-structured interviews with a limited sample of top managers and entrepreneurs, selected according to the following criteria:

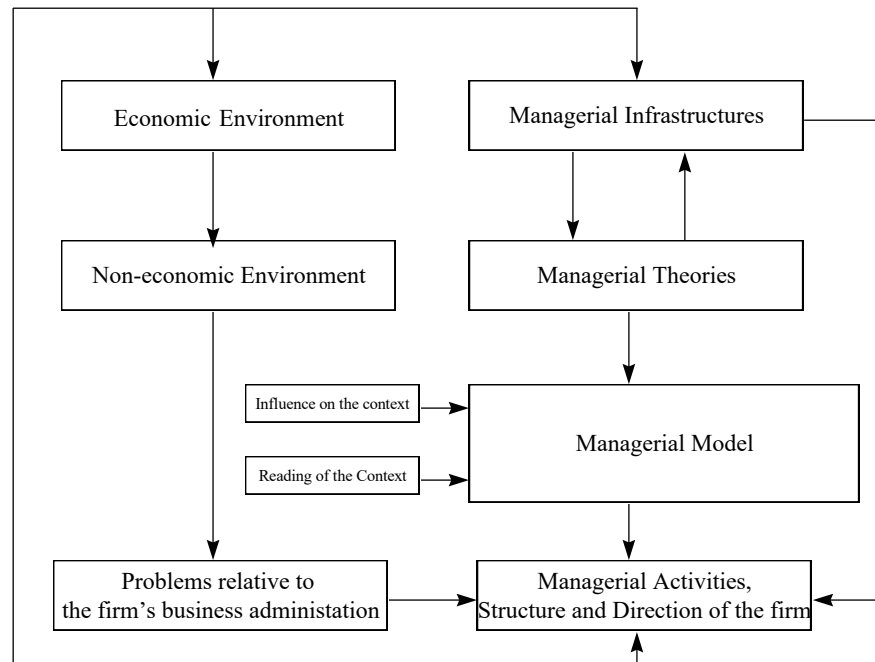
- accessibility for the researchers:
- international background, and, therefore, the ability to make comparisons with other managerial models.

The adopted sample includes medium-large firms, both public and private. Some are family-owned, and some belong to multinational companies. The reason for focusing on medium-large firms is comparability. Managerial models are not only dependent upon the environmental context (within which nationality is only one of several components),

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<sup>4</sup> For a better understanding of all the different meanings of the term “Managerial Model,” see the introduction and bibliography of the above mentioned working paper.

but are in fact dependent upon a multitude of structural variables, some of which; like dimension, were chosen to be held constant.



**Figure 1**

The Determinants of Managerial Models

Since the first phase of the research had as its main objective to formulate hypotheses about the Italian managerial model, and therefore, about the variables whose study should be brought further in a later phase, the approach used was an empirical exploratory investigation, with a rather limited scope. Also, given the objective of this first phase, seven consultants with an international background were added to the sample. In total, there have been 33 interviews, semi-structured as shown in Table 1.

In this the author will underline some aspects of the Italian managerial model that became manifest after analyzing the interviews. In particular, I will focus on the following two aspects:

**Introduction**

Research objectives and use of the grid

**First open questions**

What are the main peculiarities in managing Italian firms?

What differentiates the Italian managerial style?

How close are we to other styles and in which areas?

**Strategic variables**

Type of objectives (qualitative vs. quantitative)

Time dimensions of goals

Degree and type of diversification

Growth rate

Flexibility / entrepreneurship

**Organizational variables**

Horizontal and vertical dimensions of the structure

Relationships between management and owners and among managers

Human Resources Management

Decision-making processes

Organizational Culture

**Table 1**

The Interview Grid

• the decision-making processes, that, in Italian firms, appear to be characterized by dynamics for reaching consensus, and, at the same time, by latent opposition;

• the communication processes, as a means to manage the above mentioned consensus-opposition dynamics.

## **The Consensus-Opposition Dynamics in the Italian Managerial Model**

The dimension of the consensus-opposition dynamics constitutes one of the most peculiar and unique characteristics of the Italian Managerial Model and, as such, has been often emphasized by managers and consultants with significant experiences with other managerial models, e.g. managers (both Italian and from other countries) in Italian subsidiaries of multinational companies.

By “consensus-opposition dynamics” I mean a particular attitude relative to the decision-making processes, which are usually characterized by a large number of people involved, and by the slowness of the process itself, mostly due to the extended number of participants and, therefore, to the search for consensual solution; the political aspect of the decision-making processes, which is rather apparent even in mid-size firms, is also to be underlined.

The above described dynamics determine, on a cognitive level, the plurality of the significant points of view for each decision; the firm’s point of view (and also the firm’s managerial model) is the result of the interactions among the individual perspectives.

On a social level, the decision-making processes (and other process as well) are characterized by a particular attention to develop interpersonal relationships, even beyond hierarchical relationships. This is an indicator of the *organic* nature of the Italian

management model, while the strict adherence to roles, competencies, and duties that have been formally defined is typical of systems that are essentially *mechanistic* in nature.<sup>5</sup>

The search for consensus, therefore, tends to extend beyond the functions and organizational positions that are formally involved in the decision-making process. We can therefore observe a level of involvement, often informal, that is very high.

*“The Italian decision-making process is different [from the one of the other international subsidiaries] and it is longer. People want to discuss, and the discussion is always very broad; sometimes they discuss aspects that seem to be rather unrelated to the problem in regard to which a decision has to be made. I guess we cannot say whether or not it is an effective system. Maybe it is more effective, but it is certainly less efficient. Some decisions that would be made in just a few days at our home offices, can be discussed in Italy for weeks.”* (Vice President of the Italian subsidiary of a multinational company)

*“The decision-making process in Italian firms is similar to what happens in Japan. People take a long time discussing the issue from different points of view, then a decision is made.”* (Vice President of the Italian subsidiary of a multinational company)

*“In the New Products Development team, people look for consensus and always look for a compromise in order not to ‘break’ interpersonal relationships.”* (Author unknown)

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<sup>5</sup> See Burns and Stalker



*“In this search for compromise, the power relations that are recognized on an informal level are very important.”* (CEO of the Italian subsidiary of a multinational company)

*“Italian decision-making processes have a lot of redundancy; there is always room for a number of different interpretations, often biased...”* (Author unknown)

*“The larger involvement is ongoing, and the result becomes more solid...”*  
(Author unknown)

The Italian managerial model, therefore, seems to have the characteristics typical of complexity management<sup>6</sup>: *leadership*, in this context, is intended as the creation of an organizational environment that helps organizational learning; as a concern and support for the strategies resulting from the learning itself, and as a way of building organizational choices that starts from various points of view that are not always expressed by who is in organizational positions that are formally involved in the decision-making process.

This kind of “heaviness” in the decision-making processes would be made up for by an increased ability to effectively respond to the structure and complexity of the organizational and environmental context where such processes are applied. The consensus management makes the Italian managerial model similar to the Japanese model, as some of the interviews pointed out.

The Italian model, however, is substantially different from the Japanese one, in the sense that in the implementation phase of the decision-making process, the diversity of opinions surfaces again, in the form of either doubts expressed by individual managers in regards to the decision taken, latent opposition, and also subjective interpretations of the decision taken. The persistency of some forms of opposition (often only latent) to the consensual decision represents an original characteristic, which does not seem to be present in the managerial models of other countries. The coexistence of consensus management and more or less explicit forms of opposition, is a distinctive feature of the decision-making processes in Italy; I therefore introduced the concept of *consensus-opposition dynamics*.

*“In any event, there is one significant difference in respect to the Japanese model; there, after a decision is made, everybody adheres to the solution, which becomes a point of view shared by everyone. In Italy, instead, only the leader is left to represent the official point of view; everybody else maintains different points of view, and does not identify with what was decided.”* (Vice President of the Italian subsidiary of a multinational company)

*“Often, the Italian manager fiercely criticizes his company, even though he feels also very attached to it.”* (A consultant)

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<sup>6</sup> See AA. VV.

*“Generally, there is little effort towards a synthesis in the decision-making process, and, at the same time, maintaining a plurality of points of view creates problems in the implementation phase.”* (A consultant)

*“The plurality of interpretations of the decision-making process helps find ‘improvised’ solutions when some unexpected problem occurs.”* (Vice President of the Italian subsidiary of a multinational company)

*“In the Italian system, as opposed to the Anglo one, it is easier to reconsider the decision previously taken and try something else; the Anglo system is a well functioning machine, but it is hard to stop: it seems like there is no opposition, sometimes. With us it is easier to revert alliances, because there is an ever-present latent opposition.”* (CEO of the Italian subsidiary of a multinational company)

*“In Italy leaders can take advantage of a certain degree of permanent conflict, since their decisions are based upon large quantities of information, that was generated while searching for consensus. This provides leaders with informational inputs that are richest than their foreign counterparts. In the Anglo system, the conformance to a system of shared values actually reduces the type of information that leaders receive; such information is more standardized.”* (Vice President of the Italian subsidiary of a multinational company)

This seems to correspond to the Mintzberg’s theory<sup>7</sup>, where the chosen strategy is meant to guide and focus the energies that are part of the individual strategies; also, it is top

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<sup>7</sup> See Mintzberg.

management's duty to keep track of new (internal) strategic influences, so that it can make corrections as needed, supported by its own entrepreneurial vision.

The negative implications of the latent opposition seem to be rather evident, and they have underlined by most of the people interviewed, who observe some waste of energies in the implementation phase of strategic decisions; the result is a lesser degree of aggressiveness in the strategic behavior of Italian firms, relative to the foreign counterparts. Some experts, however, believe that the persistency of a latent opposition in the implementation of decisions, is functional to the flexibility of the strategic intent. In other words flexibility, which is often considered a distinctive characteristic of Italian firms, is, at least partly, achieved through the preservation of the diversity of points of view, even after a compromising decision has been made. The diversity of visions, in fact, turns on a self-test mechanism which, in the presence of even the weakest signals of change in the context conditions (both internal and external), is ready to activate or re-activate the coalition of oppositions so that the whole strategic intent can be re-examined. A leader who pays attention to these emerging strategies can take advantage of this characteristic of the Italian model to achieve flexibility in strategic decisions.

*“In this web of double-checking mechanisms that are always operating, the leader has to run the risk of an entrepreneurial identification with the decision. He therefore has to make the decision while the other parties play their role, and use persuasion to overcome internal oppositions. It is thus necessary that the leader has good entrepreneurial vision. Being a good planner is simply not enough. If a leader does not have entrepreneurial vision, he limits himself to letting the opposing coalitions fight*

*one another, while trying to stay afloat. The result is a few decisions, and a lot of inefficiencies.*” (CEO of the Italian subsidiary of a multinational company)

We could hypothesize that the consensus-opposition dynamics, consistent with the complexity of the decision-making processes, would appear more frequently in the larger firms, both in the public and in the private sector, while in the smaller firms a single point of view would more often tend to prevail, representing the company’s top management. In reality, this happens also where there is low management power, relative to the stockholders, like, for instance, with family controlled companies, which are very common in the Italian economic system. As regards this class of firms, and, in particular, multi-family owned firms, it seems that the consensus-opposition dynamics would not appear so much on the managerial level (and, therefore, in the relationships between managers and owners), as within the group of stockholders which is directly involved with managing the company; under these circumstances the consensus-opposition dynamics would represent a particular aspect of the institutional overlapping of family and business.<sup>8</sup>

The complexity of the decision-making process, emphasized by the consensus-opposition dynamics, would also seem to be inconsistent with the reaction speed (a particular aspect of flexibility) which is usually considered one of the points of strength of Italian companies. An autocratic managerial model based on entrepreneurial intuition would, in fact, seem more reflective of the speed of the strategic behavior, both on the

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<sup>8</sup> As regards the overlapping of family and business, and, more generally, on the transitional processes in family-controlled firms, a research project is currently being conducted by the Scuola di Direzione aziendale at Università Bocconi, financed by Mediocredito Lombardo and by CNR. The results of such

formulation and on the implementation level. This apparent inconsistency can be resolved with the following considerations. First of all, some degree of complexity in the decision-making process, especially in regards to strategic matters, can also be observed in family controlled companies, where the entrepreneurial model is more widespread; here the complexity is due to the overlapping of family and business (since the governing of the business is somewhat subordinated to the governing of the family) and to the individual interests of the various parties involved (family members who are managers at the same time, family members who are not managers, managers outside the family, and so on). The hypothesis that speed of strategic action and reaction is higher in family owned firms, because of the absence of inefficiencies associated with more complex structures, therefore, cannot be proved.

We can conclude, in fact, that such a high speed is directly related to flexibility, and that the latter can, to some extent, be dependent upon the ability to maintain active points of view and positions that are distant from the consensual decision; this reinforces the hypothesis that speed and flexibility are benefited by a certain level of latent opposition, as long as the opposition is managed by a leader who pays attention to the dynamics of the process, and does not lack entrepreneurial vision.

## **Information Systems, Communication Systems, and managing the Consensus-Opposition Dynamics**

Information and communication systems represent critical managerial tools which, in the firms from the sample, appear to be structured and managed, at least in part, in a way which is functional to the kind of decision-making processes that were described in the previous section. By information systems we mean systems for gathering, elaborating, and distributing data in support to operations and decision-making processes, and by communication systems we mean systems for communicating ideas with the intent to modify the attitude and behavior of people towards the firm. These processes take place in both explicit-verbal forms (in this case information systems can also work as communication channels just like the systems for planning, directing, controlling, training, etc.) and symbolic ones.<sup>9</sup>

It is interesting to notice how the interviewees who had a larger vision of managerial phenomena commented on this aspect. All the consultants and about ten vice-presidents of large firms have expressed opinions that, in most cases, were generalized to all Italian firms, no matter the size or the multinational or domestic ownership.

The attention to interpersonal relationships, even those that are not formally “legitimized” by the organizational structure, seem to be reflected in the particular nature

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extremely relevant for the Italian economy.

of the internal communication processes. Internal communication, in fact, appears to be mostly informal; formal communication (which the interviewees associated with written communication) seems to present many inefficiencies which prevent it from effectively channeling critical information in a sufficiently short period of time. The informal channel, therefore, while in other models is parallel to the formal one, in Italy it often replaces it. This phenomenon has been observed as a particular characteristic of the Italian management style, with reference to more explicit and verbal communication and less symbolic one.

*“...There is a need not to base work relationships on aspects that are tied to the job itself, while trying to establish supplementary relationships on the ‘human’ level, which implies more time spent on understanding the other party” (Vice-president of an Italian company associated with a multinational).*

*“...In the Italian model the informal level of communication is not parallel to the established procedure; in fact, it often substitutes for them; the informal channels are often the only ones that allow people to obtain information rapidly” (A Professor).*

*“...Attempts to make communication processes more formal are being made every day, but in most cases after a few months it all reverts to the original state: committees disappear, deadlines are not met, etc.” (A consultant).*

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<sup>9</sup> See Airoidi, and Airoidi, Brunetti, and Coda.



*“...Communication is often exclusively verbal: we write much less than in other places, maybe because of the tendency to avoid formality, which is usually rather low anyway” (Vice-president of an Italian company associated with a multinational).*

The relevance of informal communication is also correlated with the scarce use, generally speaking, of structured information systems. As a result of this, the management of information usually takes place on an individual basis, and it is often not very reliable in terms of collection, processing and interpretation of data.

In other words, in the majority of Italian firms (with a big exception being, as we will see later, the large companies with foreign ownership) information is presented in a multitude of configurations and languages that are extremely dissimilar and diversified, the use of which is more related to the quality of interpersonal relationships, than to formal and uniform mechanisms.

*“...Information systems in Italy are very weak... due to the lack of information; that is because firms are not managed according to formal systems, but according to individual databases and interpersonal relationships; the reliability of data within the information systems is limited, partly because nobody wants to invest in it...” (A Consultant).*

*“...Even where firms give themselves formal structures for reporting information, the data contained in those structures are only partially utilized for important matters; often critical information is circulated completely through informal channels” (A Consultant).*

The variety of information at managers' disposal, as it is related to the low degree of structure of the information systems, seems to represent a condition that, at least, facilitates the diversity of points of view before and after a decision is made. The result is a kind of control mechanism that is always active, and that provides the firm with many feedback signals on how both the internal and the external environment are evolving.

By this, however, we do not mean to deny the relevance of structured information systems and communication processes in the Italian managerial model. The low degree of structure of these systems and processes can not only contribute to flexibility and to the "diversity of vision" within the firm, but it may also hurt the development of a "shared vision," especially if such a vision contains messages that are unclear, inconsistent, and inefficiently communicated.<sup>10</sup> In regards to this problem, many experts' opinions have been gathered, where a need for more structured communication systems is underlined. This was especially true for Italian companies with foreign ownership, where they suggest supplementing the Italian managerial model with some aspects of the Anglo model.

As concerns the way in which the various inputs are channeled into the communication processes, especially in the larger firms (both Italian and foreign-owned), two different strategies that both focus on non-exclusive communication channels (non exclusive channels can be represented by operational mechanisms such as information systems and systems for planning, directing, and controlling) were found.

On the one hand, indeed, the Italian style of management is praised for its ability to communicate and integrate many different contributions and ideas, which is a natural

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<sup>10</sup> See Bodega.

consequence of its orientation towards human relationships. The goal, in this case, is to build and manage a consensual decision while being aware of management's responsibility in integrating different interests and points of view.<sup>11</sup>

*"...Italian managers show more accessibility, more easiness of communication, tendency to aggregation...the decision-making processes are geared towards the priorities of the search for total consensus and involvement by all parties..."* (Vice-president of an Italian company associated with a multinational).

On the other hand, some aspects of management were revealed, that are typical of the *divide et impera* philosophy, rather than a philosophy of widespread involvement and integration. According to *divide et impera*, the goal is not to collect and distribute information in order to reach unanimous and consensual decisions, but to use information itself as an instrument of power. This seems to happen even more frequently when large stockholders are risk-adverse, or when top management adopts a "centralizing" style.

*"...Often power conflicts are seen as opportunities to gain personal favors and to climb up in the hierarchy"* (Vice-president of an Italian company associated with a multinational).

*"...The decision-making processes in firms where a formal and an informal structure coexist, and where the communication process is an instrument of hidden*

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<sup>11</sup> See Airoidi.

*agendas -such as in family-owned businesses- are absolutely unpredictable and almost impossible to describe” (A Consultant).*

The informality of the communication process can represent, however, a facilitating factor for decision-making processes. This is because it influences interpersonal relationships by improving their quality in the case of *integration management* (and this easily translates into more collaborative professional relationships), or by making communication less transparent (and therefore easier to manipulate) in the case of *divide et impera* management.

In conclusion, there seems to be a general lack of awareness as regards the goal of communication, and a lack of attention to its efficiency through the development of specialized instruments and the coordination of channels shared by other organizational systems; it is important to underline, however, that the people interviewed were not invited to express their opinion about this specific problem. This, in fact, may constitute an interesting starting point for later studies.

## **Final Considerations**

Based on the considerations that I have made so far, I can now summarize some strengths of the Italian managerial model:

- ability to build innovative solutions, based on the intersection of multiple points of view and on the retention of various “alert signals” that always remain active;
  - flexibility during the implementation phase of consensual decisions and, therefore, ability to modify the decisions rapidly, taking advantage of the presence of latent oppositions;
  - ability to use the communication channels as a means to achieve integration between different groups of interests and different contributions to the decision-making process.
- This, in turn, helps build a shared organizational vision.

The advantages mentioned above can be summarized in the ability to adopt a managerial style that is consistent with a high level of complexity, both internal and in the environment.

On the other hand, the Italian managerial model seems to present some weaknesses, and, in particular:

- the concern for the dynamics of the process and interpersonal relationships tends to lower the level of resoluteness in the implementation phase of strategic decisions, making them more likely to change even before accurately verifying the non feasibility of the implemented decisions;
- the low degree of structure of the information systems can be a source of creativity and flexibility, but, at the same time, it can also hinder an effective implementation of the strategic decisions, whenever the contents of the latter are not shared, thorough clear and consistent messages, by all the parties involved in the process. It can also bring a low degree of transparency in the interpersonal relationships and, therefore, favor the manipulation of the relationships themselves for personal advantage.

The dimensions of the managerial model that have been underlined, finally, offer some further ideas as regards the ability of Italian firms to follow successful international strategies. On the one hand Italian firms seem to be particularly fit to manage cross-cultural problems, and this is a direct result of the attention paid to process dynamics and interpersonal relationships. The aptitude for building consensual decisions based on the diversity of the points of view involved can be considered a sort of “genetic inheritance” that can be widely taken advantage of in order to maintain an Italian presence in other countries where organizational and managerial cultures are very different.

On the other hand, a somewhat low level of resoluteness in the implementation phase could make the Italian firms weak while they are trying to enter the international markets, where, usually, the highest concentration of resources, including managerial resources, is required.

The Italian management model also has some peculiar characteristics as regards the presence of foreign firms in Italy. Managers that were formed within other types of organizational cultures, less focused on process dynamics and interpersonal relationships may, in fact, have difficulties getting used to the decision-making processes and implementation models that are typical of Italy.

*“When I came to Italy I tried to streamline the decision-making process, to have less discussion, because the situation, which did not look too good, required rapid decisions. This was not judged positively by the other managers. I then learned to let the discussion exhaust all the different points of view. However, whenever there is a shared understanding that some course of action needs to be taken, they expect the boss to make a decision. The boss has to take a standing when the others expect him/her to”* (Vice President of the Italian subsidiary of a multinational company)

Finally, in the experience of foreign managers who have by now positively adjusted to the Italian business environment we can identify what could in fact represent the true strength of the Italian managerial model, which is the openness towards other models. The ease with which Italian managers go through acculturation processes<sup>12</sup> is at the origin of hybrid models (e.g. Anglo-Italian, French-Italian, and so on) where the strengths of the Italian model are combined with those of other managerial cultures, such as greater structuring and formality of operation systems in the Anglo or French management, formality of communication systems, and so on.

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<sup>12</sup> We are referring to the concept of acculturation as explained by Berry.

Hybrid managerial models seem to represent a critical success factor in managing a complex environment. In this particular area further studies should be conducted, not only through the comparison of different managerial models, but also through the analysis of managerial cases that are representative of acculturation processes.



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