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Master in *Management*

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How to promptly forget the Global Financial Crisis: peers' evaluation or historical performance? The role of Corporate Aspirations

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ACADEMIC YEAR
2019/2020

No matter how small our sample or what our interest, we have always tried to go into organizations with a well-defined focus to collect specific kinds of data systematically

(Henry Mintzberg)

Abstract

2008 Global Financial Crisis provides an insight to examine how aspirations levels drive corporate future decisions and we address this topic to investigate how quickly companies forgot the shock. Companies can define their aspiration levels on the basis of a social comparison tailored to peers behaviour, or alternatively define their performance targets on the basis of a historical comparison, in a performance feedback research flow. Through the analysis of specific case studies, with the following qualitative research we expect to demonstrate that companies defining social aspiration levels to guide their future talk less about the crisis and promptly forget its impact, rather than companies setting historical aspirations on the basis of a comparison with past performance records.

Contents

List of Figures

Introduction

The imminent severity of the 2008 Global Financial Crisis prompted many scholars and economists to analyse its causes, impact and macro-models. In academic literature, however, there is little concrete evidence of what aspirations guided the behaviour adopted by companies to overcome such a dramatic situation [1]. Within this context of analysis fits my empirical research. My Thesis work represents an empirical analysis of the aspiration levels defined by companies during the Global Crisis, to examine how across these levels companies set future performance thresholds and strategies required to achieve them.

The research premise is represented by postulates defined in Behavioral Theories of Organisations, according to which firms set multiple objectives and each of them is pursued in relation to an individual aspiration level. Most recent reviews of organizational theories, analytically described in the first chapter, preserve the focus on managerial decision-making process as a construct of learning competencies, requiring political interaction between different coalitions to set aspirations for each target. What emerges from the study of relevant literature is that aspiration levels are set in two ways. Firstly, by examining other similar firms performance to determine their aspirations, making them a result of social comparison. Top managers refer to peers, developing analyses based on similarities in terms of size, industry and performance (Greve, 2005), including the geographical market which outlines a set of more easily observable and highly relevant organisations. Otherwise, aspiration levels can also be determined on the basis of past results obtained by the same company, which is a prerequisite for a historical comparison. Companies define their aspiration levels for future performance by adapting to current performance levels (Greve, 2002) and managers are more inclined to make strategic changes when performance falls below the aspiration level.

The distinction between aspiration levels just described represents the starting cue for the following research work. Based on these key principles, the model objective is to develop an analysis through the assignment of specific aspiration levels set by companies in an adaptive way, paying attention to the cues provided in their public statements, to observe what are necessary prerequisites to easily forget the financial crisis. The purpose of my work is carried out through an empirical analysis of three companies listed on the

NYSE operating in consumer goods industry, selected as an indicative sample to assess the response effectiveness in terms of performance feedback, in relation to how they established their aspirations. Empirical evaluations are carried out mainly taking into account the assumptions, public corporate statements and performance results contained in official companies reports during years 2006, 2009 and 2012, in order to have a complete view of behaviours adopted before, during and after the financial crisis. Based on the impact they suffered, companies define their future aspirations.

In order to describe aspirations type and qualification of different levels dictating sample companies behaviour, we refer to corporate ambitions in terms of mission, vision, values, strengthening corporate principles, as well as operating and financial priorities. These features push sample companies to operate according to specific organizational and financial standards, motivating results and risk aversion and leading to financial and operational performance objectives we analytically describe for main businesses. We distinguish in this regard these aspects definition on the basis of a social or historical comparison, according to what is declared, released and undertaken by our three companies, with a focus on key factors such as operating and financial results, business growth rates, propensity for external growth strategies, improved communication & marketing and product campaigns, as well as a strong propensity for innovation. The definition of a greater predisposition to a social or historical comparison stems from behavioural criteria adopted by companies in implementing international strategies, product launches and campaigns, stimulating consumers needs on careful compliance with similar firms or previous results.

This is about the attention companies pay to their rivals, competitors and industry similar firms in order to overcome the dramatic economic situation imposed by the crisis, as well as their current and past results to define future performance targets. This means that the above mentioned aspirations make an overwhelming contribution to measuring company results by using past performance levels or social performance as the comparison term. The study, which stems from the need to understand historically the type of predisposition the three companies set, aims to observe how each contributes and how to forget crisis effects, not necessarily impacting in terms of results. The main scope, therefore, once aspiration levels characteristic of the sample are clear, is to investigate which of the two allowed companies to promptly forget the crisis. This assessment is therefore conducted by defining the correlation between the level of social or historical aspiration and the explicit references that companies make to the crisis impact. If, on one side, social aspiration leads to consider peer companies as comparison term to assess their performance during crisis and the adequacy of measures taken, historical aspiration shifts the focus on the same corporate results, to define suitability boundaries of decisions taken.

The first step is the evaluation of results achieved in 2006 by these three companies.

At the end of 2006 in fact, Top Management defined, based on the performance just experienced, specific aspiration variables for future years unaware of the shock the entire economy was about to suffer. The evaluation of aspiration levels during 2006 is conducted through an analysis of wording and mentions made within the Annual Reports of each company. On the basis of specific characteristics and activities implemented with explicit reference to a historical or social comparison, namely new product launches, number of acquisitions made or investments in innovation, we therefore define the predominant level of sample aspirations before the outbreak of the Global Financial Crisis.

The second step of the analysis preserves the focus on public statements, Annual and SEC Reports, interviews and strategic choices of companies during year 2009, when companies are in the midst of a global crisis radically changing their way of thinking and operating, bringing a drastic impact on their financial results. Some of the past ambition levels have inevitably not been pursued due to the shock just occurred, so that companies defined their ambitions for the near future and assessments of the efforts they made: we will investigate how much attention is paid to results achieved and how much on the basis of peers' behaviour. The definition of aspirations takes up the analysis of the wording and mentions defined above, supported by a careful complementary assessment of what are the defined aspiration levels, how companies are willing to fulfill them and what activities are implemented to achieve a performance in line or higher with these levels. The objective is to verify whether conclusions reached with the attribution of predominant aspiration level emerging from the wording analysis are in line with results from the evaluation of each level, determining whether this is historical or social. These levels of analysis are supported by a further assessment conducted to number the number of crisis mentions and references necessary for our final purpose.

Evaluations conducted in the first two steps provide specific answers on which to generate further aspirations for the years to come, evaluated in the same way. These assumptions provide us with the starting point for a further analysis carried out with a focus on year 2012, when the crisis was almost totally overcome. We investigate the degree to which companies forgot the shock suffered, verifying the number of times this has been mentioned and the comparison with addressed references during crisis peak. This result will therefore be correlated with the aspiration levels we attributed to companies in relation to an accurate evaluation of the activities, statements and intentions implemented in official Reports. The correlation between the extent of crisis references and a greater predisposition of companies towards aspiration level we empirically assessed, allows us to determine whether or not companies during 2012 forgot the crisis by no longer talking about it and whether they succeeded in the aspiration level defined, allowing them to forget it.

Chapter 1

Literature Review and Theoretical Framework

1.1 Surviving the Global Financial Crisis

Defined as the worst economic disaster since the Great Depression, the 2008 Financial Crisis starting in the United States devastated the world economy, as mortgage-related securities spread through the country and global financial system suddenly collapsed in value. This led to the so-called Great Recession, which involved the house prices collapse and an incremental rise in unemployment, whose effects on the world's economies are still visible. Only in U.S. eight million citizens lost their jobs, 2.5 million businesses have gone bankrupt and four million homes have been foreclosed, in less than two years. The real cause of the 2008 Global Financial Crisis is very complex, but it was the U.S. housing market starting a chain reaction that would have exposed the crack in the financial system, becoming widespread and pervasive in markets and companies of every country in the world. The difficult financial conditions led to a drop in sales. In 2008, global multinationals reported a 4.6 % reduction in their sales, compared to a 24 % growth in previous year (UNCTAD, 2009). Firms having better financial conditions in terms of greater liquidity and less external exposure before the crisis experienced less drastic sales drops during and after the shock. In the same way, companies more oriented towards domestic markets before the crisis, suffered lower sales declines than the export-intensive ones, both companies in advanced economies and developing nations.

In this work we do not pay particular attention to the causes and development of the crisis, as it is not a central topic of the research in question. We limit ourselves to a brief and concise introduction on the implications for companies in order to structure literary research and develop our empirical analysis.

1.1.1 Impact on companies

Two are the main channels through which the crisis impacted over companies: the reduction in demand for exports and the worsening of financing conditions, respectively trade and financial channel [2]. The drastic drop in business activity, in terms of company production and exports coincided with a drop in external financing and a deep decrease in private credit.

Financing behaviour and Capital Structure

Campello, Graham and Harvey conducted an interesting survey on the financial performance of companies in 2010. This survey was conducted by interviewing the CFOs of several U.S. companies about the impact of crisis that broke out a few years earlier and showed that few companies requested additional funding, as these were expensive and complicated to find due to reduced consumer demand and a steady reduction in cash flows. Companies trusted public debt markets, relying on them during the course of the crisis. Net debt issues increased during 2007 and decreased the following year and an increasing number of shares were issued to repay bank loans.

With specific regard to Western companies, the impact of the financial crisis on capital structuring decisions shows how the overall leverage ratios increased significantly in the years before and immediately after the downturn and then decreased significantly in the following years [3]. High volatility is also shown by Equity and Debt capital; companies with capital structure ratios lower than the industry average in pre-crisis period showed a gradual increase following years leverage.

Over the crisis, we have seen a reduction in expected returns from companies, proportional to an increase in risk and uncertainty in any business perspective. The impact that crisis has in terms of uncertainty, risk and returns on the capital structure of companies depends in turn on the entire financial and institutional system surrounding companies' sphere of operations [4].

The effects the crisis had on firms' capital structure is reflected in a constant process of deleveraging due to the reduction in long-term debt financing. In countries with less access to information, more restrictions on the banking system and inefficient legal systems, this process has been even greater. Stock market has necessarily provided a viable external financing alternative for companies and access to more information. The external credit plays a relevant role in 2008 scenario.

Trade Credit: firms as liquidity providers

Trade credits constitute the financing companies receive upstream from their suppliers as late payments for goods and services transfer. To all intents and purposes, supplier grants a loan to the customer bearing the cost. Some companies have made greater use of commercial credit to be able to cope with the financial conditions occurred with the crisis and for the most vulnerable companies the reduction in commercial credit had less impact. Commercial credit by companies, rather than the external financing, has therefore allowed these companies to see the drastic drop in sales reduced, especially if they were oriented towards production for domestic markets rather than for exports. The worsening of financial conditions has therefore induced the most vulnerable companies to resort to commercial credit of their suppliers, additional to other forms of financing and registering higher sales volumes. Net sales declines were recorded by companies that, with high export volumes, did not use commercial credit as a form of financing.

A shock of this magnitude highlights how trade credit has evident limitations in absorbing institutional and liquidity crisis. In fact, with the expansion of the crisis, which was followed by a drastic reduction in demand, major liquidity providers have inevitably started to reduce funding and find alternative ways to replenish their stocks again [5]. This aspect highlights how commercial relations that companies establish have a fundamental implication, especially in periods of great difficulty such as the one being analyzed. Suppliers are indeed the main economic subjects providing liquidity to their customers. On the other hand, all companies raising liquidity in crisis years have instead found a better performance in the following period. Firms with higher liquidity have not reduced their investments during the crisis and not reduced the granting of credit to customers, so that firms with less liquidity suffered a greater reduction in the own price of shares, reducing investment expenditures.

Foreign Direct Investments

The Global Financial Crisis inevitably led companies to reduce their Foreign Direct Investments (FDIs). The volume of world trade fell by more than 40% at the end of 2008. In 2008, foreign production fell from 20% in 2007 to -4.4% in 2008 [6]. The only comforting indicator is the volume of foreign exports, sustaining a robust growth rate of 15%, demonstrating that large multinationals have somehow developed a model of more efficient crisis responses. Investments reduction hit especially those whose long-term returns are subject to uncertainty. First and foremost, investments in innovation. This was largely confirmed by the advent of the financial crisis, which substantially reduced the propensity of a large part of world companies to invest in innovation. However, we cannot fail to take into account that investments reduction was not uniform.

There are three main channels through which FDIs have a significant impact on company performance in Crisis: production links, financial ties and network creations, and for each we distinguish different responses between multinational companies (on which we will preserve the focus) and domestic companies [7].

Multinational and local companies responded differently to the financial crisis. Multinationals reached better results than locally operating companies, especially when they operated with financial constraints and vertical operational links. The role of Foreign Direct Investments during crisis varies significantly also with downturn incidence in host and home countries. Within countries with a great reduction in demand, through credit and aggregate production, multinational corporations maintained higher levels of efficiency than domestic companies. On the other hand, multinational companies with headquarters in countries most affected by crisis have found negative results abroad. Several studies have shown how, therefore, the multinational dimension led to higher economic and financial performance during the crisis period than local companies. Most multinational companies headquartered in countries affected by a significant impact, due to large reduction in demand and worse credit conditions, found negative results in foreign countries operating in. Multinationals headquartered in host countries where there was a clear drop in aggregate demand achieved more satisfactory results than domestic companies.

However, the positive effect of FDIs on performance can be determined by a self-selection bias [7]. We can consider valid the hypothesis by which the most important results achieved by multinationals, when compared with locally operating companies, were dictated by the acquisitions of more productive local companies.

Downsizing and investing

The 2008 financial crisis, becoming also an economic one, required all companies to reverse investment strategy, to face changes imposed in micro and macro economic environment. Investments in innovation and new technological horizons represent a great risk for businesses, as well as requiring huge resources.

Most suitable strategy to combine growth opportunities and competitiveness in the reference sector falls on the combination of downsizing and investment. This must direct new company missions and visions in search of new products and an expansion towards new markets, provide for a reduction of costs in the sectors considered less predominant in order to survive, as well as focus great efforts on increasing operational efficiency in some disciplines. The combination of short and long term strategic choices defined by most efficient companies following the years of the crisis, are all based on achieving a balance between new products exploration, services or industries and exploitation related to operating costs containment and deemed superfluous, to increase current and future profitability. The preconditions for simultaneous corporate strategies lie in distinctive and dynamic internal capabilities, about technological knowledge and valuable expertise.

By balancing the two strategies, however, the attention paid by companies to exploration of new markets is of great importance. This allowed the best equipped companies to benefit from extraordinary operations such as acquisitions, structured partnerships and mergers, with companies more oriented towards the forecast of technological horizons to exploit the changing wave.

The role of decision-making

A significant influence of the crisis impact exerted on businesses has been brought by the financing and risk management policies conducted. Corporate decision making has inevitably taken on a very important role in the results achieved by companies, considering these policies as a direct consequence of cost and benefit statements drawn up (Kashyap et al., 2008).

During crisis, managerial functions were encouraged by shareholders to take greater risks in operational decisions to increase their returns [8]. Pressure created on managers by Board members was induced by the desire to reduce bankruptcy risk to ensure capital adequacy, thus explaining the inverse proportionality between the presence of external members on the Board and shareholders' equity returns. Not surprisingly, larger amounts of equity capital were raised by companies with more independent members. However, the poor performance of companies in crisis years is balanced by optimal performance in the following ones. Indeed many companies raising a large amount of share capital in crisis years were not eliminated from the stock market, unlike companies raising capital before the crisis. Contingencies and great environmental volatility require companies to formulate proactive orientation plans (Rodrigue et al, 2013) set by the Corporate Boards.

A dramatic consequence of the difficult situation was recorded in isolated cases with pluralistic ignorance as a prejudice of social and psychological nature occurring within companies' Board of Directors. This bias determines the so-called persistence at low performance levels and below expectations, pushing directors to not consider colleagues concerns regarding the failure of strategies formulated, deriving from the absence of a voice in matters of minorities.

1.2 From Crisis to Opportunity over Aspirations

Individuals and organizations adapt their present and future behaviour pertaining their past experiences, as assumed in Behavioural Theories of Organizations, demonstrating adaptive attitude over time. Adaptive learning process includes aspiration levels as targets for predetermined outcomes.

Within decision-making processes aspiration levels represent a fundamental daily component, being related to the operating and financial results the company achieves as well as to research or aversion to risky choices, simplifying the entire cognitive managerial decision-making. Achieving results above the level of managerial aspiration leads to corporate success, while a result achieved below aspiration represents a corporate or functional failure. While in decision-making theories the achievement of objectives in relation to the aspirations held is weighted on the basis of success and failure probability, Behavioral Theories focus on specific performance targets to be achieved as inspiration sources.

Decision-making process and the definition of a new aspiration level is set and sometimes simplified through the information managers receive as performance feedback from past levels, leading to a discrepancy in results. In achieving results, this discrepancy represents a fundamental starting point for defining incremental processes, aimed at change if performance has been negative, aimed at innovation if performance is maintained at efficient levels [9]. The goal of managers after the crisis, for example, was to reduce a negative discrepancy between the aspiration moving performance and negative results obtained over years during the depression. Discrepancy in the achievement of objectives plays a fundamental role as it has a positive effect on new aspirations formulation.

Different aspiration levels consistency provides support in formalizing and implementing a strategy, directing efforts and allocating resources appropriately. In this way, aspirations drive Strategic Management processes, prompting Top Management to take less risk when performance exceeds the initial ambitions, while taking higher risks when performance outcomes are lower. We begin with the consideration guiding our work that cognitive abilities of individuals are limited. From here we empirically observe how one or limited levels of aspiration help managers to reduce the complexity of processes and activities to achieve their performance targets. Compliance in this regard is based on the aspirations and results of companies, developed and achieved during the Global Financial Crisis that struck the World Economy between 2007 and 2009.

The Global Financial Crisis, as we have seen in the previous section, has hit companies hardly, forcing them to review their aspirations and performance below expectations. Faced with bleak and disappointing performance, companies are called upon solutions research to address negative performance through problematic and systemic assessments. Such research aimed at identifying concrete solutions leads the Top Management to review the organizational and structural characteristics of the company (Kacperczyk, Beckman, and Moliterno, 2015). Performance deficiencies under consideration do not necessarily refer to universal changes. Investments in innovation and new infrastructures, R&D projects, rather than acquisitions and external growth operations to increase market share, as well as divestment are evidence of a performance deficit not meeting managerial aspirations. Aspirations are created in relation to the degree of achievement of past business objectives, general performance and based on the performance of companies operating in the same or comparable industries (Cyert and March). When corporate and managerial aspirations are not met, research conducted to find new ideas for action and new solutions drives organizational change, often with negative performance. Otherwise, workplace routines dictate corporate behaviour when aspirations are met.

1.2.1 Driving Strategic Change

Strategic organizational change required to face unsatisfactory results, in this case due to an external event with negative repercussions in an uneven manner on different businesses, can be generalized in two types of activities, i.e. implementing actions that allow companies to dispose of excess resources or consumption of these if negative results constrain the resources available to the company.

Starting from Behavioral Theories of Organizations, the existing literature highlights how aspiration levels can influence the ways in which companies undertake strategic change decisions, if directed towards convergence or divergence with companies of the same cluster, being the starting point for our research development. Rationally, a manager cannot be able to monitor the competition in its entirety, both due to the impossibility of observation and due to the structure of a competitive market (Cyert and March, 1963, Porac, 1989), especially considering how the shock impacted on it. Studies conducted on strategic groups show how general corporate aspirations in the same cluster are very similar during crisis, dictating common goals to be achieved with high levels of imitation.

When talking about strategic convergence or divergence in literature, certain decisions taken in terms of resources allocation lead to changes in the strategy of the firm considered, in relation to competition moves [10]. Strategically converging means that a company formulates specific action strategies, thus assuming a precise profile, aligning them with those of others. Diverging represents the exact opposite: defining a profile of strategic nature moving away from the peers' activities. These decisions therefore refer to an allocation of the least affected resources, budget, investment or divestment decisions following crisis.

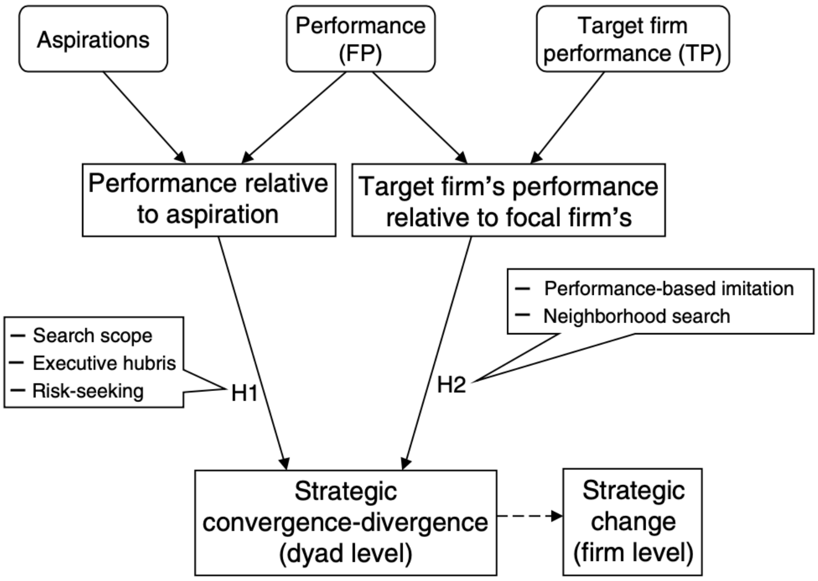

Figure 1.1: Convergence - divergence in Crisis

Results achieved during the crisis deriving from aspirations are the main determinant of the organizational changes consequently undertaken. Faced with unsatisfactory results due to organizational shortcomings added to the impact of the shock, the search for a cause led many managers to want to receive as much information as possible to deal with the problem, carrying out a further analysis outside organizational boundaries. This clearly refers to a greater propensity in strategically converge towards peer firms.

In a particularly adverse economic cycle such as that of years 2007-2010, a greater orientation towards strategic convergence rather than divergence has inevitably turned out to be easier to implement, not to face adverse and more risky situations but based on tested models, known activities and, above all, existing ones. What Behavioral Theories also highlight and what we will see later is that, in the search for new solutions a fundamental component is constituted by risk. In most cases in which companies responded in least satisfactory way to the damage suffered, measures adopted were mainly aimed at preserving the status quo, repeating the same actions to get out of it completely. If on the one hand this made it possible to recover losses in a short time, on the other, however, it meant greater predictability and ease of being imitated by companies facing difficulties. This is particularly evident in highly successful companies, more easily imitated by competitors.

Regressing towards the sector mean

An economic downturn generates incomplete information, both on competitors and on the reference market trend, so much to require many changes in the core business leading to uncertain consequences. On the other hand, a valid consideration in such circumstances lies in the absence of change or even more uncertain consequences, with unpredictable operational and financial performance.

In performance assessment and calculation, therefore, managers include a disturbance term to the sum of the results achieved, or if anticipated, future results [11]. A constant measurement, which is expected during crisis in order to derive concrete evaluations, requires the disturbance period varies constantly as market indexes change, so that it often converges towards average results. This is a statistical phenomenon that nevertheless can inevitably lead companies to make performance evaluation errors when operating in contexts characterized by strong external changes requiring inevitable organizational ones. In such cases, a concrete counter evidence can only be determined through external or social comparison, i.e. considering performance found by peers, competitors in the same market or companies of similar size, thus deducing a net reduction in performance is determined on the basis of decisions taken by Top Management rather than in relation to this regression against the sector mean (Brown).

Collection or disposal of resources

Choices towards radical strategic change against the financial crisis are inevitably conditioned by a strong reduction of liquidity available to companies, which also affects the above considerations, freeing or emphasizing the available resources. Disclosure or empowerment of resources for many company categories resulted in the years immediately following the shock in acquisitions or divestment of resources, facilities, businesses and infrastructure. These operations, having a significant impact on company's cash and profitability, play a key role in bridging or at least addressing the lack of alignment between desired levels of performance by the corporation and those actually experienced at the end of the financial crisis. It is clear that if divestment or transfer frees up human and operational resources, acquisitions generate the opposite effect. Related studies show that companies which during crisis deliver performance results far from their aspirations undertake major changes through divestitures, not finding the influence of the risk factor and survival threat that we will consider in another section. As suggested by Kacperczyk et al. (2015) in fact, organizational change and risk assessment or direct risk taking can be considered as two separate results of a performance below aspiration level. Conversely, when companies after the crisis assessed their performance results as more satisfactory or above their expectations, they intensify their strategic change policies by conducting strategies of resources accumulation or acquisitions.

The distinction between strategic actions implemented to accumulate or consume resources and strategic actions that guarantee the outflow of resources represent a fundamental point of view regarding corporate responses to a performance falling short of expectations or aspirations, such as that in correspondence with a financial crisis of such relevance [12]. Aspirations are created in relation to the degree of achievement of past business objectives, general performance and based on performance of companies operating in the same or comparable industries (Cyert and March). When corporate and Top Management aspirations are not met, research conducted to find new ideas for action and new solutions drive organizational change, often with negative performance. Otherwise, workplace routines dictate corporate behavior when aspirations are met.

Acquisitions represent external growth strategies and, therefore, radical changes in the organizational structure allowing company to consume more resources, responding to performance deficits by adding new knowledge, enhancing skills and expertise, increasing economies of scale and scope or entering new markets and products. The acquisition indeed requires the use of a large number of resources, both financial and managerial, in order to find an effective impact on performance, so that often it is the strong financial positions driving companies to such operations (Harford, 1999).

A disposal, resignation or divestment describes an opposite corporate process leading to the same result, converting fixed assets into cash which then enters the company's coffers guaranteeing managers the possibility of investing to improve profitability (Duhaime and Grant, 1984), in specific years in which company's liquidity has been reduced and internal resources have in many cases generated large excess production capacity, due to demand collapse. During the years of crisis, managers were induced to modernize production processes, looking for new opportunities they knew would be created in new post-crisis scenarios. The gap between operational performance and future aspirations was undoubtedly greater, implying difficulties for companies in terms of limiting available resources. The limitation of resources to invest opened concrete scenarios of lack of profitability and significant financial losses, which inevitably pushed managers to start saving operations and to implement consumption operations, translated in divestment and acquisitions respectively. Initiating an acquisition means that the company, despite the devastating impact of the crisis, is close to achieving certain aspirations, divest means that the impact of the crisis had significant repercussions such as to push Top Management to review future aspirations and forecasts.

Behavioral Theories do not predict the direction of change that can be undertaken, arguing that when performance is lower than aspirations, any change is necessary through an assiduous search for solutions (Kuusela, Keil, Maula, 2017). When in literature reference is made to the consumption or disposal of resources due to lack of performance, a financial stagnation that companies face in times of crisis is taken into consideration. What has resulted is a predisposition to accept solutions for the future not necessarily optimal, not having necessary financial resources to achieve it, and then implement actions in more favorable conditions. The absence of heated competitiveness favored those who emerged from the crisis in a better way to further increase their competitive advantage in the sector or reduce the gap. Divestment of less profitable units was implemented as a bait to shift development on the central resources to growth, gaining reputation and in terms of profit, in absence of a relation between performance and aspirations.

1.2.2 Aspiration levels and Risk assessment

Greater environmental uncertainty is matched by a more uncertain achievement of objectives. While uncertainty may arise from the absence of information, risk is the difference between the expected result of a given action taken by the company and result actually achieved. The business risk of an activity must therefore necessarily consider the risk faced by all the assets that make up the business system, defined as the variance of the expected returns from that activity.

Any form of change within organizations, from the lowest functional levels to changes in the entire structure leads to risks. Especially if this occurs at the end of a crisis effecting the entire world economy, in absence of certainties and cues towards a direction considered concretely more valid than another. Risks are not always taken when there is a real need for change demonstrated by performance feedback, despite the fact that for a large number of companies this is the case. However, it is always necessary that any form of risk assumed by the company is assumed with knowledge, aimed at achieving or directed towards the achievement of certain objectives, in relation to the aspiration level dictating the behaviour of companies towards these objectives. In critical context such as the crisis, it often happens that change and the consequent assumption of risks become forced, as they are required and shaped by the surrounding environment, with the associated potential challenges or opportunities and uncertainties.

A change is also directed by the levels of aspiration, albeit within a change of context, requiring decision makers and managers to define a concrete plan and possible alternatives [13]. Performance deemed insufficient with respect to the aspiration generated by Top Management is necessarily linked to excessive risk related to the activity in question (Grinyier and McKieman, 1990). In this regard, the activity performance assumes the role of an essential variable, given by the company's performance less the aspiration to achieve it. Risk assumption models theorized in literature related to performance feedback, underline how performance increases, parallel to the continuous growth of aspirations, lead to a reduction in the probability of strategic, organizational or structural change (Greve, 1996). Business failure indeed, also understood as a substantial reduction in performance such as those that occurred in 2008, 2009 and 2020, leads to a probability change increase in the business environment ,lower than the reduction of this probability occurred when the company is successful in its target markets. These analyses, compatibly with theories on business failure, show in fact that a positive performance implies a greater reduction in the probability of change, outlining discontinuity in aspiration levels.

Each type of risk inclination is induced by specific benchmarks in performance class [14]. The link between risk and performance must be positive for companies to accept certain conditions for taking relevant strategic action, being the risk a growing function of the gap that is being created over time between performance and aspirations (Feigenbaum & Thomas, 1988).

1.2.3 The role of performance feedback

There is no specific definition of satisfactory and inadequate performance in literature about metrics used for evaluation by managers, who define performance standards based on their aspirations, based on their own historical evaluations and those of competitors [15]. In a company, everything regulating suction levels falls within the performance feedback field. Managerial figures often tend to present any result in a positive way if not compared with pure contrary evidence, so that in response to failures or drastically negative results companies react conservatively to negative feedback.

Performance feedback, directed towards company's performance objectives related to managerial aspirations, represents the yardstick for success or failure and is a fundamental mechanism to address an internal strategic change through organizational learning, aimed at implementing innovation processes for the future. Performance feedback is an analysis model according to which companies modify their activities when performance is below aspiration levels, based on their own experience [16]. This model, recognized by Cyert and March as a cue for behaviors of an adaptive nature, very often requires organizations to have very similar levels of aspiration in order to compare them, or that the intentions of the respective Top Management are similar, not reacting differently to external or environmental feedback. This is a relevant consideration, since often the responses to positive or negative performance by the company do not necessarily coincide with the aspirations of the single Business Units.

Behavioral Theories of Organizations emphasize that performance evaluation refers to even small aspiration levels, even if they are considered less satisfactory by decision maker from which they are dictated (Schneider, 1992). Aspiration themselves stimulate the search for solutions, influencing decision-making processes by making potential measure of operations as a standard to define an activity, process or decision as successful or not.

Responses in terms of performance and results in relation to aspiration levels are a topic of growing debate in the literature on the Behavioral Theories of Organizations and goal setting [17].

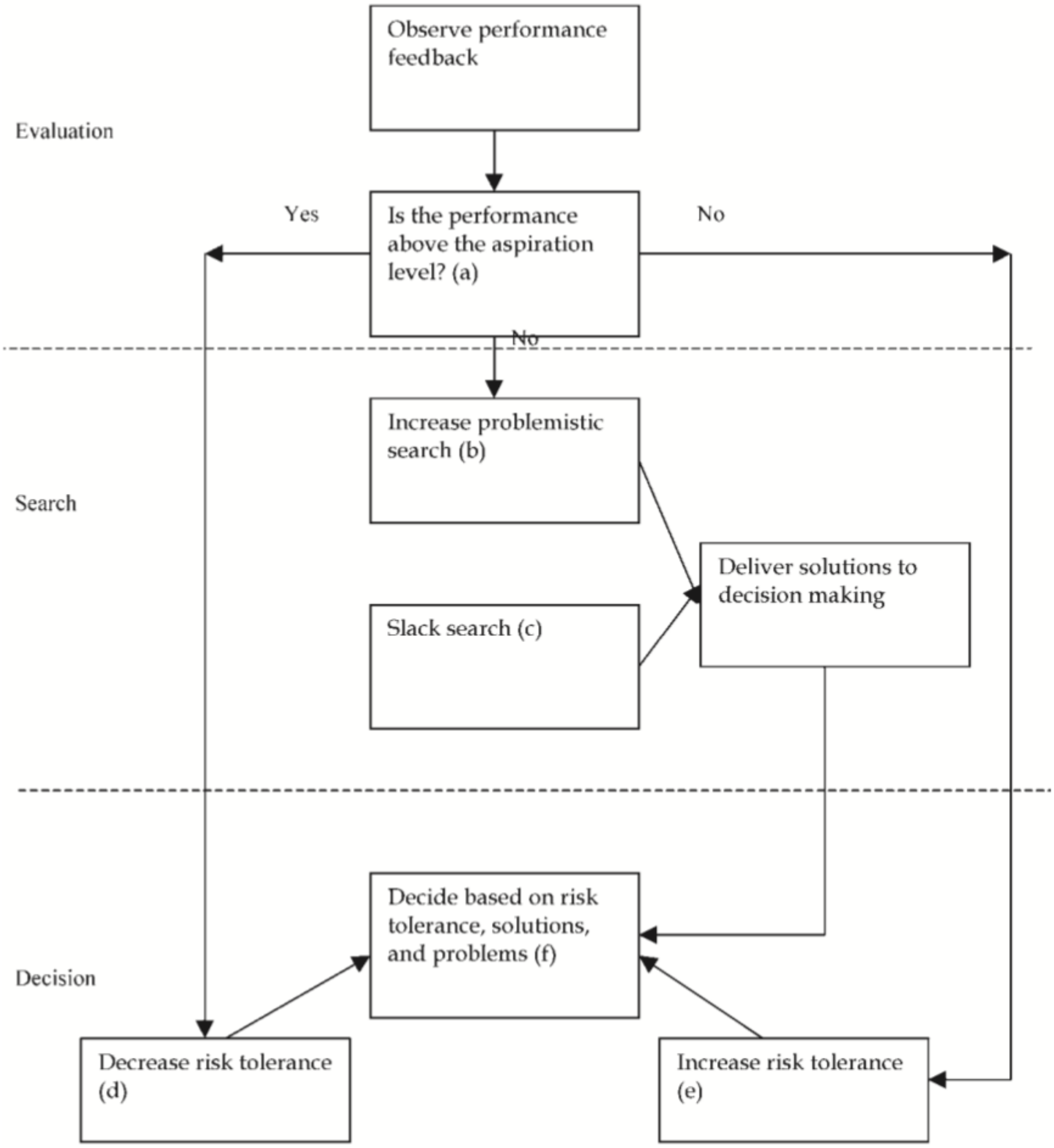

Figure 1.2: Performance feedback, aspirations and decision-making

Business performance and aspiration level are compared to each other in order to determine whether the former is satisfactory, regardless of how aspiration is formed. If the performance is below the aspiration levels, an organizational problem is born, stimulating managers to search for solutions guided by heuristics, due for example to the absence of resources or superfluous one evaluated on risk dependence. Corporate risk is assessed on the basis of the tolerance by decision maker related to any losses that may occur, thus undertaking decisions to be implemented operationally.

Performance feedback is also often associated with incentive systems, considering managers as rational individuals capable of improving organizational efficiency, rewarding them based on results with bonuses linked to performance accounting measures (Greve, 2003). However, this tool assumes general relevance from a diagnostic point of view, to solve internal problems within the company, organizing research activities aimed at resolving inefficiencies, coordinating internal activities and improving organizational performance in conditions of great adversity and uncertainty, such as that of a financial crisis.

The academic literature demonstrates the existence of three different types of correlation between performance and its impact on the company's reactivity in interpreting the feedback, on one side, and the aspirations from which this performance derives both social and historical on the other: ambiguous feedback represents the result of a weak correlation, consistent feedback derives from a positive correlation and a negative correlation results in inconsistent feedback [18]. Ambiguous feedback reduces the company's profitability because it is subject to free managerial interpretation, often resulting in inertia, lack of responsiveness to change and in undertaking action plans. Free interpretation also translates into debates between top management, leading to delayed action. In contrast, a positive effect in terms of responsiveness to business performance feedback is created by both consistent and inconsistent feedback, as the former keep performance in line with ambitions, while the latter are the starting point for a change of direction.

Dealing with Behavioural Theories

Organizational learning theories consolidated by Levitt and March since 1963 break down the scholarship methodologies of organizations in direct learning or through the experience of other companies in the field.

On the basis of these theories, the two sources are integrated. While on the one hand a low level of learning within companies is itself a cue for new knowledge, referring to past experience, on the other hand a low level of performance is a reason for referring to others' performance [19]. We start from specific assumptions, some of which are supported in the literature, according to which the evaluation of the results achieved on specific objectives is carried out by managers in relation to a level of aspiration that is also specific, not classified within a hierarchical scale. This level of aspiration, which we have defined as specific, is determined by companies on the basis of historical results or equivalent competitors or peers, representing the linking point between a satisfactory performance and one not considered up to expectations. Clearly, performance below expectations will encourage managers to focus on finding new investment and growth opportunities. The absence of a tie between aspiration and performance drives companies to make greater efforts to achieve their objectives by increasing the propensity to take risks and explaining above all the motivations behind extraordinary growth operations, innovation processes and investments in R&D and operational activities. When we talk about financial performance objectives we refer to some financial performance objectives and the consequent adaptive implications for the company.

Behavioral Theories indeed constitute the starting point as well as the presupposition of the theories dealing with the way in which companies respond to the measurement of performance [19]. Aspirations represent the meeting point between a performance judged to be negative and an acceptable one, whether it is outlined on the basis of past results or on the basis of peers' activities. In this sense, the managerial figures do not carry out performance evaluations on absolute feedback scales, but rather on a predetermined aspiration level. Problem research arises only when aspirations are not reflected in the result, in search of new solutions. Once an optimal solution has been found, the search is considered concluded, often conducted by contextual characteristics that dictate the guidelines for a change.

1.2.4 Crisis responses

The main areas of intervention on which to intervene when the company records negative performance during the crisis are the main products and internal operations, on which managers in charge of the Business Units must focus the action programs to heal performance gaps. Departments and functional sections are led by management figures who, by monitoring resources with strict internal controls, establish incentives, especially if these business functions are promising and profitable. Positive and satisfactory performance feedback is the main input for receiving funding for growth and opportunities provided by the corporate or corporate office. To address negative results within the business units, performance feedback reflects aspirations of the manager, who are aimed at gaining ever higher profit margins by increasing the size of the function to compete with units of external companies for distinctive resources.

Facing the crisis, attention is rightly paid first to the product markets of the individual unit, not developing solutions that affect multiple units or introducing new products with long development and introduction cycles [16]. Performance feedback on which companies have focused their future result standards are, in a rather homogeneous way, costs reduction, constant rationalization of production, operational efficiency improvement and support systems strengthening for the R&D function, considering also the great work of motivation and protection of employees.

Yet many studies in the literature shift the attention more to human capital to achieve adequate performance, rather than paying attention to unexplored markets and technologies or on which there is no competitive advantage over competitors. When performance feedback is such negative, most decreasing business expenses are those related to advertising, training and travel, as well as layoffs to focus internal funding sources on core businesses (Bushee, 1998). On the other hand, however, this has had a negative impact on the introduction of new products to the market, new investments in training and development programs due to limited resources. Enterprises with multi divisional organizational structures have found it very difficult to identify the most relevant performance feedback for planning future strategies, as they are characterized by multi-level decision lines and greater complexity in evaluation, leaving it to the top hierarchically the choice of where to intervene more drastically in the business portfolio. We have seen how structural reorganizations and divestment, in case of negative feedback, are the most implemented activities in the face of such situations, so that future aspirations can indicate the new routes to follow for higher future performance. Close collaboration between functional managers and divisional managers or corporate offices also limits the creation of information asymmetries regarding performance feedback and market information, prompting managers to focus on broader structural solutions. The most significant units are those towards which the company's priorities and investments are directed, improving their adaptation in damaged contexts on all fronts (Bouquet and Birskinshaw, 2008). Often these units, which constitute significant shares in terms of financial performance, also influence the defined program, being the center of future aspirations of managers (Joseph, 2012). Higher contributions in terms of profitability also imply more attention from external investors and, more generally, from the market.

In response to performance feedback, company size largely influences feedback responses, due to large differences in the difficulty of achieving great levels of flexibility and risk aversion (Greve, 2011) which, during the crisis, was homogeneous among peers. Negative feedback on reduced performance from the external context has a greater weight on Top Management aspirations, changing innovation trajectories even before reaching them (Maslach, 2016). Feedback interpretation during the crisis therefore plays a fundamental role between the evaluation of how companies have been able to respond and the search for possible solutions on which to establish a recovery plan. The reactivity by which company responds to the crisis varies with the methods and requirements for interpreting the feedback received from the activities undertaken to respond internally to drastic results (Joseph and Gaba, 2015). Feedback assumes even more importance where there are multiple aspirations, followed by multiple financial and non-financial performance objectives. A problem to consider is the managerial interpretation degree, who often tend to self-feed the feedback towards horizons of greater interest to themselves (Audia et al., 2015). In fact, the propensity to evaluate standards of comparison to the downside: the Global Financial Crisis represented at the time, as today, the most catastrophic scenario that companies could face. This allowed the opportunity to show any theoretically unsatisfactory performances as positive, comparing them with the catastrophic ones during crisis.

The search for new solutions in the years following crisis is related to managerial decisions on which areas of intervention are the most urgent, depending on the number of information provided by functional managers and those received from the market to undertake allocation decisions and cuts. Problematic research was a relevant component in those years, being a key factor for organizational and structural changes when performance does not meet managerial needs and aspirations.

Persistent negative results and failures require extensive, structured and focused research, considering that a higher level of complexity makes it increasingly difficult for managers to identify level alternatives [19]. Careful research behaviour for new solutions gradually adapts to the feedback received on performance (Billinger and Stieglitz, 2014).

External environmental influences of this magnitude, therefore negative in terms of performance, also have a significant impact on the absorption capacity of companies. This is determined by learning programs and investments in learning, as well as the way in which companies have metabolized the shock. The performance feedback explains and outlines how companies have learned from the external environment, intensifying efforts towards the development of future learning plans [20]. Based on future aspirations, the feedback is in fact upstream of R&D investments in which many companies have invested since 2010. Absorption capacity is not only defined in technological terms, and the direction of the feedback on specific performance has made it possible to assess risks, opportunities, strengths and environmental threats. The search for this capacity is shaped as the outcome of organizational learning from performance feedback (Greve 2003). In intercompany relationships formed or consolidated after the crisis with partners, competitors, customers and suppliers led companies to improve their performance, developing their own capacity with respect to aspiration levels, based on historical or competitive results. Where performance was below expectations and aspiration levels, the propensity to invest in absorption was inevitably higher.

Learning from crisis feedback

The creation of efficient systems of organizational design are of primary importance in order to favor the prerequisites of companies adaptation to a competitive environment largely damaged by the crisis. To the design of the organizational structure is added the feedback of performance to start processes of research and application of changes to the structure and previous processes. The greatest impact of this has occurred on the internal coordination of activities, a more efficient and targeted allocation of resources, main objectives pursued and the implementation of exploration and exploitation strategies in new and existing markets. Post-financial crisis companies had to face a more dynamic market strongly characterized by technologies. In this regard, organizational responses deriving from performance feedback concern the development and increase in the endowment of distinctive and more dynamic capabilities.

In this regard, the most important implications of the feedback on business performance concern that business strategy must be translated into set objectives, offering coordination and collaboration to address the changes in needs required by the market [21]. Performance feedback therefore shows managers whether these external needs coincide with those of the company and can help companies pursue their aspiration goals.

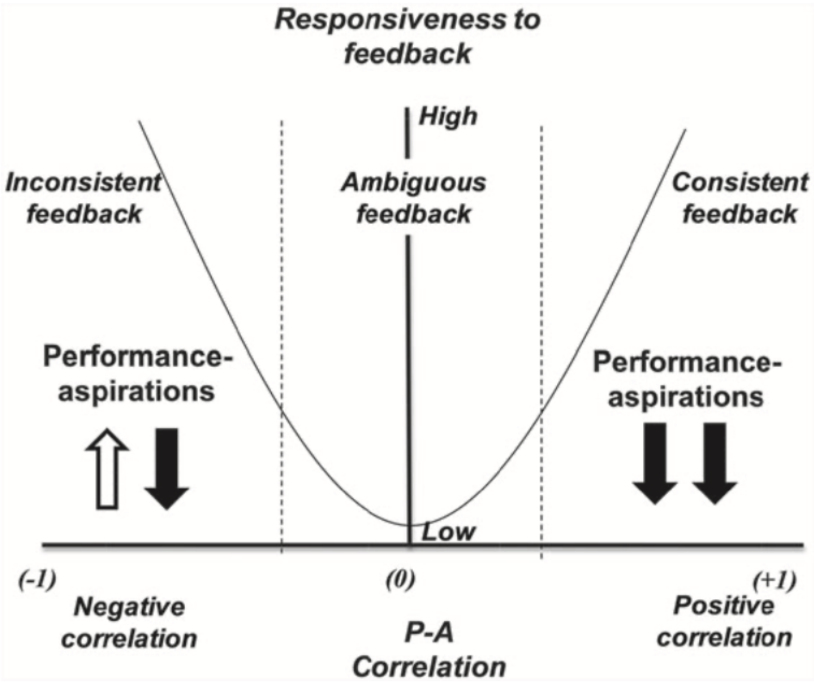

Figure 1.3: Responses to aspiration-feedback correlation

These levels of aspiration must necessarily realistically reflect the ability of companies to adapt to change. Performance feedback in turn requires integration with risk assessment systems not allowing managers to complete freedom in risk taking at complicated times, such as the Global Crisis. The main objective of these systems is to encourage the company to embark on an innovation path as soon as the scenarios are optimistic, ensuring a balance and not constraining the search for opportunities within reach. Companies surviving the Global Financial Crisis are called to review all factors that drastically affected their performance in those years concerning all the environmental, innovative, technological and organizational challenges of the years to come. In this sense, the organizational design mentioned above is a relevant response to address the change. Faced with global problems of this nature, an organization may in any case prefer to experiment locally with any initiative before outlining a better solution [21]. In this regard, a key challenge for enterprises has been and continues to be the ability to respond to local feedback, recognizing the opportunities and risks involved, making the enterprise system evenly distributed and decentralized, while preserving the basic distinctive features. This contributes in an inevitable and predominant way to learning and strategic change, since performance feedback is characteristic to compete in diversified and highly dynamic environments. All this with a balance of potential risks and rewards.

1.2.5 Leading to Innovation Performance

Innovation performance represents the main link between technology and achieving a competitive advantage in the reference industry. Investments firms make in the search for a competitive advantage are at the basis of innovation processes, through which they outperform the competition to dominate the sector. Investments in innovation are characterised by uncertain and long-term returns.

The Economic Crisis of 2008 led to a significant reduction in companies' financial resources for investments in innovation. Not by chance a significant result at the aggregate level is that the crisis reduced from 38% to 9 % the number of firms willing to increase their innovation expenditures. We observed how an external shock of this magnitude influenced the strategic and investment choices of companies. Overall, investments in innovation necessarily decreased during the economic downturn. Strategies aimed at exploring new markets and new products are implemented by firms better prepared for a shock, so that we can observe how, by comparing the main drivers of innovation in those years and both the quantity and type of investments sustained before and after the crisis, the reduction in availability was not uniform across all companies. There is indeed a minority of companies managing their budget to increase the amount of innovation investments compared to the previous decade. In this regard, we can therefore make two possible considerations to understand which are the main drivers stimulating such investments.

According to the first one, this category of companies is characterized by great dynamism and propensity to learn. These are able to achieve a competitive advantage independently of the economic cycle in which they are embedded, with great commitment to the exploration of new knowledge, development of new distinctive capacities and constant innovation over time of products and/or services offered [6]. These characteristics reside in a great tendency to perseverance and persistence to innovate; not surprisingly, a good part of this group of companies is made up of organizations established in their industries prior to the crisis. On the other side we account that an event of this magnitude can ensure smaller companies to overcome competition anchored to previous skills through a push towards innovation, thus emerging from a difficult context. This category of companies therefore exploits the crisis as a starting point to enter new markets and gradually appropriate market shares previously owned by competitors. It cannot be ignored that new opportunities offered by the market after a crisis can be exploited with greater flexibility by young innovative organizations with a more agile structure. This is why, with the exception of some companies dominating the market in the early 2000s, post-crisis innovators are different from pre-crisis ones (Freeman, Louca, 2009).

Innovation projects have often been abandoned due to an increase in financial constraints and a drastic reduction in demand. As a result, more recent companies serving large foreign Multinational Enterprises are more likely to archive the innovative processes undertaken. We start from the generally accepted assumption that companies most likely to innovate in the years before the crisis were the most likely to preserve this strategy.

With the advent of the crisis, business opportunities have inevitably been reduced, mainly regarding long-term investments in innovation. However, the decline in opportunities has not led to a sharp decline in efforts. Reports show that investments in Research & Development (R&D) unavoidably decreased, yet several companies have increased their competitive advantage by innovating in the years of the crisis itself, as shown by empirical research. The efforts made in the midst of the crisis, which in some cases led to the advancement of new technologies and innovations, represented a turning point for competitive advantage (Colombo et al., 2016).

Competitive pressure from the external environment is the first leverage to develop innovative and technological capabilities. Great instability in the industry does not allow companies to sustain competition with the same categories of resources used in stable markets but requires the implementation of new types of strategies [22]. For this reason, the response to the economic crisis in terms of innovation has focused on expansion in international markets and new product innovations (Colombo et al., 2016). An advantage in this way was undoubtedly found for technology-intensive companies, which were already equipped with the skills and know-how required to implement such an action plan, unlike low-tech industries whose companies had to sustain great efforts to develop distinctive capabilities within them and adapt to change, very often failing to achieve the desired results, even under lower competitive pressure (Hansen and Winther, 2014). Innovation performance is a key factor after crisis to ensure the creation of dominant and innovative systems, through the creation of an ecosystem of research, development, expansion into new markets.

Behavioral Theories emphasize how companies set aspiration levels close to performance thresholds that can be reached within established time periods. This inevitably also happened at the end of the crisis, during which time companies could in no way proceed by doing business as usual, considering a performance well below expectations. Research processes were started as soon as companies regained a minimum of liquidity and many of these activities were not conducted locally at the time of new market solutions and technological applications. These features depended also on the resources number and type that a company had at the end of the crisis. Most fruitful resources in the years to come were undoubtedly, in addition to investments, also trademarks, patents and rights and human capital. Behavioral literature shows that in front of important returns and performance declines, the global lack of liquidity sources in the market ensured companies suffering a lower financial impact on their willingness to look more outward, supporting acquisitions and expenses for networks or collaborations. These studies show that the degree of estrangement from local markets and the expenses incurred have been almost entirely proportionate to growth aspirations. Such developments defined externally refer not only to geographical horizons but also to different markets not previously known to companies. In order to overcome the harsh constraints imposed by the economic and financial crisis, companies must necessarily lead their efforts towards training and developing new sources of internal knowledge and skills as well as external dynamic capabilities thus pursuing their strategic objectives. When we talk about innovation, we always refer to investments with expected returns in the long term, thus providing a solid basis for the post-shock restart.

Sources of innovation Aspirations in Crisis

Resources accumulation, both during the crisis and especially in the years before it, provides a stimulus as well as a superior endowment to achieve high level operational performance. The ability of companies operating in industries with low innovation or technology intensity lies in the acquisition, consolidation and internal application of technologies and external supplies from different contexts (Bender, 2008). Balancing and compatibility of own knowledge and external knowledge reduces costs and negative impacts of the crisis.

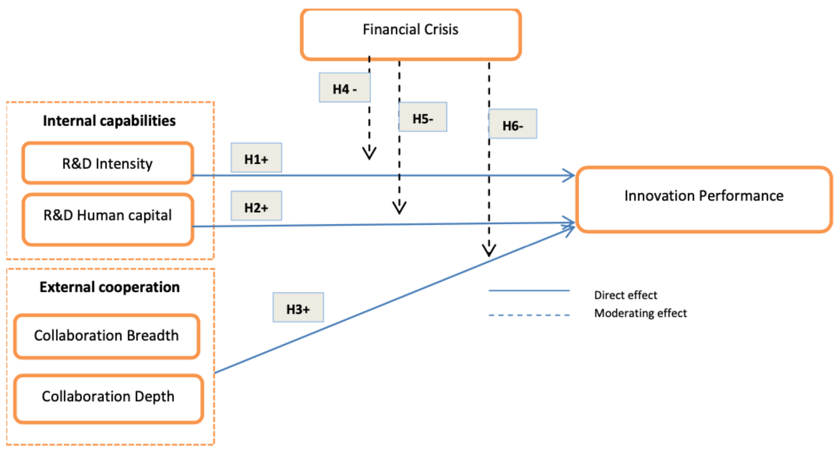

Figure 1.4: Innovation performance sources dealing with Aspirations

Internal Know-how represents intangible capital within the company. This if not already present internally must be cultivated, alongside internal investments in R&D in order to consolidate and improve employees' skills and learning in the shortest possible time. The investment represents a form of new knowledge generation (Spithoven and Teirlinck, 2015), facing the potential risks deriving from a possible loss and generating the so-called innovation capacity. Such new technological developments are in fact of primary importance in order to guarantee companies new horizons to remain competitive, especially if they operate in markets characterised by major changes, products with a short life cycle and therefore highly competitive. Not surprisingly, companies operating in sectors that are not highly technological and not characterised by strong competition receive even higher returns from research investments in order to benefit from products with a low innovation content in the long term (Kafouros, 2008). Education and experience are the basis for developing aspiration skills, abilities and tacit and explicit knowledge, increasing productivity, or at least laying the foundations for productive gains after such a crisis. Human capital is without any doubt the starting point to raise the company's fortunes, whose competence and specificity integrates the tacitness of innovative and complex technological processes with sources of external knowledge (Gibbons and Waldman, 2004) to meet future aspirations. Production competitiveness and product innovation are the primary objectives to face a catastrophic situation characterized by the almost collapse of demand.

The effectiveness of external relations is determined in relation to the depth of the collaboration capturing intensity as interactions grow, as well as in relation to the technology on which the market ecosystem is based and the number of different external sources (Laursen and Salter, 2006). These factors are translated into optimal results through the development of new ideas needed to understand the risk factors associated with the crisis, define areas of intervention and implement new strategies to exploit the bottlenecks highlighted by the shock, anticipating potential new trends in demand.

2008 Global Financial Crisis, in terms of declining demand and environmental uncertainty, had a negative impact on the interrelationships that companies established in previous years and results achieved, but providing greater internal collaboration between company operators, as well as external ones, consolidating relations between companies and external operators if they were not subject to bankruptcy [22]. On the other hand, the relationship between business performance and investments in R&D was negatively influenced by the advent of the financial crisis of those years. In general, it has a less pronounced impact during an economic expansion and a more influential impact during a recession. Many launched research projects indeed have been interrupted in crisis, due to the lack of financial resources to support innovation and because of the fear of generating returns below the costs incurred, stopping aspirations and ambitions horizons.

Cumulative accumulation and creative destruction

According to Schumpeter, business cycles are the main consequences of innovation and each innovative activity undergoes changes following an economic crisis. In the recovery phase of an economic cycle, companies conduct innovation activities cumulatively, riding the wave of new technological currents. To discourage the entry of potential new entrants, innovation becomes a constant. We can therefore define this process as ”cumulative accumulation”.

On the other hand, when the economic cycle is reversed, as in the case of the Global Crisis, companies not dominating the market converge their efforts in an attempt to generate innovation. This process, which we define as ”creative destruction”, places these companies in a position to compete with established incumbents to appropriate the new technologies to define aspiration levels aimed at dominating the sector in the years to come. We can introduce the concept of ”creative destruction”, as a regime in which the technological opportunities for innovation are low and there is high accumulation of potential resources. This regime leads to high competition, often driven by the creation of oligopolies, with the introduction of numerous barriers to entry to discourage entry. Companies, predominantly large companies, therefore result in very stable environments in which to operate and invest in incremental innovation programs. In contrast, a regime characterised by important technological opportunities and low accumulation is defined as a system of destruction. This regime, highly competitive, is characterized by the absence of barriers and therefore characterized by a greater ease of entry and exit from the sector and great attention is put into peers evaluation to define future aspirations. Any innovation requires upstream learning processes that can be cumulative, depending on the path taken, or local ones (Pavitt). Major changes, defined as discontinuity elements, can arise from the advent of an economic/financial crisis, the emergence of new industries or the birth of cutting-edge tools, clearly determining the emergence or demand for new types of knowledge. The elements of discontinuity can derive from the company routines themselves, which, associated with different organizational capacities, can hinder the company complex, leading it to such inertia that it cannot keep up with the competition. Creative destruction therefore constitutes a regime which, following the global recession of 2008, is characterized by a series of companies surviving the crisis as great innovators.

One of the major problems encountered by decision makers undertaking innovative growth processes results in financial feedback above aspiration levels and innovative performance below these, affecting one of the main aspects of the implemented business. It is clear that positive financial performance feedback in relation to the aspirations that motivate it is relevant to the increase in confidence that it gives to decision makers, responding positively to investor expectations and allowing the company to accumulate more resources to invest in innovation for profitable returns in the future [23].

The result is a progressive intensification of the activities conducted in order to bring the levels of innovation back to an optimal configuration by filling the created deficit.

1.3 Responses to Aspiration levels

Performance feedback interpretation is characterized by the comparison between the performance companies deliver over time and multiple aspiration levels distinguishing it. Feedback related to historical or social business aspirations, mainly based on peer companies attitude, is not always clearly outlined. These, however, contribute significantly to the company's profitability, either positively, negatively or unexpectedly. Behavioral Theories repeatedly cited describe indeed that a strategic decision process is outlined with the influence of performance and results of activities formalized and introduced with new aspirations rise. The greater difficulty decision makers face is to interpret this feedback in order to respond to external changes, which involve restructuring, modernization or internal technical and structural changes. Cyert and March predicted the strategic activities that companies have actually implemented in order to respond to the emergence of aspirations, include changes, external transactions, new product launches, entry into new markets and different positioning.

Based on social aspirations, whether based on peers or on historical aspirations, looking at performance metrics from past years, the evaluation of results affects managers' interpretation of performance feedback differently [18]. Once the Global Financial Crisis ended, behavioral efficiency has been achieved by companies able to distinguish ambiguity from uncertainty. If the latter materializes in the absence of available information, ambiguity refers to the ambiguity of performance feedback, which can therefore be subject to multiple individual and collective interpretation.

Once consolidated the concept that the differences between the aspirations generated by the company and its managers and the performance that follows lead the company to a greater effort towards the set objectives (Lant, Milliken, and Batra, 1992), we have observed how the comparison between historical and social aspirations determine performance evaluation. Social aspiration presupposes a deep knowledge of distinctive activities, knowledge and skills of competitors, while historical aspiration presupposes that future goals are set on the basis of forecasts including the performance of past results. Despite the distinction, combinations between the two levels are those that together with the availability of information, according to the research, guide the evaluation of the results. To face problems born after the crisis, organizations adopt sequences of operational and financial decisions that constitute a precise strategy, which outlines cognitive models based on the experience just lived, not underestimating one or the other dimension of comparison, historical or social, not being able to omit any model of analysis to get up from a such complicated situation.

A historical feedback providing efficient and realistic evaluations and a wrong social evaluation or vice versa means that correlation and feedback will be ambiguous, while historical social performance evaluations providing evaluations of the same type give rise to a positive correlation (Joseph, Gaba). Negative feedback, on the other hand, occurs when company supports one type of assessment of its aspirations translated into performance consistency with this, as the other provides incorrect assessments. If performances are not consistent over the years following the crisis, an aspect widely verified in different types of business, by evaluating features such as market share in different quarters, is that feedback provided during crisis or in the first few following years appears as ambiguous, without foundation or unreliable for any forecasts based on few tools available. Here the simplification of decision-making process led managers to interpret financial responses in a simplistic way, hiding the need for change on the one hand, and on the other the frequent tendency to report in a positive perspective only data favorable to the acquisition of consensus, trying to demonstrate consistent or efficient driving during a global shock.

As previously pointed out, to the above negative factors is added the risk of fueling internal debates about the consequent strategic formulation that slow down and make the decision-making process more difficult. These aspects resulted in poor outcome decisions in the post-crisis recovery in a reduction or overall absence of investments and limited or non-introduction of new products on the market.

Differently, feedback inconsistency led many companies to overestimate their market positioning in more sporadic but still harmful cases. In this way, persistence in setting aspirations on the basis of peers led companies to consider themselves reactive on the market as their distance from competitors has remained unchanged, not considering competitors growth rates below possibilities, due to a global industry recession. This type of feedback is not subject to free interpretation like the previous one, because it led many companies to understand any gaps in one or the other evaluation. A decline in performance based on historical aspirations, if perpetuated during the post-crisis quarters analyzed, led many companies to an internal improvement process as they do not have the necessary liquid, human, financial or production resources for certain projects. These rationalizations have led many companies in specific sectors, such as mobile devices, automotive or information technology, to look out towards new horizons of production and process innovation. Only companies with financial and liquid availability and power or those born by investing in new technological horizons were those able to find a positive correlation between a social aspiration and a historical one. Not surprisingly, large multinationals that since 2009 exploited opportunities following the crisis at the slightest sign, focusing and maximizing internal efforts where necessary for change, investing in new markets where the business was not sufficiently expanded, anticipating the needs of the 21st century consumer with new products not yet imagined. Consistent feedback increased the responsiveness of such firms, strengthening and consolidating firm's ability to respond aspirations in a timely manner with performance, both by looking at the competition and at its own past during the crisis, not limiting itself to the positive performance it implies. lack of motivation for perpetual innovation. In some cases, consistent feedback prompted managers to make drastic decisions, born of a lack of overall performance, when associated with competitors and with their own past results.

1.3.1 Growth Aspirations, size and Performance goals

The Global Financial Crisis has been the cause of great economic and financial losses that companies had to face, and whose consequences have been evident in their financial statements and balance sheets even in coming years, influencing strategic and organizational choices. The crisis was also a source of great uncertainty for companies future, many of which had to change course and abandon the focus towards which they were directing their efforts. The lack of correlation between performance and structural dimensions, scale of investment and change made aspiration levels the main guideline to follow in making important decisions. Aspiration in fact represents the minor result that decision-maker considers satisfactory (Schneider), especially in the absence of leadership. It is also clear that the degree of uncertainty that characterizes competitive environments and markets from 2010 makes the need for a comparison, internal and external. The external comparison translates into the need to judge one's own performance on the basis of available information from similar companies, often considering size as the primary factor of advantageous comparison. Size drives the level of aspiration to re-establish positive growth rates, if this is not achieved the company undertakes a problematic research process. Social comparison rather than historical one is therefore a reason for dimensions considered more suitable in a context of significant economic contraction. Uncertainty is a key element in a market and demand contraction, whose void managers try to fill through the information obtained on the size of the evaluation that managers of other companies have to overcome the crisis.

As pointed out in literature about organizational inertia, strategic and organizational change requires an accurate analysis of changes made to the organizational core, in order to pursue strategic changes at the corporate level. These changes to the organizational core therefore include changes to internal authorities, functional strategies and the definition of objectives set by specific corporate authorities, which cause uncertainty in management and coordination by requiring changes at various levels [11]. Coordination problem occurs when referring to the intra-organizational policy, which undergoes alterations (Barnett and Freeman, 1997), which change terms and relationships with the external environment, as suppliers and customers. For this reason, companies mostly affected at the end of the financial crisis concentrated their efforts by committing themselves in contractual and relational terms that could preserve stakeholders and previous relationships, rather than committing time, resources and efforts in the search for new ones. The support from and to the external environment is inevitably conditioned also by the organizational size, although different theories have been developed in literature. Considering that organizational failure occurs when resources accumulated over years fail (Levinthal, 1991), large companies with large amounts of accumulated resources can use them in an attempt to avoid failure. But the use of resources for "protective" purposes is not functional in an attempt to counteract unsatisfactory or under-performing results, so much that greater inertia will push large companies to find poor performance after the change adopted but to avoid failure due to accumulated resources in significant quantities. Great dimension Enterprises have a reduced failure probability than smaller dimensions ones, except for the absence of an important competitive advantage in their industry, pursuing a resources accumulation that reduces default probability. Organisational size is also linked to relevant factors such as greater power and market share than smaller companies. This creates an additional shield against the probability of bankruptcy, as subsidiaries are interdependent and have a greater amount and variety of accumulated resources to cope with such large shocks.

In some industries organizational dimensions constitute a fundamental prerequisite to be competitive, so much that in specific industries dimension is linked to efficiency and dimensional objectives inevitably influence company strategies [24]. Dimensional increases are often mistakenly associated with efficiency gains, often resulting in damage to profitability or triggering retaliation from competitors. Dimensional growth in this sense represents the most immediate apparent way to increase performance and stay in line with aspirations, leading to serious losses. Size provides indeed an incentive for Top Management to achieve rewards, media awareness and associated with power, moving them to initiate external growth strategies, leaving aside integration processes. For this reason many processes of mergers and acquisitions tend to fail. Therefore, the search for performance target through dimensional increase to reach high aspirations levels is not always an effective choice. Expansion and dimensional growth often do not take place for urgent or explicitly targeted needs but constitute business decisions, aimed at discovering any opportunities that are not known to increase profits (Penrose, 2009). Therefore, it is not always a question of constraints or urgency of resources, but the predisposition of managers. In many cases we can talk about managerial objectives rather than performance objectives [25]. These are clearly key choices, especially if we consider a shock of this magnitude. In order to get out of an initial incubation period they have survived, companies necessarily establish the horizons to follow for a period of growth (Wright and Marlow, 2011). A defined and scaled down size because of crisis, including undergone changes due to divestment, plays an important role in defining a spirit of enterprise (Penrose 2009), which companies that strongly aspire to growth capture more quickly and constructively.

An important consideration is also provided by the organizational inertia, whose literature concerns as it reduces the reaction capacity to unexpected performances under the level of aspiration (Greve, 2003a, 2003b) to the search of processes of dimensional growth. Networks and groups allow companies to obtain a wider and more structured number of information, knowledge and details about new business opportunities, fueling the aspirations for business growth. Not forgetting a wider access to resources allowed, which in times of crisis, for example, are difficult to find or extremely expensive if on the market. Dimensional growth is very often achieved belonging to these groups of companies to overcome obstacles, constraints or limits to growth, such as obtaining licenses, institutional and regulatory aspects, access to various forms of financing and more qualified human resources, thus representing a replacement strategy in markets hit by shocks or with high levels of uncertainty and distrust (Estrin, Korosteleva and Mickiewicz, 2013). This leads to increases in aspiration levels.

1.3.2 Comparing Aspiration models

Corporate aspirations have been interpreted in very different ways in literature studies in terms of specific metrics describing their impact on respective companies performance. The greatest conceptual difference lies in the distinction of the method adopted, even before the individual measures. Each model has been conducted from different basic theoretical constructs, which process business information differently. While some studies focus on comparison and past performance (Deephouse and Wiseman, 2000), others start from social comparison using aspirations as an average of comparison with peers (Audia and Greve, 2006) and others make a separate comparison by attributing specific aspirational variables to performance in previous years (Greve, Iyer and Miller, 2008). Rather than evaluating the two aspects according to different points of reference and objectives, it often happens that companies combine the two constructs, evaluating their own historical results and those of other companies, in a single aspiration, combining self comparison with external one. Behavioural Theories of Organizations sustain that aspirations come generated on the base of specific dimensions and different variables, paying a greater degree of attention in case the economic and financial performances go down rather than generate multiple and parallel aspiration levels (Bromiley, 2004). Often indeed, multiple aspiration levels can create internal confusion in defining specific activities towards multiple objectives of ambition and in implementing them.

In assessing the influence of aspirations during crisis we need to observe behavioral patterns as a starting point, especially referring to the concept of selective attention to sequential goals. In the process of generating aspiration levels, top managers often change reference and attention, due to specific factors shifting the attention systematically rather than adding up each with a different hierarchical weight [26]. Selective attention to specific focuses presupposes that the company's aspirations do not develop on a single need accomplished or innovation horizon to be set. Aspiration arises where there is awareness that any effort made could lead to success, but performance then determines how those aspirations are pursued. We have seen how these aspirations are formed in an additive way (Audia and Greve, 2006), depending on previous aspirations and performance and how they are translated into results. Measurement, at a later stage, does not have objective and universal criteria, but in a performance balance can focus on certain metrics considered by managers as explanatory of the process of achieving the objectives set.

Different theoretical models are formalized and interpreted starting from an initial quantitative aspiration model theorized by Cyert and March (1963), in which the aspirations and past business performance of the peers influence a certain level of aspiration. According to the model:

A(i,t) = $\alpha 1$*P(i,t-1) + $\alpha 2$*A(i,t-1) + $\alpha 3$*C(t-1) [27]

where $\alpha i > 0$ for i = 1,2,3 and $\alpha 1 + \alpha 2 + \alpha 3 = 1$

A(i,t) is aspiration, P(i,t) is performance and C(t-1) is the peer comparison or social comparison for company i. Company's aspiration is achieved as a result of a weighted average of social and past comparisons. To generate future aspirations, according to the model, the three factors described are added together with a weighted average.

According to the qualitative models, however, aspirations set by managers are higher than the results the company is achieving: when results are constant over the years, aspirations exceed performance (Simon, 1997). Further theories also underline how companies with high performance, or in any case above aspirations, consider historical results and peers performance as a starting point, while companies disinterested in external and internal comparison are those with negative results (March and Shapira, 1987), distinguishing many post-crisis industries. Over the past decades, aspirations literature identified a distinction between levels, divided into opportunities for exploration, survival and loosening, where the latter then becomes organizational failure (Chen and Miller, 2007), theories combined with the tendency or not to take organizational risks.

Academic and research literature do not offer concrete ideas for performance feedback analysis in response to multiple aspiration levels with respect to multiple objectives. For this reason, it is necessary to consider performance objectives in relation to their respective priorities, whether they are of a corporate nature, whether they relate to divisions or whether they relate to individual business units. In decision-making, the dominant coalition is the Top Management Team, which operates at the highest level of the firm and makes decisions relating to the overall performance. In contexts characterized by external rigidity due to markets threats, decisions are made following a more centralized process of centralization, with high efforts on reactivity that company needs to demonstrate in order to increase results above the aspiration level. The following decision-making process implies that at the head of individual divisions, managers must address corporate aspirations rather than related ones, making adjustments to the objectives to be followed and performance feedback expected. Responsiveness to corporate feedback in an economic and financial downturn takes on greater importance than functional feedback responsiveness. It is this threat, whether in the financial markets or in terms of competition, that often turns into a response to large gaps in the relationship between performance and aspirations. In this case, unlike during the Global Crisis, new product launches, investments in innovation and the status quo tend to decrease. Balancing multiple goals is one of the most complicated challenges facing Top Management. Cyert and March streamline performance objectives into sales, profit, production, market share, and inventory targets. These are also the basis for decisions to establish external growth strategies in order to achieve the complementarity necessary to stay above aspiration levels, but with a greater ambiguity level. Or, addressing multiple performance objectives will be within the reach of companies when efforts are conducted sequentially (Greve, 2008). Ambiguity in this way is defined on the basis of the priorities given to one goal rather than one another.

1.3.3 The role of information

As noted in previous sections in relation to performance feedback research, performance levels found by companies are not sufficient to classify them as successful or not except by comparison with defined aspiration levels. Failure therefore leads managers to initiate problematic research processes by stimulating different types of organizational change, with the risk component attached. What varies is the way aspirations are defined in order to judge performance results. Often the importance is attributed through different weights to historical results and social comparison in relation to the type of results to which reference is made and the conditions that determine the availability of information (Washburn and Bromiley, 2012). Information content is more relevant when it directs important internal and/or external changes (Greve, 2003); in this case, social aspiration takes on greater importance than the historical one, due to the available resources that vary, outlining the past performance as not adaptable to current contexts.

The information content of the social comparison increases with corporate size growth (Short and Palmer, 2003), requiring an increasing cost as the value of this content increases in the corporate aspirations developed on the basis of comparison. The difficulty is represented by a necessity to delimit the group border of companies to involve in the comparison according to variables chosen for comparison [28] . Target selection inevitably affects results as the reasons to delimit boundaries are relevant to the aspiration level definition.

Often the aspiration levels defined in relation to a comparison with past performance are also dictated by information avoidance. Reluctance to obtain or seek relevant information from competitors or, more generally, outside organisational boundaries can lead managers to take individual paths. More context information rationally lead to more dynamic and complex choices, determining the preconditions for more competitive strategies.

Moreover, if on one side historical information is internal to organizations and therefore easy available, on the other enterprises concern for confidentiality about operations, activities and market performance make more difficult to find sure data. Self-assessment is the main driver in this regard, thus assessing companies' ability to choose and evaluate contexts, needs and requirements in this regard. What follows is that data companies collect are objective data, turning to other subjects for comparison with similar characteristics if the information is not easily obtainable (Greve, 2003). Comparison term choice follows the same cognitive principles adopted by individuals: although the effectiveness methods or possible alternatives are not tested, the choice falls on those companies considered as similar in different aspects, falling back in Festinger's theory of social comparison.

[29] Researches on capital structure, for example, emphasize how in front of financial shocks, companies change relevant items such as the capital structure, taking into account peers behaviour, despite difficulties in obtaining internal decisions. It is worth considering how many of the company's internal policies, such as type and amount of investments, R&D resources, or dividend policies do not take into account competitors' behaviour. Enterprises in fact can only eventually answer to initiatives and financial policies introduced by peers. Financial shocks involve many companies operating in the same business, as was the case during the 2008 crisis. And this, in addition to aspirations of this nature, also has an effect on the estimates conducted internally, with smaller volatility rates in groups considered, especially when sector is highly concentrated with estimates of reliability not equal to 100% if effects on peers are not considered. A small firm is inevitably affected by a shock affecting the industry leader, but not vice versa, as described in the organizational learning and reputation study models.

Chapter 2

Materials, Methods and Results

My Thesis is an empirical work of qualitative nature. Using three case studies, the aim of my research is to identify the aspiration level that companies define in order to forget more quickly and promptly the Global Financial Crisis affecting the entire World Economy since 2008. The aim of the work is to answer a research question further part of the Thesis title, according to two different hypotheses, implementing the basis provided by existing theories and filling the literary void not analytically conceived by literature related to the topic search:

Research question

Aspirations influence the way companies forget the 2008 Global Financial Crisis, but do companies forgetting faster, promptly and more efficiently the crisis operate dealing with historical or social aspirations?

In order to develop the analysis I take as a starting point the Behavioural Theories of Organizations and related literature involving different types of results evaluation.

The assessment is made by distinguishing two main aspiration levels: social aspirations and historical aspirations. As described in the previous chapter retrieving the existing related studies, if social aspiration is defined on the basis of a comparison with peers, historical aspiration level is set in relation to the performance and results evaluation of the company during previous years. By emphazising this distinction in relation to variables contributing to the aspiration levels definition, we observe which one has made it easier for companies to forget the impact of the financial crisis, allowing us also to determine which of the two methodologies allowed Top Management Teams to gain a greater trade off in terms of higher performance, in line with or above the defined level. All the assessments made inevitably depend on the industry in which the selected sample firms operate and compete with each other. This sample is made up of three companies operating within the consumer products industry, negatively impacted by the financial crisis, considering large global giants with economic, contractual and financial power of great relevance. The three companies constituting the research sample are the following:

- The Procter & Gamble Company
- Church & Dwight Co, Inc.
- Colgate - Palmolive Company

These firms represent three large multinationals operating in the same industry, with small differences related to a limited number of businesses in which they operate separately. The three U.S. companies are listed on the New York Stock Exchange.

Since this is a qualitative research, the aim of the analysis will not be pursued through the measurement of company performance using financial or income indexes. To answer the research question, tools used are the Annual Reports published by companies in the years before, during and after the outbreak of the crisis, supported by a moderate consideration of the reports provided annually to the Security Exchange Commission (SEC), as well as interviews conducted by third parties and any public statement provided by senior representatives of the sample corporations.

We then describe the methodology adopted, developed across two complementary workflows for three different historical periods, involving each of the companies belonging to the empirically observed sample. We provide moreover specific hypotheses, which are equally carried forward for each company in the sample, that allow a simplification of the study by delimiting research field, in order to get an accurate conclusion. These three periods refer to the historical years conceived as the most representative of the economic and organizational conditions of companies, respectively before, during and after the Global Financial Crisis. The years examined will therefore be the year 2006, before the outbreak of the crisis; the year 2009, during which the crisis reached its maximum impact on companies; the year 2012, after which the crisis had already come to an end.

As a first step we observe how many times, in 2006 Annual Reports published by companies, explicit reference is made to the shaping of social and/or historical aspirations. If the amount of information is not considered satisfactory, the content made available in the SEC Reports of the same year will also be analysed. To develop this work, we will thus consider the formulation and quotations considered as more indicative of the assessment method adopted, based on the literal and conceptual content of the information provided. Factors included in shaping the individual company aspiration level are peculiar to each one within the sample and described analytically, although generally similar as we consider companies competing and therefore operating in the same industry. On the basis of results obtained, and therefore on the basis of the number of times that explicit references, quotations or mentions of activities carried out with historical or social aspirations are reported, we define the predominant level of aspiration for each company in the sample. We distinguish this level in historical or social aspiration, outlining for each company in the sample which one is the level defined and distinctive before a Global Financial Crisis, observing whether it will be continuous during the years of the shock.

The analysis flow just described will also be applied for the other two years covered by the study, considering each one of the activities described and reported for the year 2006 as determining the level of company aspiration during following period. Since 2009, the wording stream will also be extended to the number of times firms explicitly mention the crisis that broke out in the previous year. This assumes crucial importance for the ongoing work, allowing us to observe the relationship by which companies mention the crisis in relation to the aspiration level distinguishing each of them. In this way we can verify the degree to which the aspiration level allows sample companies to talk about the crisis forgetting or not its effects during following years, observing what is the relationship between the own historical or peers' evaluation in relation to the crisis consideration. This workflow is simultaneously developed with a complementary stream for 2009 and 2012 years. The latter includes a careful reading of the Annual Reports in order to identify what are the main aspirations companies define during the crisis, observing their nature for each target defined. Aspirations considered are the corporate ambitions in terms of mission, vision, values and priorities pushing sample companies to operate according to specific organizational and financial standards. These, motivating results and risk aversion, lead to financial and operational performance objectives we report for main company businesses, distinguishing more accurately the relationship between social and historical aspirations during and after the course of the crisis. This last step allows us to respond with greater detail to the research question, aimed at understanding the aspiration level that enables companies to forget the shock. In this regard, we therefore verify whether the aspirations that are defined by each company are historical or social, whether they helped companies to reach satisfactory performance getting out of the crisis in relation to the number of times the crisis is mentioned. In this way, we provide an implementation conclusion to the study carried out using wording and mentioning, to verify that cues support the research evaluations.

My analysis implementation begins with a brief description of the history, competitive framework and main characteristics of each company selected in the sample.

The Procter & Gamble Company

Procter & Gamble Company, commonly known as P&G, is an American multinational consumer goods company founded in 1837 by William Procter and James Gamble. Headquartered in Cincinnati, Ohio, P&G is specialized in the production and sale of personal care, personal health and home care goods organized into six segments, effective from 2019: Health Care; Beauty; Grooming; Fabric & Home Care; Baby, Feminine & Family Care. The company has operations in about 80 countries, while trusted brands touch the lives of consumers in more than 180 nations.

Figure 2.1: The Procter & Gamble Company

The group, listed on the NYSE, has collected a number of strategic acquisitions over years that strengthened the international boundaries on which to expand. Gillette acquisition began in 2005 has enabled P&G to qualify as the largest consumer goods company in the world, surpassing Unilever. During 2012, the U.S. company began the process of selling the Kellogg's brand, eliminating the food, snack and beverage sectors from its product portfolio. During 2014, the company initiated a process of corporate rationalization and restructuring, selling more than 100 brands from the portfolio and focusing its efforts and attention on the 65 brands producing 95% of profits, for a company "simpler, less complex than leading brands, easier to manage and operate", as defined by former CEO and President A.G. Lafley.

Church & Dwight Co., Inc.

Church & Dwight Co., Inc., is a leading American consumer products company founded in 1846, merging the two companies created by John Dwight of Massachusetts and his brother-in-law, Austin Church of Connecticut. Today, the company is listed on the NYSE and has headquarters at Ewing Township, New Jersey, trading numerous brands of personal care, home cleaning, consumer hygiene, deodorants and laundry products.

Figure 2.2: Church & Dwight Co., Inc.

The consumer products business is organized in two segments: Consumer Domestic, in which household and personal health products are marketed; Consumer International consists mainly of personal care products. Approximately 44% of the Company's domestic consumer products are sold under the ARM & HAMMER brand and derivative brands, and Church & Dwight products account for more than 80% of annual sales under 12 brands. The remaining 11 brands have been added to the Company's portfolio since 2001 through various acquisitions, including Arrid, Brillo, Mentadent, Pepsodent, Close-Up, Trojan and Nair. A third segment of Church & Dwight's business is specialty products, special inorganic chemicals for industrial, medical, institutional and food applications. More than 90% of the company's turnover comes from sales in US.

Colgate-Palmolive Company

Colgate-Palmolive Company is an American multinational consumer products corporation founded in 1806, headquartered in Park Avenue Midtown Manhattan, New York City. In 1928 the company was purchased by Palmolive-Peet Company, whose founder, B.J. Johnson, created Palmolive soap in 1898, the world's best-selling soap. The current company name was adopted in 1953. The company today is specialized in the production, distribution and supply of personal care and home care products, as well as health care and veterinary products. Colgate-Palmolive operates in 80 markets, more than 200 countries worldwide, through its six divisions North America, Latin America, Europe, Asia Pacific, Africa/Eurasia and Hill's Pet Nutrition, in the Oral Care, Personal Care, Home Care and Pet Care product segments. The multinational markets its products under trusted brands, such as Colgate, Palmolive, Meridol, Hello, Sorriso, Speed Stick, Protex, Filorga, Ajax, Axion, Fabuloso, Soupline, as well as Hill's Science Diet and Hill's Prescription Diet.

Figure 2.3: Colgate-Palmolive Company

The external growth strategies adopted since the 1960s enabled the company to expand both its market share and product lines in US, Latin America, Europe and East Asia, including veterinary and pet nutrition products, and to become one of the leading manufacturers of detergents, wipes and sprays since the 1990s. The company has been the focus of animal rights criticism and boycotts, establishing a moratorium on animal testing for its adult personal care products in 1999.

2.1 Case Studies

2.1.1 The Procter & Gamble Company

2006 Corporate Aspirations

As reported in the first page of the Annual Report published by the multinational in 2006, the world giant P&G, already at the center of a sustained expansion process, shows significant levels of financial and organizational performance, in line with the levels of aspiration defined for the current year. "*We met or exceeded P&G's long-term sales growth goal for five consecutive years, and we are now focused on delivering a full decade of industry-leading top- and bottom-line growth. I am confident we can meet this challenge because of the strong foundation we built during the first half of this decade. Clear strategies, core strengths in competencies and a unique organizational structure create capability and opportunity. I reiterate them again this year because I remain confident these three factors will enable P&G to innovate better and faster, to operate even more productively, and to deliver consistent sales and earnings growth and cash productivity for the next five years*"(A.G. Lafley, Chairman of the Board, President and Chief Executive). In his statements, Lafley also reiterates how the performance characterising growth aspiration is the basis on which to implement a permanent innovation over time. It is no coincidence that the term "growth" is the most widely used in the preparation of official documents and statements reported by the company during the year and in previous ones, consolidated through a process of expansion into new markets that saw P&G going on with the acquisition of companies like Gillette.

The attention the company pays to rivals is an important consideration to be highlighted, being one of the three main components to be challenged in order to maintain performance in line with or above corporate aspirations. *We recognize that sustaining growth in the second half of the decade could be more difficult because the external environment is becoming more challenging in three areas: consumers, competitors and commodity & energy costs.* The competition P&G faces involves companies with significant brands and corporate capabilities, as well as low-cost retailers and manufacturers in developing countries.

In order to understand the aspiration levels characterizing the multinational Procter & Gamble before the financial crisis that will erupt less than two years later, we analyse the mentions made in the Annual Report about social and historical aspirations. We define company's aspirations as being the first or second market share in each industry in which P&G operates, by improving the growth of leading brands in their core business in order to win retail customers, leveraging internal strengths to lead the development of new technologies. These aspirations are in addition to a strong corporate ambition to also serve low-income consumers in developing countries, strongly related to the goal of global expansion. Feedback of superior performance or in line with defined aspirations is achieved by leveraging specific aspects: shopper and consumer understanding, innovation and go-to-market capability. The mention of these aspects, as analysed through the study of the company's official public statements, has been identified taking into account the declarations in which the company explicitly reaffirms the attention paid to peers in the choice of action plans or the attention paid to its past performance, intended as a starting point on which to develop the formulation of the company's defined aspirations:

- Major supply quality: price policies, purchase incentives, promotional offering, product innovation
- Better trade terms contracted
- Superior financial feedback: market share, invested resources, cash expenditures and availability
- Operating results achieved
- Increasing single businesses' growth rates
- Number of acquisitions made
- Exploitation of technological innovation: focus on patents and trademarks to market faster than competition.

Hypothesis 1A: *In relation to the activities described above, explicit references to rivals, competitors or peers as terms of comparison are considered as an integral part of social aspirations definition*

Hypothesis 1B: *In relation to the activities described above, explicit references to past performance as terms of comparison with performance results achieved in 2006 are given are considered as an integral component of historical aspirations definition*

Hypothesis 1A is confirmed on the basis of the analysis results.

Therefore, any explicit literal reference to each of the activities listed above from the point of view of social or historical comparison is included in the calculation of the wording and mentions in the table below. In this regard, we note that within the 2006 corporate Annual Report, a higher number of mentions relating to a social comparison rather than to a historical one were made.

Wording & mentions	Historical	Social
2006	41	49

Figure 2.4: P&G wording Aspiration before Crisis

Despite a small difference, we can argue that Procter & Gamble was entering a Global Crisis with aspirations of greater social depth, devoting a little more attention to peers comparison than sustained and consistent historical evaluation.

Aspirations during the Global Financial Crisis

We faced even greater challenges in fiscal 2009 as we encountered one of the most difficult economic environments in decades. In September, following the Lehman Brothers bankruptcy, credit markets stopped functioning normally. This impacted suppliers, retailers and distributors, some of whom went out of business. Nearly 30 million people lost their jobs worldwide and consumer behavior changed dramatically. Global anxiety and risk aversion drove a flight to the safety of U.S. dollars, resulting in the swiftest, broadest and deepest foreign exchange move in modern times. (A.G. Lafley, Chairman of P&G Board).

We start from A.G. Lafley statements in order to show the impact that the Global Financial Crisis displayed in the way of doing business. Despite its impact, the multinational giant P&G responded to the crisis efficiently, so that the analysis conducted on the crisis impact wording shows mentioning the shock only 9 times in its 2009 Annual Report. Mentions considered refer exclusively to explicit references to the crisis effects, therefore considering: reduced operating results in terms of earnings and net sales, slowdown in future growth purposes, adverse macroeconomic and credit conditions, debt financing difficulties, lower liquidity, unfavourable exchange rates.

Wording & mentions	Historical	Social	2008 Crisis
2006	41	49	
2009	38	47	9

Figure 2.5: P&G wording Aspirations in Crisis

With regard to the aspiration levels that moving the multinational managers to undertake the activities described in the bullet points of the previous subsection, these continue to be partially balanced, although showing a higher number of social references than the historical ones, as shown in Table 3.5.

The results achieved by P&G allow us to say that the response to the global shock has been satisfactory, so much so that some of the levels of aspirations defined during 2006 have been amply and explicitly satisfied, demonstrating results above the defined levels.

The challenges of increasing competitive advantage in leading brands and increasing the share of retail audiences in major markets have been met by the American company despite adverse economic conditions.

"We've done that", as reported in the 2009 Public Reports.

In order to demonstrate the predominant level of aspiration in the strategic choices made to stem and face the crisis, at the height of its impact, I have produced a table that takes into account all the aspirations defined by P&G's Top Management Team. Each of the corporate aspirations is therefore classified as social or historical, in relation to the considerations that are made and the activities implemented for each aspect involved in the defined aspiration.

Aspirations	How to deal	Strategic actions	Business area	Aspiration level
Leading brands and core categories global growth and leadership. *How to win* strategies	Rationally drive main corporate strengths in brand building, deep consumers' understanding, constant innovation and *go to market* capability	▪ WPI: Weighted Purchase Intent testing the combination of product, concept and price in a competitive context ▪ Equity Scan: measures brands' differences and identifies key equity and value attributes ▪ Package testing: measurement of stopping, holding and closing power of package, delivering message to the shopper	▪ Global Household Care ▪ Consumer Health Care ▪ Beauty & Grooming	Social
Touching and improving lives, building business with underserved and unserved consumers	▪ Increasing presence in developing markets ▪ Extending distribution systems to reach more consumers through retail channels ▪ Expaning brand and product portfolios	▪ High frequency stores growing more than trade rates ▪ Higher export operations to reach unserved markets ▪ E-commerce focus	▪ Beauty & Grooming ▪ Pharmacy and Perfumery products	Historical / Social
Structurally attractive businesses to win global competition	Lead change to win customers and consumers.	Simplify, scale and execute for higher competitive advantage	▪ Beauty ▪ Health Care categories ▪ Household categories	Social
Higher margin, faster growing, more asset-efficient businesses	Cash and costs management focus to protect financial foundation of business, preserving innovation spending two times on average than competitors.	▪ Prices increase to recover commodities costs and foreign exchange transactions ▪ R&D Investments ▪ Funding for manufacturing capacity	▪ Beauty sales ▪ Health Care sales ▪ Fabric & Home care sales	Historical / Social

Figure 2.6: P&G Aspirations during Crisis

According to the table below, which is the result of a careful study of the Reports published in the midst of the Global Financial Crisis, we can observe four specific corporate aspirations defined by P&G, which are focused on specific aspects allowing the multinational company to emerge from the recession in the best possible way. These are based on specific principles, summarised here:

- How-to-win strategies for global growth and leadership in each business

- Consumers' life improvement to meet new historical needs
- Higher competitive advantage to win competition
- Efficient cash and cost management to overcome crisis impact preserving innovation spending

Hypothesis 2A: *The analytical evaluation of the aspiration levels in the table created shows a greater propensity to define social aspiration levels that confirm data results of mentions and explicit references to social comparison*

Hypothesis 2B: *The analytical evaluation of aspiration levels in the table shows a greater propensity to define historical aspiration levels that do not confirm data results of mentions and explicit references to social comparison*

Hypothesis 2A is confirmed on the basis of the analysis results.

Aspirations highlighted show a greater, even if limited, tendency to define levels on the basis of competitors, peers and rivals, rather than on the basis of past performance. However, we want to underline a tendency of the Top Management Team to highlight how, even in the face of the crisis, P&G must still maintain its winning market position by increasing its competitive edge. Combining the result of the level of aspiration with the number of mentions and specific references, we see how the crisis and its effects on the company's operations are made explicit 9 times in the Annual Report, as we are going to compare it with that of the other companies in the sample and with the information following the end of the recession.

Aspiration levels to forget the Crisis

Even though the Great Recession is historically remembered as an event whose outcomes lasted until 2013, at the end of the 2012 financial year the Global Financial Crisis was almost over. While the impact on consumer goods produced by the US company Procter & Gamble was significant, the company is ahead of its targets. The ambitions established over the past few years have also driven the company to increase its marketing and communication spending in order to increase effectiveness through scale advantages. Innovation, marketing and advertising targets are the three main ambitions, despite the outbreak of the crisis, largely achieved in the years between 2009 and 2012, above aspiration levels.

Wording & mentions	Historical	Social	2008 Crisis
2006	41	49	
2009	38	47	9
2012	39	73	3

Figure 2.7: P&G wording Aspirations after Crisis

As described in the table above, the relationship between levels of social aspiration and historical aspiration remain rather unchanged over time, in favour of a greater focus on the aspirations and performance of peers. But the most relevant figure to take into account is the progressive reduction in the number of times the crisis is explicitly mentioned in the Annual Report. During the three years that elapse between those under analysis, we can observe how the number of mentions of the crisis has been significantly reduced, in parallel with the formation of social aspirations. The tables we have produced show the main levels of aspiration that accompanied P&G during the crisis. Based on the number of mentions that have been made about one or the other level of aspiration, we observe how in both methodologies, the literal cues refer to a prevalence of social aspirations, considering mainly:

- Innovation standards
- Global leadership setting
- Marketing, communication and focus on customers

In its 175-year history, P&G has weathered economic downturns and crises, wars and unprecedented change in virtually every aspect of our business. We have gone through some rough patches, but we have stayed focused on the fundamentals of our business, learned from our mistakes, and preserved the core of our Company while being willing to change everything else necessary to win with consumers and retail customers. Companies that deliver leadership levels of growth over long periods of time, through favorable and unfavorable economic conditions alike, are almost always companies with strong productivity cultures. (P&G Annual Report, 2012).

Aspirations	How to deal	Strategic actions	Business area	Aspiration level
Long-term targets	Developing market organic sales growth overall and cash flow productivity, preserving a specific focus on developing markets	▪ Sales growth, 1 or 2% above market rates ▪ EPS growth, high single to low double digits ▪ FCF as 90% of Net Earnings ▪ Improving growth rates in developed nations ▪ Cost reduction progress	All industries	Historical / Social
Setting new innovation standards for the future	Deliberate refocus on discontinuous innovation to increase overall performance. Existing products improvement or substitution and creating new products in relation to customer needs.	▪ Tide pods: innovative, three-chamber, pre-measured packet dissolving in cold water ▪ Improving productivity volumes ▪ Marketing campaigns	▪ Fabric & Home Care ▪ Global Household Care – Laundry segment	Social
Strategic growth focus	Providing meaningful insights on what customers want and need through a superior product categories communication and by pricing products to provide overall value	▪ Time-tested Business Model: long-term track record of success ▪ Brands with strong equities in the minds of consumers. ▪ Brands that retailers want in their stores. ▪ Brands that are platforms for innovation.	All industries	Historical / Social
Global leadership	▪ Focusing on largest and most profitable product categories ▪ Focusing resources to win competitors' innovation ▪ Maintaining a strong momentum in developing markets potential to grow ▪ Commited to Shareholder Value Creation (65 consecutive year higher than rivals)	▪ 40 product categories improvement ▪ 10 developing markets to enlarge distribution, retail and manufacturing before than competition ▪ BRIC markets to act as *first mover* (Brazil, Russia, India and China)	▪ Beauty & Grooming ▪ Baby Care & Femenine ▪ Home Care	Social

Figure 2.8: P&G Aspiration levels to forget Crisis

Hypothesis 3A: *If the defined social aspirations are matched to a significant reduction in the number of crisis mentions over years, social aspiration levels definition leads the company to promptly forget the financial crisis*

Hypothesis 3B: *If the defined social aspirations are matched to an increase in the number of crisis mentions over years, social aspiration levels definition leads the company to not forget the financial crisis and its impact*

Hypothesis 3A is confirmed on the basis of the analysis results.

The three individual mentions made about the crisis are in line with the one reported above, referring mainly to the importance of the activities carried out by the multinational to forget its effects, based on well-defined levels of aspiration.

In P&G case study, these levels of aspiration are mainly based on a careful evaluation of peers rather than on the company's historical metrics and parameters. And it is precisely social aspirations that allowed the company, as confirmed by empirical analyses and evaluations carried out between 2009 and 2012, to talk less and less about the Global Crisis, quickly forgetting its impact. The company has been progressively aligned on short-term metrics, such as sales volumes, market shares, profits and productivity, as well as long-term ambitions, referring to growth and global leadership, communication and innovation for the future. On the basis of these factors, results achieved through careful observance of competitors' activity on the basis of references, mentions and achievement of objectives, the company has been able to quickly forget the crisis, speaking less and less gradually about it.

Results are collected by drawing conclusions from the analyses carried out. The social aspirations that make it easier and quicker to forget the crisis are defined by investigating the type of aspirations defined by the company, shown in Table 2.8 and the number of mentions of these in proportion to a clear reduction in the mentions made of the crisis, as shown in Table 2.7.

2.1.2 Church & Dwight Co., Inc.

Corporate Aspirations in 2006

2006 represents a year of great success in terms of corporate growth for Church & Dwight, achieved both through organic operations and external growth strategies. Upstream of the consolidated growth process there is a great availability of *"strong cash flow to prudently acquire leading brands to maximize synergies with our existing businesses". We took several key steps during the year which are expected to position the Company for continued strong business growth in 2007, including the creation of a new product development group, the acquisition of the OGI business, and a higher rate of marketing spending".* (TMT, Annual Report, 2006).

The aspiration levels affecting the activities carried out by the American company recall a process of great organizational transformation undertaken in recent years, which has seen the Top Management oriented towards a portfolio restructuring process with great international ambitions. The result of these growth aspirations is the number of acquisitions allowing Church & Dwight to triple the company's size by building new, highly competitive brands and strengthening the market position of niche brands to drive long-term profitable growth. To be met, these aspirations require greater consumer involvement, which is achieved through new marketing campaigns, product innovation activities in the technological and non-technological fields, as well as intense communication activities riding the wave of mass media and digital transformation. This has resulted in the creation of a dedicated team, separate within the corporate, using internal and external resources to design and market products, setting performance targets in this regard for the following year.

We therefore observe the mentions made in the Annual Report and the SEC Report regarding the social and historical aspirations of the company, to understand the levels of aspiration with which the company is facing the crisis of 2008. The multiple aspirations that Church & Dwight Co., Inc. defined during 2006 are primarily social or historical aspirations, in order to build brands having the **first or second share positions**in their categories, leading an **organic growth** achieved through investments in leading brands and niche ones, openly developed **marketing campaigns**, product and process **innovation** and **improved communication** with consumers. All with a view to **international expansion**. Feedback of superior performance are explicitly required by the Corporate Board defining, in line or above specific aspiration levels:

- Higher number of new acquisitions made
- Improved results from operating activities, efficient investments and CapEx

- Household & Personal Care transformation
- Scale benefits in manufacturing, marketing, merchandising
- Competitive pricing strategies formulation
- Cumulative innovation: new products renewal and marketing team creation
- New product launches
- Entering emerging markets by globalizing supply chain to lower costs

Hypothesis 1C: *In relation to the activities described above, explicit references to rivals, competitors or peers as terms of comparison are considered as an integral part of social aspirations definition*

Hypothesis 1D: *In relation to the activities described above, explicit references to past performance as terms of comparison with performance results achieved in 2006 are given are considered as an integral component of historical aspirations definition*

Hypothesis 1C is confirmed on the basis of the analysis results.

We therefore take into consideration the explicit written references that the company makes in the Annual Report and in the SEC report at the end of 2006, regarding aspirations and comparisons of a historical or social nature. These two levels of aspirations are observed in relation to the specific parameters that the company mentions as terms of comparison, referring to pricing and demand management policies, sales and operating results, financial results and market share, intellectual property rights, technology leverage and innovation progress, product lines and business expansion.

Wording & mentions	Historical	Social
2006	26	41

Figure 2.9: C&D pre-crisis Aspirations wording

The table shows a great tendency for Church & Dwight to define their aspiration levels with more attention to the behavior of peers, rivals and competitors, rather than making an evaluation of their own historian. With this propensity to define aspirations, the company enters the 2008 Global Financial Crisis.

Global Financial Crisis Aspirations

Driving stronger organic growth of our existing businesses while continuing to acquire and integrate new businesses would have been a challenging accomplishment and we have succeeded in the face of an extremely difficult business environment. Over the past 3 years, *we have faced unprecedented volatility in material and transportation costs, increased pressure from retailers to reduce our product offerings, and the worst economic recession since the Great Depression. Fortunately, the company has been able to not only overcome these challenges, but to deliver strong growth.* (James R. Craigie, Chairman and CEO, 2009).

Aspirations	How to deal	Strategic actions	Business area	Aspiration level
Create higher shareholder value	Improving Top Management Team status quo through an efficient and optimized combination between stock price appreciation and dividends	▪ Well balanced portfolio of leading household and personal care brands ▪ Record sales, profits and cash flow	▪ Household ▪ Personal Care	Historical / Social
Stronger organic growth of strategic businesses	Consolidating the product portfolio premium brands (60%) by increasing manufacturing efficiency operations and creating synergies by acquisitions	▪ Efficient Integration with target companies ▪ Bolstering portfolio in core categories and geographies ▪ Investments	All industries	Historical / Social
Stronger relationships with key retailers and consumers	Supporting a "win-win" relationship with retailers and improving the effectiveness and efficiency of communications to drive increased trial and loyalty to brands	▪ Increase of Marketing and Communication spending ▪ Sales Force making significant investments in such areas as category management and trade spending efficiency ▪ Improving brand positioning	▪ Household ▪ Personal Care	Social
New product development to meet the ever-changing needs of customers	Creating a separated team with focus on this feature leading a cross-functional effort within the company. Signing partnerships and launching new products	▪ New identification, design and commercialization of products ▪ R&D spending increase ▪ Launching new products in different categories: Trojan, Nair and First Response ▪ New plants	▪ Femenine Beauty ▪ Personal Care ▪ Chemistry	Social

Figure 2.10: C&D Aspirations in Crisis

In the midst of the crisis, Church & Dwight has responded with great success in terms of financial performance, showing important results in each of the segments in which it operates. The trend regarding aspiration levels upstream of these results is constant compared to what was verified three years earlier, in terms of explicit references to the global shock and its impact on the process and the characteristics that contributed to the formation of these levels. These are demonstrated, on the basis of careful compliance with the Annual Report published in Table 3.11. Although with a small tendency to motivate the strategic choices made by aspirations to achieve operating results are based on observance of historical performance, the greatest attention is paid to the social sphere. As the table shows, these mostly influence the choices dictated by the specific ambition to keep pace with competition in meeting the daily needs of consumers. For this choice, a greater orientation towards larger companies with greater market share translates into operational choices aimed at communication, retail and product innovation.

Wording & mentions	Historical	Social	2008 Crisis
2006	26	41	
2009	31	48	19

Figure 2.11: C&D Crisis Aspirations wording

Hypothesis 2C: *The analytical evaluation of the aspiration levels in the table created shows a greater propensity to define social aspiration levels that confirm data results of mentions and explicit references to social comparison*

Hypothesis 2D: *The analytical evaluation of aspiration levels in the table shows a greater propensity to define historical aspiration levels that do not confirm data results of mentions and explicit references to a social comparison*

Hypothesis 2C is confirmed on the basis of the analysis results.

The results of the analysis, in parallel with the types of aspiration defined and the methodologies adopted to achieve them, we note that the financial crisis is mentioned 19 times in the company's Annual Report (table 3.12), with explicit reference to the operational and financial difficulties towards which the American company has led. This has been addressed satisfactorily and beyond expectations, most of which are defined on a social rather than historical perspective.

Focus on superior competitors to forget the crisis

The importance attributed to the *status quo* since 2009, which gradually grew as a result of a Top Management defined as ”expert”, constitutes a regular feature in the statements made in 2012. In strong growth, although facing a catastrophic event, Church & Dwight represents an example of a company in which the results achieved are always superior or in line with the aspirations that guide corporate operations over the years analyzed.

Not by chance, although *”some people get tired of reporting the same thing over and over again, I never do when it comes to sharing the annual business results for our company*, states James R. Craigie, Chairman and Executive Officer of the corporation. *”For the ninth consecutive year in my tenure, it is my pleasure to report the completion of another very successful year in which we achieved record sales and profits”* (Church & Dwight Annual Report, 2012).

The table below shows the levels of aspiration that have enabled the company to overcome the crisis, what are the activities downstream of these aspirations and the importance attributed to social comparison with major competitors, which plays a key role in forgetting its effects.

Aspirations	How to deal	Strategic actions	Business area	Aspiration level
Deliver a growing Total Shareholder Return	Never be satisfied with the current status quo, delivering. growing EPS over competition and increasing brand knowledge	▪ Focus on stock price appreciation ▪ Dividends ▪ Focus on competitors	All industries	Social
Recession resistant product portfolio	Managing a well-balanced portfolio of premium and value brands and improving customer awareness with value brands thriving cost-conscious consumers, exceeding their expectations also in demand recession	▪ New appealing products ▪ Increasing marketing spending than rivals ▪ Product innovation in a changing environment, delivering increased sales through higher market share	▪ Personal Care ▪ Household ▪ Femenine Beauty	Social / Historical
Build great power brands	Defending brands by higher challenging competitors, expanding horizons with external growth strategies as acquisitions	▪ Driving revenue growth ▪ Focus on retail and mass markets ▪ Gross margin expansion	Power brands of all industries	Social
Superior and expert overhead management	Not rotating Top Management with high turnover but leading experience and encouraging longevity	▪ Lower overhead costs as percentage of revenue ▪ Highest revenue per employee than competition ▪ 23 years of average experience in the company	Corporate	Social / Historical
International path	Pursuing high number of acquisitions, making capital investments outside and moving supply chain all over the continent	▪ Tracking records of acquisitions integration ▪ Free cash flow conversion leading consumer packaged industry	All industries	Social

Figure 2.12: C&D Aspirations to forget crisis

Alongside a level of aspiration of a predominant social nature, in public statements and interviews released by the corporation, there is a great propensity to underline the importance of an expert company management.

In this regard, we note how strong the emphasis the company places on the need for expert leadership in such a complicated period. We therefore associate this propensity with a careful assessment of competitors and companies of similar size, which have therefore "guided" the corporate guidelines undertaken by Church & Dwight in numerous circumstances. Our theories on the level generated so as not to forget the crisis are also confirmed by the analysis of the mentions that are made. While the relationship between historical and social references remains unchanged, if not tending even more towards an evaluation

Wording & mentions	Historical	Social	2008 Crisis
2006	26	41	
2009	31	48	19
2012	33	51	7

Figure 2.13: Post-crisis Ch&Dw Aspirations wording

of peers, the number of times that the crisis is mentioned in parallel to this is more than halved. This, if on the one hand confirms the evaluation of aspirations belonging to the social category carried out in table 3.12, on the other hand it also pushes us to say that the company has reduced the tendency to talk about the crisis to an increasing level of aspirations oriented towards peers and the like.

Hypothesis 3C: *If the defined social aspirations are matched to a significant reduction in the number of crisis mentions over years, social aspiration levels definition leads the company to promptly forget the financial crisis*

Hypothesis 3D: *If the defined social aspirations are matched to an increase in the number of crisis mentions over years, social aspiration levels definition leads the company to not forget the financial crisis and its impact*

Hypothesis 3C is confirmed on the basis of the analysis results.

Cross analyses we carried out show consistent results for the company over the three years considered. While the wording analysis carried out for the year 2006 highlighted a greater prevalence of activities undertaken on the basis of social rather than historical comparison, this attitude was then confirmed for the year 2009. We also note that, in parallel with aspirations defined by the company's Top Management, which analytically report a greater tendency to compare with peers, mentions and references to the crisis are going to significantly decrease between 2009 and 2012. Studying Church & Dwight's Annual Report over this last year, we can observe how the attention paid to the recession is lower and the company speaks less about the shock, shaping its future aspirations by looking at the behaviour of its major competitors, setting the basis for international growth.

Our theories are therefore supported in Table 3.13, which was produced to test the considerations. Church & Dwight Co., Inc was therefore able to forget the 2008 Global Financial Crisis of 2008 based on levels of social rather than historical aspirations.

2.1.3 Colgate-Palmolive Company

2006 Aspirations levels

In 2006 the company Colgate-Palmolive celebrates 200 years of the brand's activity, dating back to 1806 the year of its foundation. *"Creating smiles for 200 years"* is the beginning of the Annual Report published by the company at the end of the year, highlighting how operating results have grown at record rates, especially data on diluted earning per share and operating cash flow, consolidating a restructuring process started two years earlier.

We report partially an interview by Ian Cook, Chairman and CEO of the company in the current year, as a starting point to outline the corporate aspirations.

Q: *Colgate market shares continue to increase around the world. What is driving this increase and do you expect the positive momentum to continue in future?*

A: *These increases are driven by our tight focus on the consumer, increasing our marketing spending, using new types of communication vehicles and conducting consumption-building activities in emerging markets around the world. At the core of our success is a steady stream of innovative new products, our tight focus on our core categories and global equities, on innovation and understanding the way we relate to customers keep us on an upward trend.* (Ian Cook, Annual Report 2006).

Aspirations motivating Colgate-Palmolive's operating work during 2006, and that will drive efficiency in the years to come, are summarized in a major growth aspiration of **being the leader and first-mover** corporation in each business, with specific focuses on **connecting with consumers** everywhere, building **professionals loyalty** and providing **excellent customer service retail**, **continuous innovation**, **process operational efficiency** and great **attention to corporate community**.

Underlying performance results above aspirations, the company's Top Management emphasizes the importance of innovation strategies that accompany product offerings and policies, as well as process efficiency. The ambition, as in the industry, to gain an important market share in emerging markets, has prompted Colgate-Palmolive to invest resources in creating business partnerships around the world. To meet its aspirations, a major initiative has been the creation of a new Global Big Hits process that identifies a combination of criteria to determine the greatest possible strategic value to the activities implemented to meet aspiration levels. This includes sizing opportunities, the potential for new consumers, the potential for global expansion and the resources available.

In order to measure the four main levels of aspiration defined by the company, at the basis of a growth aspiration, we identify the explicit references that are described in the Annual Report related to social comparison, rather than historical one. Aspirations based on the type of comparison are mentioned by the company in relation to specific standards:

- Loyal partnerships, agreements and selling terms
- Market share, margins and company's trends in the market
- Product lines extension and manufacturing
- Number of acquisitions made
- Advertising & marketing campaigns, new product launches
- Financial and operating results achieved
- Intellectual property rights
- Leading premium prices and demand policies

Taking into consideration the mentions made in the interviews and the descriptions in the Annual Report of the year under analysis, we observe how there are 18 explicit references to the definition of company aspirations based on a historical comparison, compared to 13 explicit references to the definition of aspirations based on a social comparison. This comparison is determined on the basis of some characteristics listed above.

Wording & mentions	Historical	Social
2006	23	13

Figure 2.14: CP pre-crisis Aspiration wording

Hypothesis 1E: *In relation to the activities described above, explicit references to rivals, competitors or peers as terms of comparison are considered as an integral part of social aspirations definition*

Hypothesis 1F: *In relation to the activities described above, explicit references to past performance as terms of comparison with performance results achieved in 2006 are given are considered as an integral component of historical aspirations definition*

Hypothesis 1F is confirmed on the basis of the analysis results.

Colgate-Palmolive presents, according to our analysis, aspiration levels defined on the basis of a greater historical comparison rather than on the basis of peers evaluation.

Aspiration levels in Crisis

As we observed in the years prior to the financial crisis, the trend in defining aspiration levels at Colgate - Palmolive remains anchored to a greater propensity towards the past. This is what emerges from the analysis of the wording and mentions that has been carried out for this year, to which corresponds a number of mentions and explicit references to the crisis 12 times. Compared also to the competitor companies studied previously, we observe how the crisis is underlined by Top Management in a fairly homogeneous way, even if with different means and ambitions with which to face it.

Wording & mentions	Historical	Social	2008 Crisis
2006	23	13	
2009	14	8	12

Figure 2.15: CP Crisis Aspiration wording

These assumptions are also implemented with a dynamic and conceptual analysis of the statements made and the operational choices implemented (Table 3.16). In the same Annual Report published at the end of 2009, it is possible to verify the details of what is reported in the following analysis tables:

As we continue to face tough external challenges, we remain confident that we have the right strategy to build on our past successes, remaining focused on understanding consumers and our retail customers, driving innovation in new products and business processes, increasing effectiveness and efficiency everywhere and strengthening our leadership worldwide (Ian Cook, Chairman, President and CEO of Colgate-Palmolive). Although corporate aspirations underlying Colgate-Palmolive's activities are in line with those of other peer companies, what varies is the basis on which and thanks to which strategic decisions are taken. It is no coincidence that we find a strong awareness of the financial strength that the company has managed to build over the years within the various industries in which it competes. Each success and each ability to withstand the economic and demand shock suffered is attributed to internal merits that are based on an excellent predisposition to implement past strategic plans rather than develop new ones. The same future innovation horizons in Colgate-Palmolive are outlined on a different basis from the other two companies in the sample. Also on the basis of the comparison, in fact, I was able to grasp the differences that distinguish the companies, which are even more evident in the business approach when the level of aspiration that moves the choices is different.

Colgate is well positioned for the future thanks to the market-leading positions we have built in many of our major categories around the world and a proven business strategy over the past few years that has helped us succeed in a strong and weak economic environment, thanks to a dedicated global team of Colgate people working together to achieve our business goals. (Ian Cook).

Aspirations	How to deal	Strategic actions	Business area	Aspiration level
Driving global growth succeeding in each market	Leading efficiency and effectiveness in each corporate activity and action	▪ Powerful Go-To-Market strategies employment ▪ Strengthen relationships and integrating marketing campaigns ▪ Premium price products	▪ Oral Care ▪ Personal Care ▪ Home Care ▪ Pet Nutrition	Historical / Social
Innovating everywhere	Focusing on R&D function development, by conducting early research, exploring external opportunities and developing new products through innovative technologies	▪ New product design through collaboration with specialized entities ▪ Deliver value-added products at every price point across categories globally ▪ R&D higher investments	▪ Oral Care ▪ Home Care	Historical / Social
Strengthening leadership Worldwide	"Bright Smiles, bright futures". Operating towards Caring, Continuous Improvement and Global Teamwork	▪ Training and Education programs ▪ Focus on preventing disease campaigns, working with public officials, academia, local schools and clinics ▪ Sponsorships	▪ Oral Care ▪ Personal Care ▪ Home Care	Historical
High performance with the profession, customers and consumers	Creating integrated marketing campaigns to combine brand messages to partners with new ways of reaching them	▪ Colgate Business Planning: trade promotion spending determineing spending by measuring actual performance against goals and plans for each brand ▪ Leveraging social media ▪ Improving communication about benefits of corporate products increasing outreach to academics and key opinion leaders	▪ Oral Care ▪ Personal Care ▪ Home Care ▪ Pet Nutrition	Historical

Figure 2.16: CP Aspiration in Crisis

Hypothesis 2E: *The analytical evaluation of the aspiration levels in the table created shows a greater propensity to define social aspiration levels that do not confirm data results of mentions and explicit references to a comparison with own past performance*

Hypothesis 2F: *The analytical evaluation of aspiration levels in the table shows a greater propensity to define historical aspiration levels that confirm data results of mentions and explicit references to a comparison with own past performance*

Hypothesis 2F is confirmed on the basis of the analysis results.

Few in fact are the terms of comparison and positioning of the American company with its rivals in both the Annual Report and SEC Reports, on the basis of which we work only in terms of R&D investments to be in line with the launch of new products on an annual basis, as well as communication and marketing campaigns aimed at penetrating new markets. Choices of a different nature at corporate level, such as the establishment of premium price products, sponsorship, financial performance targets, are determined and set on the basis of a strongly historical aspiration.

Historical evaluation trend to forget the crisis

The four pillars that enable Colgate-Palmolive to emerge from the economic recession that has just ended are brand engagement, innovation, efficiency and leading capacity. These also constitute four starting points in defining the levels of aspiration that have accompanied the corporate growth path since 2009.

The targets of this greatest concern are the profession, consumers and customers, whose characteristics are linked to exceeding aspiration levels. The analysis carried out on the wording shows us how the trend of historical evaluation started already in the years before the crisis is constant, in terms of references to historical aspirations and mentions of activities undertaken on the basis of social aspirations. A distinctive factor that we note in the following research work is the number of times that explicit references are not towards corporate ambitions, but towards the crisis itself. Differently from the first two cases analysed in the sample, whose references to the crisis tended to be considerably reduced to the constancy of social aspirations, in this case the reduction is minimal compared to a different level of aspiration.

Wording & mentions	Historical	Social	2008 Crisis
2006	23	13	
2009	14	8	12
2012	34	31	11

Figure 2.17: CP post-Crisis Aspiration wording

This aspect leads us to think at first that a careful evaluation of one's past as a basis on which to make decisions for the future fate of the company, first of all the restructuring process that Colgate-Palmolive announced in October 2012, are inevitably related to a difficult past, especially if we consider the years just gone by. This leads us to say that, in the evaluation of its historical results, an extremely relevant component is the impact with which the crisis has influenced the strategic and financial decisions of the multinational company. It is no coincidence that the company has not stopped talking about the crisis, quite the opposite. The crisis is often mentioned as a term of comparison in the choices to be made, with greater attention if these are made on the basis of past performance as a priority.

The fact that the crisis is mentioned in a very similar way to previous years is an objective consideration, as it is so presented in the official Reports published at the end of 2012.

However, we have examined each level of aspiration defined at corporate level to verify the correlation. Correlation that exists. In fact, as shown in Table 3.18, the corporate aspirations of Colgate-Palmolive include the strategic choices shown in the chart based on mainly historical rather than social aspirations.

Aspirations	How to deal	Strategic actions	Business area	Aspiration level
Leading to win	Great commitment to sustainability pursuing global values of Care, Continuous Improvement and teamwork with personal leadership	▪ Providing clean water to rural communities ▪ Educational information by teaching children to oral care ▪ Focus on developing nations	▪ Oral Care ▪ Personal Care	Historical / Social
Innovation for growth	Insight-driven innovation in products and processes to meet new audience needs. Innovation embedded in corporate culture	▪ Consumer innovation centers in strategic locations ▪ Design for superior oral health ▪ Bringing nutritional expertise in natural pet food	▪ Oral Care ▪ Pet Nutrition	Historical
Build power brands through internal efficiency and effectiveness	Generate funds to invest in businesses growth, driving higher profitability with new cost savings identification	▪ Cost savings by integrating manufacturing ▪ Profitable growth with new formulas for products ▪ Fabric conditioners reduction to face crisis	▪ Personal Care ▪ Home Care	Historical
Driving leadership with customers, profession and consumers	Marketing campaigns and improved communication to drive partners engagement towards brand loyalty, sharing expertise and providing superior services	▪ Products based on local insights ▪ Recommendations for dental care at record highs professionals ▪ Eye-catching store displays driving market share growth	▪ Oral Care ▪ Personal Care ▪ Home Care ▪ Pet Nutrition	Historical / Social
Technology powering	Customized communication for different audiences and endorsement of brands	▪ Digital communication for the after-crisis horizons ▪ Social media ▪ Customized packaging and intelligent technology products for specific health necessities	▪ Oral Care ▪ Home Care ▪ Pet Nutrition	Historical / Social

Figure 2.18: CP Aspirations to forget crisis

Hypothesis 3E: *If the defined historical aspirations are matched to a significant reduction in the number of crisis mentions over years, historical aspiration levels definition as past performance comparison leads the company to promptly forget the financial crisis*

Hypothesis 3F: *If the defined historical aspirations are not matched to a significant reduction in the number of crisis mentions over years, historical aspiration levels definition as past performance comparison leads the company to not forget the financial crisis and its impact*

Hypothesis 3F is confirmed on the basis of the analysis results.

If therefore on one side, the analysis of wording and mentions carried out brings back an aspiration level taking account past performance, on the other side this trend comes preserved. In both cases moreover this corresponds to a recurrence of explicit references to the crisis that bring us to a conclusion, moreover different from the one obtained from the analysis conducted on the other sample enterprises.

Aspirations of historical nature differ from those addressed to a peers evaluation not only at conceptual level. If thanks to the latter companies have been able to talk less about the financial crisis quickly forgetting its effects, it is different about the former. Historical aspirations, in fact, start from the assumption to analyze with great attention behavioral and operational decisions taken in recent years. An event of such magnitude can inevitably not be considered. For this reason, companies will be voluntarily or not induced to speak with great frequency of the the Global Financial Crisis for successful years, becoming an essential element in the definition of their new future aspirations. What follows, however, is a greater difficulty in forgetting its effects, making the crisis a relevant benchmark for performance targets that the company sets for its future growth. Obviously, considerations made about a different level of aspiration compared to the two previous samples do not involve the concept of operating results. Talking about the crisis in a more accentuated way, forgetting its effects with delay if compared to the previous firms, does not mean that the multinational delivers lower performance results, in any case contradicted by the leadership position that Colgate-Palmolive boasts in some of the businesses operating in.

In this regard, we introduce the concept of information avoidance, pursued by Colgate-Palmolive in a pronounced way, which has prompted the company to conduct future evaluations excluding the possibility of obtaining precise information about rivals' behaviour. By information avoidance we clearly consider the avoidance of social information, built on theoretical and empirical assumptions and reasons by which firms avoid information. Information accumulation could be indeed a relevant vehicle for companies in order to obtain the greatest number of means available to evaluate own performance compared to social one.

2.2 Results Overview

We therefore summarise, with the help of some purposely made graphic representations, the major steps of the analysis carried out to reach conclusions of this research work carried out so far. We briefly demonstrate how the comparison of a social nature led to the definition of levels of aspiration allowing two out of three companies in the sample to forget more quickly the impact of the 2008 Global Financial Crisis.

2.2.1 Sample Corporate Aspiration levels

From the analysis conducted on explicit mentions and references reported by the three sample companies in the Official Reports of years 2006, 2009 and 2012 years, the following levels of aspiration emerge. With regard to companies showing a constant trend of predisposition to social comparison, if on the one hand Church & Dwight maintained constant levels of aspiration defined before, during and after the crisis, on the other hand Procter & Gamble has clearly accentuated at the crisis outbreak a greater predisposition to social comparison, which was equally combined with the historical one in previous years.

On the other hand, Colgate-Palmolive distinguished itself within the sample for a greater tendency to define aspiration levels on the basis of its past and current performances before and during the outbreak of the crisis, reversing the trend in the following years and gradually paying more attention to its peers and rivals.

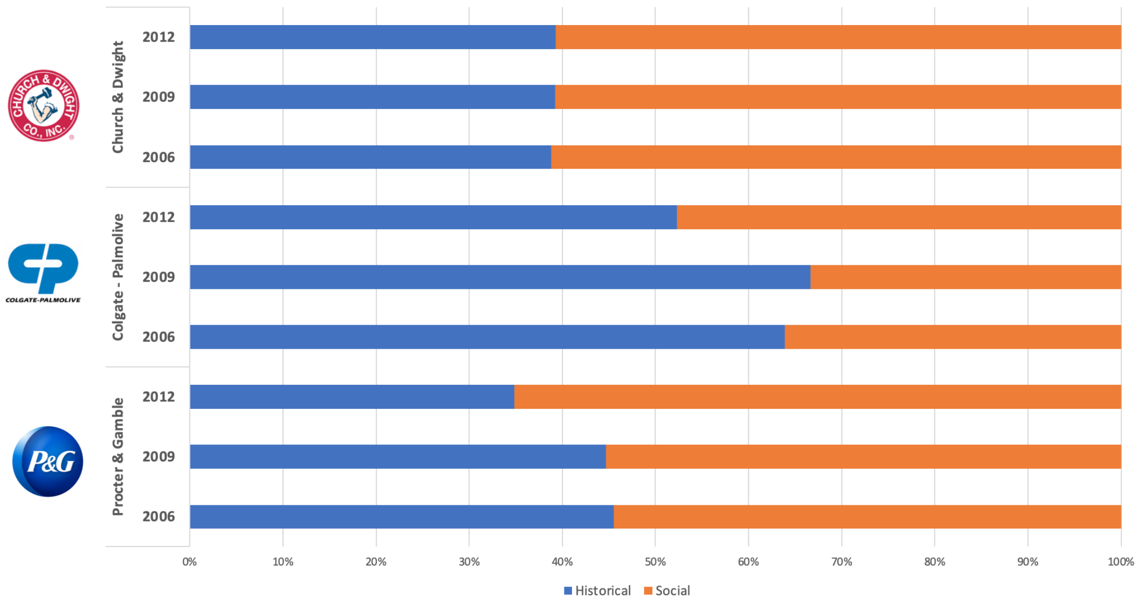

Figure 2.19: Sample Aspiration levels by wording

2.2.2 Addressing the Global Financial Crisis

The following table shows the assessment results carried out to establish the attention paid by sample companies to the crisis, intended as a benchmark, stimulus to improve performance and in relation to the impact the crisis caused on their business over years. Starting in 2006, during which crisis had not yet broken out, we find that the analysis shows different results for the three companies up to 2012. Necessary for the following step is not the numeric value of each line represented, but rather the trend of each of them showing a greater propensity to be more concerned about the crisis or not.

In fact, Colgate-Palmolive is characterized by an almost linear correlation, a sign that the attention paid to the crisis as a term of comparison has changed very little, mentioning the crisis in equal measure up to three years after its outbreak. Church & Dwight more than the other two sample multinationals paid significantly more attention to social aspirations, distinguishing itself for the great consideration attributed to the operative and financial performance of its major competitors in the market, to define its future aspirations and measure its results. P&G, differently, has maintained a downward trend in addressing the crisis, not framing the shock as a relevant term for comparing performance, in parallel with increases in operating and financial results that are very important for its business future development.

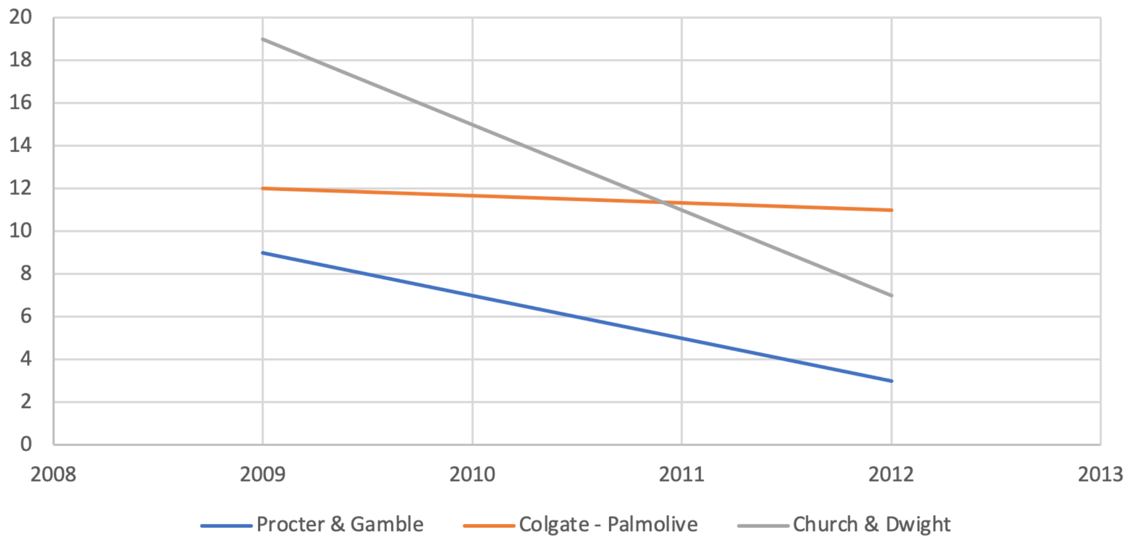

Figure 2.20: Crisis mentioning by sample wording

2.2.3 Sample positioning

The following two figures show the positioning found for each of the three companies that make up the sample, in relation to the level of aspiration adopted during the financial crisis, a period summarised in 2009, and in the period after that, identified by the year 2012. By cross-referencing results obtained from the analyses summarised in figures above, we therefore represent how the three companies positioned themselves during and after the outbreak of the Global Financial Crisis.

Sample positioning during crisis

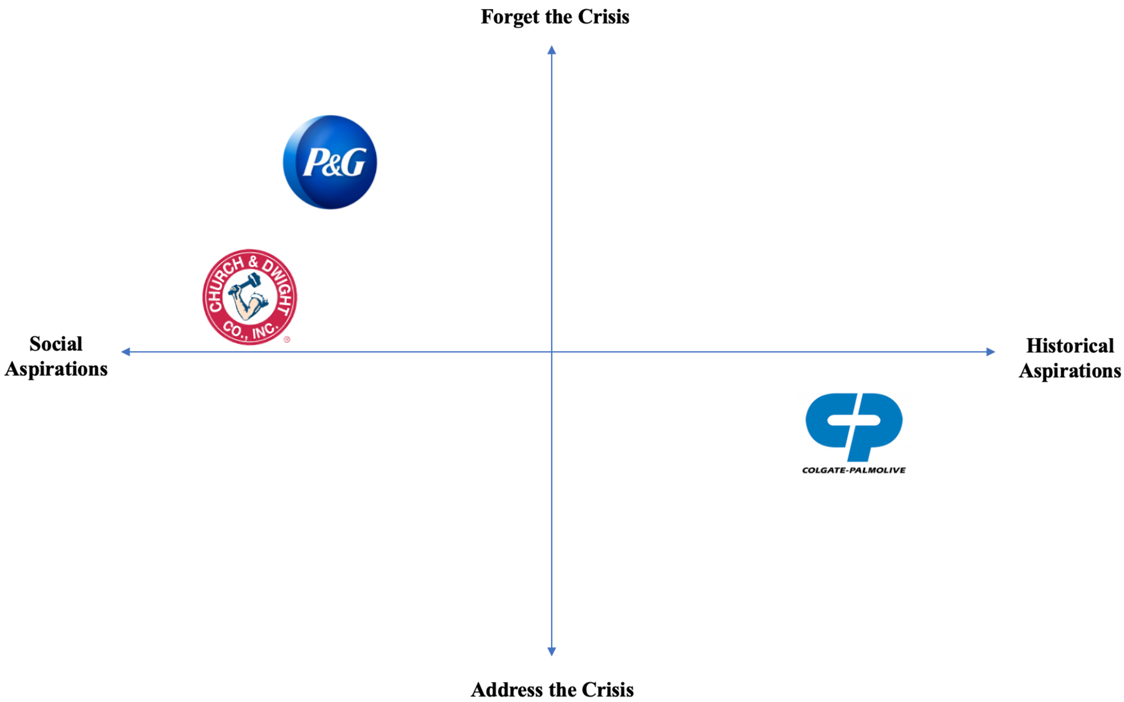

Figure 2.21: Sample companies in crisis

Above figure is used to determine the provisional aspiration levels characterising firms during crisis, which identify specific choices in the process of defining levels that will lead companies to talk less about what happened in those years. As we will see, the end of the crisis will lead to adjustments and deviations in sample positioning, due to the contribution of strategic choices and inevitably unexpected operating results.

Sample positioning after Global Financial Crisis

The following graph summarises all the considerations made within the work, as result of several complementary research ideas converging towards a single conclusion. As we can observe in the figure below, the three companies in the sample show different attitudes, which do not clearly improve or reduce their performance over years. At the end of the three years under analysis, which take into account the six years between 2006 and 2012, which were characterised by the most significant economic shock of the last century, clear differences emerge.

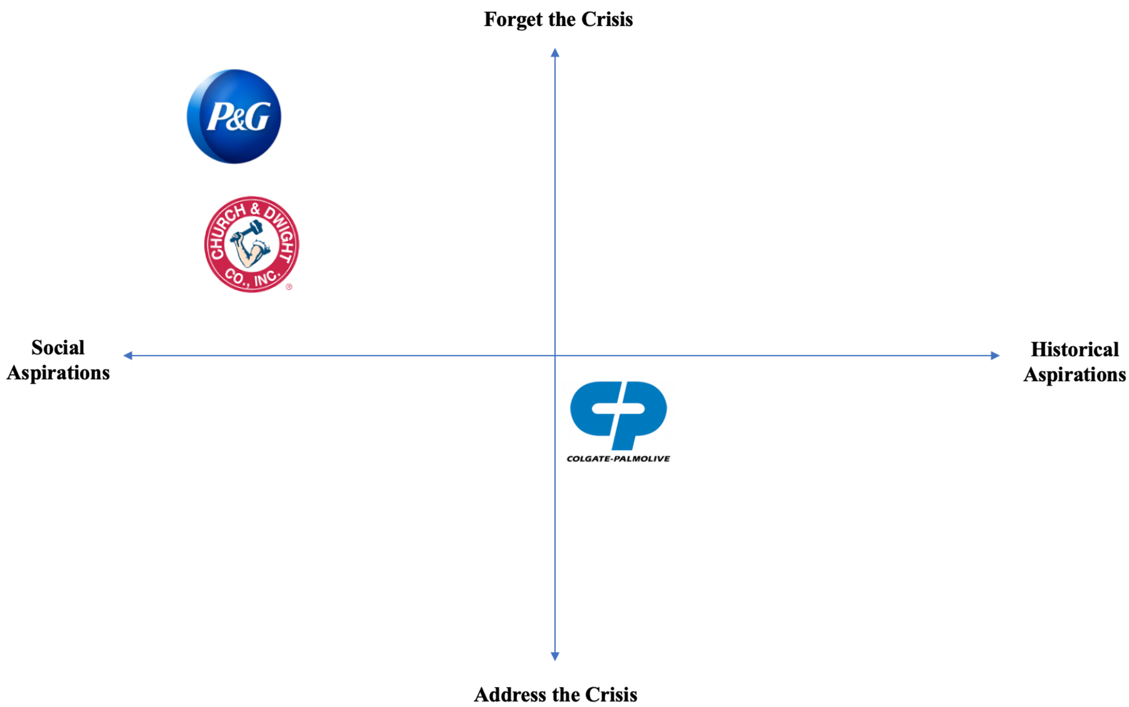

Figure 2.22: Sample positioning after crisis

The Procter & Gamble Company is positioned as the company that found it easier and required less time to forget the crisis outbreak and its impact on performance. This led the world leader in the consumer goods industry, more efficiently but still similarly to Church & Dwight Co., Inc., to define future levels of aspiration oriented towards social comparison, evaluating its performance based on results obtained by competitors to define ambitions, missions and purposes on which to undertake future growth and consolidation paths. Church & Dwight, in turn, is characterized by a greater overall predisposition to measure its results with highly competitive and larger rivals in terms of size, inspiration and inspiration for future growth and success, establishing itself as a successful example in addressing crisis in an ever decreasing way over years. Growth paths also undertaken by Colgate-Palmolive Company, which over years since the outbreak of the crisis has gradually paid more attention to a past predisposition with a focus on its own performance rather than peers. This, however, despite high performance results, differs within the sample for greater difficulty or less intention to deviate from the crisis as a term of comparison for its future aspirations. What our analysis shows from a careful study of official reports in those years, is that Colgate-Palmolive has maintained a constant attention to the shock of 2008 which inevitably contributed to future aspirations, proving to be a successful attitude.

Chapter 3

Discussion

This empirical research has been concluded through the analysis of a research sample to analyse what aspiration level companies defined to promptly forget the 2008 Global Financial Crisis. The final result of the research demonstrated and met initial expectations. Work conclusion indeed demonstrates the general theory according to which the definition of social aspiration levels, realized by examining behaviour of similar companies, chosen paying attention to performance, industry and geographical market of competence and size, allowing companies to forget the crisis promptly and more efficiently, making aspirations a result of social comparison. This is opposed with the definition of an aspiration level which is prone to the comparison with historical performance levels obtained by the same company in previous years, which moves corporations to evaluate the crisis as comparison term in order to measure its re own results. In this way, talking about the shock is an inevitable event to define and implement strategies formulation.

Existing literature provided an important theoretical basis on which to develop this qualitative work. In particular we refer to the Behavioural Theories of Organizations as basic theoretical constructs and mainly to the literary stream developed in corporate aspirations field. This preserves the focus on corporate aspiration levels volatility in relation to different financial and non financial components, such as innovation, size, strategic change, performance feedback and risk taking, of which H. Greve and J. Joseph represent the two main representative authors. Developed in an analytical and deeply empirical way, existing theories study the crisis outbreak to evaluate the processes of aspirations definition in a critical way, when companies face a situation of complexity and total uncertainty.

What is added to existing literary studies with the preparation of this work is the correlation between the definition of aspiration levels in a critical context such as the Global Crisis and the ability of firms to stop talking about the crisis in the years following the shock thanks to these levels implemented. In the process of reaching the conclusions found, we were able to obtain further insights on the interaction between the definition of social aspiration levels and the ability to forget the impact suffered by the crisis.

Pressures arising from the need to make choices more consistent with the industry path prompted companies to quickly adjust their aspiration levels based on the actions implemented in the social sphere. The historical evaluation in this sense appears to be more limited in order to make new choices, as past results are effective in evaluating choices when the crisis appears to be totally overcome, so that the company's actions can be judged more clearly. Shocks of this type induce market leaders to follow the industry path of in order to leverage the distinctive factors allowing them to maintain a competitive advantage in the past, as well as companies with smaller market shares to remain in the wake of stronger rivals. For this reason we decided to consider firms operating in the same business. A further cue for analysis added to existing theories is a specific component, namely the ability of firms to forget the crisis. Although theories predictions can be evaluated with data made available by firms, we therefore developed a new process of empirical analysis to meet the research demand. The process of defining the level of aspiration is in fact determined in relation to what firms themselves declare and undertake, but the correlation with whether or not to talk about the crisis is a new aspect in literature.

The definition of a greater predisposition to a social or historical comparison stems from the behaviour adopted by companies. Aspiration driving social comparison is defined on the basis of criteria. These references are made concrete in understanding whether an acquisition undertaken by the sample company stems from the need to overcome competition on a global level. Companies we have analysed, for example, show a high tendency to penetrate developing markets by explicitly measuring themselves against their competitors. A new product launch is another peculiar strategy adopted as a consequence of a predisposition to social comparison, measuring the degree of satisfaction in terms of financial performance higher or lower than the competition. The historical aspiration, on the other hand, arises where the decision to allocate funds and capital to finance communication tools and marketing campaigns is taken on the basis of funding sums allocated in previous years, rather than on careful compliance with campaigns promoted by other companies. This type of distinction, accompanied by explicit evaluations of companies with regard to the activity, represents for us a source of distinction of specific aspiration levels. In this regard, the tables we have produced, reported above for each company in the sample, show how the behaviour of The Procter & Gamble Company and Church & Dwight Co., Inc. is dictated by aspiration levels defined on the basis of a social comparison with peers, rivals and/or competitors. In contrast, Colgate-Palmolive Company implemented its decisions and strategic choices on the basis of historical levels of aspiration, defined as the result of a comparison with its current and previous years' performance, in order to shape its future horizons.

The constant and careful social comparison, dictated by a great propensity to obtain the greatest amount of external information, comparing own results with those of the industry in order to guarantee a judgement of the operating day to day performance have been the fundamental key to look immediately beyond. A more accentuated historical comparison has inevitably driven companies to a continuous stagnation of aspirations, which have inevitably dictated improvements in performance since 2008, which marked the beginning of a process of growth. But this growth process is thus constantly measured in relation to the first negative result taken as a comparison term: that of crisis. If on one side, therefore, the attention and peers evaluation shifted to looking at each year in a "horizontal" way, the historical evaluation has always taken into consideration a "vertical" flow of comparison, of which crisis and its related results obtained constituted the starting point. Aspirations were aimed at constantly improving performance, starting from the moment they arose and so in the most dramatic years determining a need arise. On the other hand, drive to improve performance in order to gain an advantage shifted the starting point for performance evaluations from the crisis to the peer.

What I want to emphasize is that results found are not identifying a performance. The research objective indeed is not to assess which level of aspiration allows companies to overcome the crisis in terms of performance or with the best result. It is no coincidence that in our sample we have an example of a company which, while showing greater difficulty in forgetting the crisis related to historical aspiration levels, is the first or second company by market share in each business in which it operates. In this sense, a further meeting point with our evaluations as the result of the analyses conducted, is represented by the consideration that companies with historical levels of aspiration before and during the financial crisis, reduce the gap in subsequent years to this, showing a greater inclination to social comparison to leave the economic shock behind. Results estimation method requires the analysis of several years, statements and activities undertaken in order to assess also what is the adjustment speed about the aspiration level defined, showing a convergence or divergence towards one or both levels considered. The evaluation criteria adopted are the same for each company constituting the sample, with specific peculiarities in relation to the operating actions implemented by each company.

The analysis carried out therefore offers a new starting point for research, combining the numerous empirical quantitative researches characterizing literature with a qualitative analysis. Existing studies conducted provided us with a theoretical construct on which to articulate the work, not mentioning a literal and wording analysis of the corporate statements in order to reach a conclusion. For this reason, a further cue is also provided by the method adopted. What is investigated is an accurate assessment of individual statements by extracting a small part of the defined aspiration level from each mention. In this sense we attributed to the ability to forget the crisis the ability to stop mentioning explicit benchmark with crisis as a comparison term, because the focus was on something else in the case of social aspiration, on the same in the case of historical aspiration. This assessment is also conducted in a complementary way to a macro analysis of individual aspiration levels, identifying how to achieve performance results levels above aspirations, which strategic actions to implement and in which business areas, for each company in the sample. To direct research and provide evaluations consistent with the method adopted, the work also includes specific hypotheses, each characteristic of the company considered that, while maintaining homogeneous assumption criteria, enable us to simplify working steps by limiting research field towards the final goal.

Chapter 4

Conclusions

The research carried out has some limitations.

First of all the number of companies considered in the sample. The three multinationals chosen as sample of analysis account for a large share of the world market in consumer goods business. In this regard, it would be reductive to generalise the correlation results between aspiration levels definition and forgetting crisis in all the other industries. Conclusions drawn from studying these companies must be extrapolated with caution if considering firms from other industries. However, we can instead generalise conclusions obtained with more reliability regarding this sector, considering three of the major players worldwide. It is indeed necessary to consider the characteristics of the business, as well as companies considered and strategic choices that this business requires. First of all, it is worth to remember that consumer goods sector, despite the crisis impact and the drastic demand drop, represents an industry that even during crisis has recorded sales volumes extremely above average, marketing basic necessities for consumers. For this reason it can be classified as a highly profitable sector, so much that the firms operating in have been able to cope with the crisis with large liquid assets. This prompted many of them to heavily invest in R&D and to implement external growth strategies such as above-average acquisitions taking advantage of these opportunities to enter the geographical markets of developing nations. Without neglecting that companies are Multi-business corporations and therefore we take into account the corporate aspiration levels translated for specific businesses, some of which inevitably assume a major role and influence in decision-making process. These peculiarities make companies in the sample in some ways ”anomalous” if compared to many others. For these reasons it would be thoughtless to generalize the results obtained compared to other company types.

The second issue we must consider is the discretion whereby qualitative choices are made during the research work. Part of the analysis is in fact carried out by attributing to aspiration levels specific references to a comparison of social or historical nature, explicitly subscribed within official corporate Reports. This attribution requires a small component of discretion in considering them of one nature rather than another, although always in accordance with corporate and senior representative statements. For this reason, this evaluation search has been made complementary to a more objective one described through the realized tables showing the strategic activities implemented according to specific corporate aspirations. Results obtained were the same for both analyses carried out.

Moreover our analysis can provide limited insight regarding the correlation between an increase in variables supporting the aspiration definition process and the ability to forget and not talk about the financial crisis in the following years. Where a constant propensity to an aspiration level has been found over the years, if this was matched by a decrease in crisis mentions and references within operational initiatives, it was considered appropriate to stress that the aspiration level contributed to a lower crisis consideration. And vice versa, if a constant level of aspiration over years corresponds to a similar number of mentions related to the crisis over time, it was considered appropriate to consider that the aspiration level did not allow companies to forget its effects. This is described in more detail throughout the work, emphasizing in this way the greater limit a historical aspiration and comparison show if compared to a social comparison with peers. The construction of equally applied hypotheses customised for each company in the sample made it possible to carry out a more precise and accurate assessment by narrowing the variability range. For the research analysis development the three years examined were selected appearing to be the most significant years to describe the context before, during and after the 2008 Global Financial Crisis.

This study fills the literary gap in the existing studies of aspirations related to corporate ability to forget and disregard the financial crisis effects as promptly and effectively as possible. The study was conducted in a qualitative way, so a quantitative research based on data and ratios related to the aspiration level for each corporate objective, target or mission may in the future be complementary to what is discussed here. This study, which departs from aspirations measurement as financial values, thus provides the basis for further data-focused analysis to verify the variability whereby aspirations change in those years, quantitatively assessing how much companies have been affected by the crisis in financial decisions. This would make it possible to generate specific correlation indexes between implemented activities and decisions, rival ones and past behaviors which may converge or diverge towards one aspiration level rather than the other. Quantitative indexes can provide an additional element to this research, including an assessment characterized by the creation of metrics describing the information avoidance degree driving companies to pursue historical rather than social aspirations. This would also require additional theoretical constructs on the basis of which a further analysis could be developed.

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Executive Summary

Starting from 2008 year, the deepest Global Financial Crisis was suffered by the global economy. The imminent severity of this crisis prompted many scholars and economists to analyse its causes, impact and related macro-models. In academic literature, however, there is little concrete evidence of what aspirations guided corporate behaviour adopted to overcome such a dramatic situation.

This research work represents an empirical analysis of the aspiration levels defined by companies before, during and after crisis, to examine how across these levels companies set their future performance thresholds and the operating methods required to implement them. The objective of the model is to develop an analysis through the assignment of specific aspiration levels set by companies in an adaptive way, paying attention to the cues provided by literature in order to observe what are prerequisites required to easily forget the financial crisis effects and its impact on corporate performance.

What emerges from the study of relevant literature is that aspiration levels are set in two ways. At first, by examining performance of other similar firms to determine their aspiration level, making aspiration a result of social comparison. Top managers refer to peers, developing analyses based on similarities in terms of size, industry and performance (Greve, 2005), including the geographical market which outlines a set of more easily observable and highly relevant organisations. Otherwise, aspiration levels can also be determined on the basis of past results obtained by the same company, which is a prerequisite for a historical comparison.

Companies define their aspiration levels for future performance by adapting to current performance levels (Greve, 2002) and managers are more inclined to make strategic changes when performance falls below aspiration level. Aspirations are indeed created in relation to the degree of achievement of past business objectives or based on the performance of companies operating in the same or comparable industries (Cyert & March). Moreover, historical aspiration levels can be updated with different speed of reaction because the attention to current performance leads to a rapid adjustment of suction levels.

Empirical evaluations are carried out during years 2006, 2009 and 2012 years, to have a complete view of the behaviour adopted before, during and after the financial crisis.

Based on the impact they suffered, companies defined their future aspirations.

Aspiration levels Framework

Individuals and organizations adapt their present and future behaviour pertaining their past experiences, demonstrating adaptive attitude over time. Adaptive learning theories describe aspiration levels as targets for predetermined outcomes. Within decision-making processes aspiration levels represent a fundamental daily component, being related to the operating and financial results the company achieves as well as to risk taking or aversion, simplifying the entire cognitive managerial decision-making. Achieving results above managerial aspiration level drive corporate success, while results below defined aspirations represent a corporate or functional failure. If decision-making theories examine goals achievement with weighted aspirations held on success and failure probability, Behavioral Theories of Organizations focus on specific performance targets to be achieved working as inspiration sources.

Different aspiration levels consistency provides support in formalizing and implementing a strategy, directing efforts and allocating resources appropriately. In this way, aspirations drive Strategic Management processes, prompting Top Management to take less risk when performance exceeds initial ambitions, while taking higher risks when performance outcomes are lower. Performance deficiencies do not necessarily refer to universal changes. Investments in innovation and new infrastructures, R&D projects, acquisitions and external growth operations to increase market share as well as divestment are evidence of a performance deficit not complying managerial aspirations. When corporate and managerial aspirations are not fulfilled, research implemented to discover new ideas and solutions drives the organizational change, often with negative performance. Otherwise, workplace routines dictate corporate behaviour when aspirations are attained.

Corporate aspirations driving Strategic Change

Existing literature demonstrates how aspiration levels can influence the ways companies undertake strategic change decisions, if directed towards convergence or divergence with companies from the same cluster. Aspirations determining strategic change are the main determinants of the organizational changes consequently undertaken. In a particularly adverse economic cycle such as that of the years 2007-2010, a greater orientation towards strategic convergence rather than divergence has inevitably turned out to be easier to implement, not to face adverse and more risky situations but based on tested models, known activities and, above all, existing ones. Faced with unsatisfactory results due to organizational shortcomings added to the shock impact, the search for a cause led managers to want to receive as much information as possible to deal with obstacles, carrying out a further analysis outside organizational boundaries. This clearly refers to a greater propensity to strategically converge towards peer firms. An economic downturn generates indeed incomplete information, both on competitors and reference market trends, so much so as to require many changes in core business leading to uncertain consequences, although some firm opted for information avoidance to overcome obstacles due to crisis.

Any organizational change, from lowest functional levels to changes in the entire corporate structure leads to risks, not always taken when there is a real need for change demonstrated by performance feedback. In critical context such as the crisis one, it is recurrent that change and the consequent assumption of risks become forced, as they are required and shaped by the surrounding environment, with associated potential challenges or opportunities and uncertainties.

[13] A change is also directed by aspiration levels, albeit within a change of context, requiring decision makers and managers to define a concrete plan and possible alternatives. [14] Each type of risk inclination is induced by specific benchmarks in performance class. The link between risk and performance must be positive for companies to accept certain conditions for taking relevant strategic action, being the risk a growing function of the gap that is being created over time between performance and aspirations (Feigenbaum & Thomas, 1988).

Aspirations and Corporate Performance

[15] Within a corporation each regulating aspiration levels falls within performance feedback field. Managerial figures often tend to present any result in a positive view if not compared with pure contrary evidence, so that in response to failures or drastically negative results companies react conservatively to negative feedback. Performance feedback, directed towards company's performance objectives related to managerial aspirations, represents the yardstick for success or failure and is a fundamental mechanism to address an internal strategic change through organizational learning, aimed at implementing innovation processes for the future.

[16] Performance feedback is an analysis model according to which companies modify their activities when performance is below aspiration levels, based on their own experience. This model, recognized by Cyert and March as a cue for behaviors of adaptive nature, very often requires organizations to have very similar levels of aspiration in order to compare them, or that Top Management intentions are similar, not reacting differently to external or environmental feedback. This is a relevant consideration, since often responses to positive or negative performance do not necessarily coincide with the aspirations of the single businesses. Business performance and aspiration level are compared to each other

in order to determine whether the former is satisfactory, regardless of how aspiration is formed. If performance is below aspiration levels, an organizational problem is born, stimulating managers to search for solutions guided by heuristics, due for example to the absence of resources or superfluous ones, evaluated on risk dependence. Corporate risk is assessed on the basis of the tolerance by decision makers related to any losses that may occur, thus undertaking decisions to be implemented operationally.

[18] Academic literature demonstrates the existence of different correlation types between performance and company's reactivity in interpreting feedback, on one side, and the aspirations from which this performance derives both social and historical on the other: ambiguous feedback represents the result of a weak correlation, consistent feedback derives from a positive correlation and a negative correlation results in inconsistent feedback. Ambiguous feedback reduces company's profitability because it is subject to free managerial interpretation, often resulting in inertia, lack of responsiveness to change and in action plans undertaking. Free interpretation also becomes debate reason within Top Management, leading to delayed action. In contrast, a positive effect in terms of responsiveness to business performance feedback is created by both consistent and inconsistent feedback, as the former keeps performance in line with aspirations, while the latter is the starting point for a direction change. Feedback interpretation during crisis plays a fundamental role in the evaluation of how companies responded and searched for possible solutions to implement a recovery plan. Feedback assumes even more importance where there are multiple aspirations, followed by multiple financial and non-financial performance objectives.

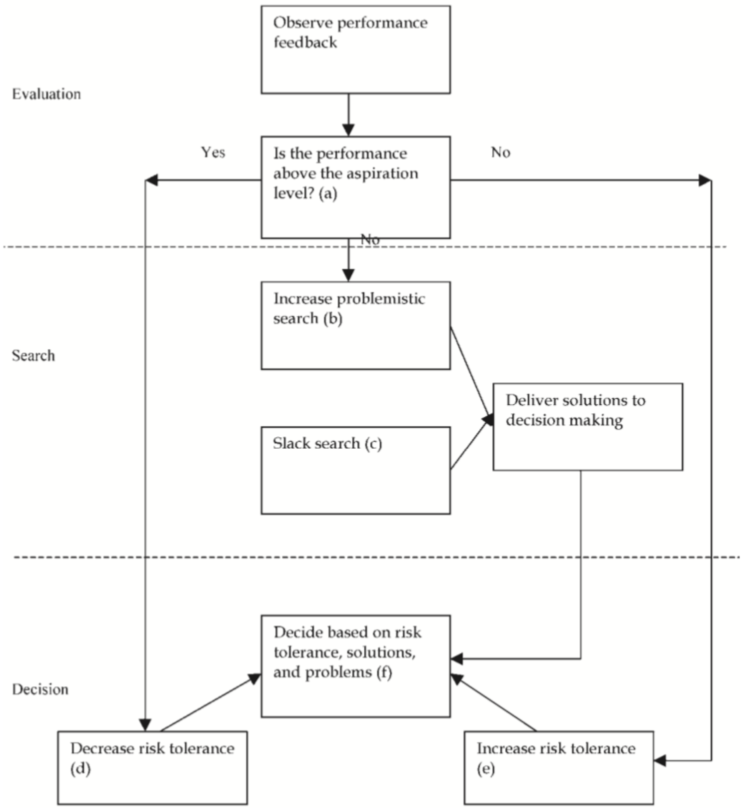

Figure 4.1: Performance feedback, aspirations and decision-making

[18] Whether based on social or historical aspirations, looking at performance metrics from past years, results evaluation affects managers' interpretation of performance feedback differently. Once the Global Financial Crisis ended, behavioral efficiency has been achieved by companies able to distinguish ambiguity from uncertainty. If the latter materializes in the absence of available information, ambiguity refers to the ambiguity of performance feedback, which can therefore be subject to multiple individual and collective interpretation.

The comparison between historical and social aspirations determines performance evaluation. Social aspiration presupposes a deep knowledge of distinctive activities, knowledge and skills of competitors, while historical aspirations presupposes that future goals are set on the basis of forecasts including the performance of past results. A historical feedback providing efficient and realistic evaluations and a wrong social evaluation or vice versa means the correlation and the feedback will be ambiguous, while historical social performance evaluations providing evaluations of the same type give rise to a positive correlation (Joseph and Gaba, 2013).

Growth Aspirations and multiple aspiration levels

[24] In some industries organizational dimensions constitute a prerequisite to be competitive, linked to efficiency and growth opportunities. These are often mistakenly associated with efficiency gains, triggering retaliation from competitors as the most immediate apparent way to increase performance and stay in line with aspirations, being a Top Management incentive to achieve rewards, media awareness and power. In this regard, organizational inertia concerns the reaction capacity to unexpected performance under the aspiration level(Greve, 2003a, 2003b) to search processes of dimensional growth. Networks and groups allow in this way companies to obtain a wider and more structured number of information about business opportunities, fueling the aspirations for business growth. Dimensional growth is only a small driver in defining aspirations.

Although Behavioural Theories link mostly multiple aspiration levels with performance results, these can create internal confusion in defining specific activities towards multiple objectives of ambitions as in implementing them. In assessing aspirations influence during crisis we need to observe behavioral patterns as a starting point, especially referring to the concept of selective attention to sequential goals. [26] In the process of generating multiple aspiration levels, top managers often change reference and attention, due to specific factors shifting the attention systematically rather than adding up each with a different hierarchical weight.

If according to behavioural quantitative model, corporate aspiration is achieved as a result of a weighted average of social and past comparisons to generate future aspirations, differently qualitative models state that aspirations set by managers are higher than results the company is achieving: when results are constant over years, aspirations exceed performance (Simon, 1997).

Academic and research literature do not offer concrete ideas for performance feedback analysis in response to multiple aspiration levels with respect to multiple objectives. For this reason, it is necessary to consider performance objectives in relation to their respective priorities, whether they are of a corporate nature, whether they relate to divisions or whether they relate to individual business units. In decision-making, the dominant coalition is the Top Management Team, operating at the highest level and taking decisions related to the overall performance. Balancing multiple aspirations is one of the most complicated challenges facing Top Management, having to face greater ambiguity levels, or addressing multiple performance objectives will be within the reach of companies when efforts are conducted sequentially (Greve, 2008). Ambiguity in this way is defined on the basis of the priorities given to one aspiration rather than one another.

Empirical Research

The aim of this qualitative work is to identify the aspiration levels companies define in order to forget more quickly and promptly the Global Financial Crisis affecting the entire World Economy since 2008, implementing existing theories and filling the literary void not analytically conceived by literature related to the topic search.

The assessment is made by distinguishing two main aspiration levels: social aspirations and historical aspirations. As described, if social aspiration is defined on the basis of a comparison with peers, the historical aspiration level is set in relation to performance and results evaluation of the same company during previous years. By emphazising variables contributing to the aspiration levels definition, we observe which one has made it easier for companies to forget the impact of the crisis, allowing us also to determine which of the two methodologies allowed Top Management Teams to gain a greater trade off in terms of higher performance, in line with or above the defined level. All the assessments made inevitably depend on the industry in which the selected sample firms operate and compete with each other. This sample is made up of three companies operating within the consumer products industry, negatively impacted by the financial crisis. The three companies which constitute the research sample are the following:

- The Procter & Gamble Company
- Church & Dwight Co, Inc.
- Colgate - Palmolive Company

These firms represent three large multinationals operating in the same industry with small differences related to a limited number of businesses. The three U.S. companies are listed on the New York Stock Exchange.

To answer the research question, tools adopted are the Annual Reports published by companies in the years before, during and after the crisis outbreak, supported by a moderate consideration of the reports provided annually to the Security Exchange Commission (SEC), as well as interviews conducted by third parties and any public statement provided by senior representatives of the sample corporations.

Methodology adopted is developed across two complementary workflows for three different historical periods, involving each of the companies belonging to the empirically observed sample. We provide moreover specific hypotheses, which are equally carried forward for each company in the sample, allowing a simplification of the study by delimiting research field, in order to get an accurate conclusion. These three periods refer to the historical years conceived as the most representative of the economic and organizational conditions of companies, respectively before, during and after the Global Financial Crisis.

The years examined will therefore be the year 2006, before the outbreak of the crisis; the year 2009, during which the crisis reached its maximum impact on companies; the year 2012, after which the crisis had already come to an end.

As a first step we observe how many times, in 2006 Annual Reports published by companies, explicit reference is made to the shaping of social and/or historical aspirations. If the amount of information is not considered satisfactory, the content made available in the SEC Reports of the same year will also be analysed. To develop this work, we will thus consider the formulation and quotations considered as more indicative of the assessment method adopted, based on the literal and conceptual content of the information provided. Factors included in shaping the individual company aspiration level are peculiar to each one within the sample and described analytically, although generally similar as we consider companies competing and therefore operating in the same industry. On the basis of results obtained, and therefore on the basis of the number of times explicit references, quotations or mentions of activities carried out with historical or social aspirations are reported, we define predominant aspiration levels for each company in the sample. We distinguish this level in historical or social aspiration, outlining for each company in the sample which one is the level defined and distinctive before the Global Financial Crisis, observing whether it will be continuous during the years of the shock.

Results show that, between 2006 and 2009, the levels of aspiration that distinguish the sample of companies are the following:

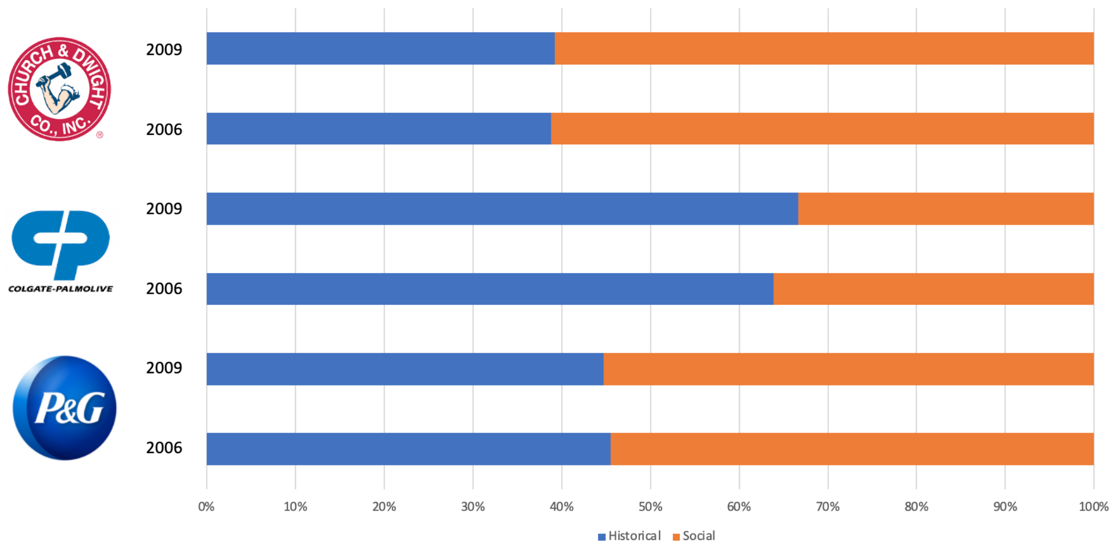

Figure 4.2: Aspiration levels during crisis

Aspiration levels are defined by sample companies in relation to explicit references to comparison term, if historical or social, regarding activities, strategies and action plans implemented preserving the focus on:

- Financial results, market share and firm's positioning in consumers goods industry
- International growth strategies: number and type of acquisitions made, partnerships, agreements and selling terms
- Intellectual property rights competition for consumer products
- Innovation investments and technology expenditures
- Advertising & marketing campaigns and communication policies
- New product launches, lines extension, promotions and supply quality

Since 2009, the wording stream will also be extended to the number of times firms explicitly mention the crisis breaking out in previous year. This assumes crucial importance for the ongoing work, allowing us to observe the relationship by which companies mention the crisis in relation to the aspiration level distinguishing each of them. In this way we can verify the degree to which aspiration level allows sample companies to talk about the crisis whether forgetting or not its effects during following years, observing what is the relationship between the own historical or peers' evaluation in relation to crisis regard. This workflow is simultaneously developed with a complementary stream for 2009 and 2012 years. The latter includes a careful reading of the Annual Reports in order to identify what are the main aspirations companies define during the crisis, observing their nature for each target defined. Aspirations considered are the corporate ambitions in terms of mission, vision, values and priorities that push sample companies to operate according to specific organizational and financial standards. These, motivating results and risk aversion, lead to financial and operational performance objectives that we report for main company businesses, distinguishing more accurately the relationship between social and historical aspirations during and after the course of the crisis. This last step allows us to respond with greater detail to the research question, aimed at understanding the aspiration level that enables companies to forget the shock. In this regard, we therefore verify whether the aspirations that are defined by each company are historical or social, whether they helped companies to reach satisfactory performance getting out of the crisis in relation to the number of times the crisis is mentioned. In this way, we provide an implementation conclusion to the study carried out using wording and mentioning, to verify that cues support the research evaluations.

The following tables show the aspiration levels defined by sample multinationals and if they are determined on the basis of a social rather than a historical comparison.

The Procter & Gamble Company

Aspirations	How to deal	Aspiration level
Long-term operating targets	Developing market organic sales growth overall and cash flow productivity, preserving a specific focus on developing markets	Historical & Social
Setting new innovation standards for the future	Deliberate refocus on discontinuous innovation to increase overall performance. Existing products improvement or substitution and creating new products in relation to customer needs.	Social
Strategic growth focus	Providing meaningful insights on what customers want and need through a superior product categories communication and by pricing products to provide overall value	Historical & Social
Global leadership	Focusing on largest and most profitable product categories and on distinctive resources to win competitors' innovation. Commited to Shareholder Value Creation, P&G is focused on maintaining a strong momentum in developing markets potential to grow	Social

Figure 4.3: P&G Aspiration levels during crisis

In P&G case study, these aspiration levels are mainly based on a careful evaluation of peers rather than on the company's historical metrics and parameters. And it is precisely the definition of social aspirations that allowed the company, as confirmed by empirical analyses and evaluations carried out between 2009 and 2012, to talk less and less about the Global Crisis, quickly forgetting its impact. The company has been progressively aligned on short-term metrics, such as sales volumes, market shares, profits and productivity, as well as long-term ambitions, referring to growth and global leadership, communication and innovation for the future. On the basis of these factors, results achieved through careful observance of competitors' activity on the basis of references, mentions and achievement of objectives, the company has been able to quickly forget the crisis, speaking less and less gradually about it.

Results are collected by drawing conclusions from the analyses carried out. The social aspirations that make it easier and quicker to forget the crisis are defined by investigating aspirations type defined by company, shown in tables realized and the number of mentions of these in proportion to a clear reduction in the mentions made of the crisis.

Church & Dwight Co., Inc.

Aspirations	How to deal	Aspiration level
Deliver a growing Total Shareholder Return	Never be satisfied with the current status quo, delivering. growing EPS over competition and increasing brand knowledge	Social
Recession resistant product portfolio	Managing a well-balanced portfolio of premium and value brands and improving customer awareness with value brands thriving cost-conscious consumers, exceeding their expectations also in demand recession	Historical & Social
Build great power brands	Defending brands by higher challenging competitors, expanding horizons with external growth strategies as acquisitions	Social
Superior and expert overhead management	Not rotating Top Management with high turnover but leading experience and encouraging longevity	Historical & Social
International path	Pursuing high number of acquisitions, making capital investments outside and moving supply chain all over the continent	Social

Figure 4.4: Church & Dwight Aspiration levels during crisis

Cross analyses we carried out show consistent results for the company over the three years considered. While the wording analysis carried out for the year 2006 highlighted a greater prevalence of activities undertaken on the basis of social rather than historical comparison, this attitude was then confirmed for the year 2009. We also note that, in parallel with aspirations defined by the company's Top Management, which analytically report a greater tendency to compare with peers, mentions and references to the crisis are going to significantly decrease between 2009 and 2012. Studying Church & Dwight's Annual Report over this last year, we can observe how the attention paid to the recession is lower and the company speaks less about the shock, shaping its future aspirations by looking at the behaviour of its major competitors, setting the basis for international growth.

Our theories are therefore supported in tables created, which are produced to test our considerations. Church & Dwight Co., Inc was therefore able to forget the 2008 Global Financial Crisis of 2008 based on levels of social rather than historical aspirations.

Colgate - Palmolive Company

Aspirations	How to deal	Aspiration level
Leading to win	Great commitment to sustainability pursuing global values of Care, Continuous Improvement and teamwork with personal leadership	Historical & Social
Innovation for growth	Insight-driven innovation in products and processes to meet new audience needs. Innovation embedded in corporate culture	Historical
Build power brands through internal efficiency and effectiveness	Generate funds to invest in businesses growth, driving higher profitability with new cost savings identification	Historical
Driving leadership with customers, profession and consumers	Marketing campaigns and improved communication to drive partners engagement towards brand loyalty, sharing expertise and providing superior services	Historical & Social
Technology powering	Customized communication for different audiences and endorsement of brands	Historical & Social

Figure 4.5: Colgate-Palmolive Aspiration levels during crisis

Aspirations of historical nature differ from those addressed to a peers evaluation not only at conceptual level. If thanks to the latter companies have been able to talk less about the financial crisis quickly forgetting its effects, it is different about the former. Historical aspirations start indeed from the assumption to analyze with great attention behavioral and operational decisions taken in recent years. An event of such magnitude must inevitably be considered. For this reason, companies will be voluntarily or not induced to speak with great frequency of the the Global Financial Crisis for successful years, becoming an essential element in the definition of their new future aspirations. What follows, however, is a greater difficulty in forgetting its effects, making the crisis a relevant benchmark for performance targets that the company sets for its future growth. Obviously, considerations made about a different level of aspiration compared to the two previous samples do not involve the concept of performance results. Talking about the crisis in a more accentuated way, forgetting its effects with delay if compared to previous firms, does not mean that the multinational delivers lower performance results, in any case contradicted by the leadership position that Colgate-Palmolive boasts in some of the businesses operating in.

Results and Conclusions

The analysis we carried out, divided in several steps, shows how companies adopted different behaviours within the same industry. While some companies more easily forgot the financial crisis and stopped talking about it in subsequent years, others continued to mention the crisis in relation to their day-to-day operations and often resort to performance comparisons with the global shock period. In this regard, the tables we have produced, reported above for each company in the sample, show how the behaviour of The Procter & Gamble Company and Church & Dwight Co., Inc. is dictated by aspiration levels defined on the basis of a social comparison with peers, rivals and/or competitors. In contrast, Colgate-Palmolive Company implemented its decisions and strategic choices on the basis of historical levels of aspiration, defined as the result of a comparison with its current and previous years' performance, in order to shape its future horizons.

Parallel to an analysis of defined aspirations level and type, the objective of the work is also to measure the trend whereby the financial crisis is measured in the Annual Reports, SEC Reports and official statements of sample companies, respectively in 2009 and 2012 years, measuring periods comparison during and after the crisis.

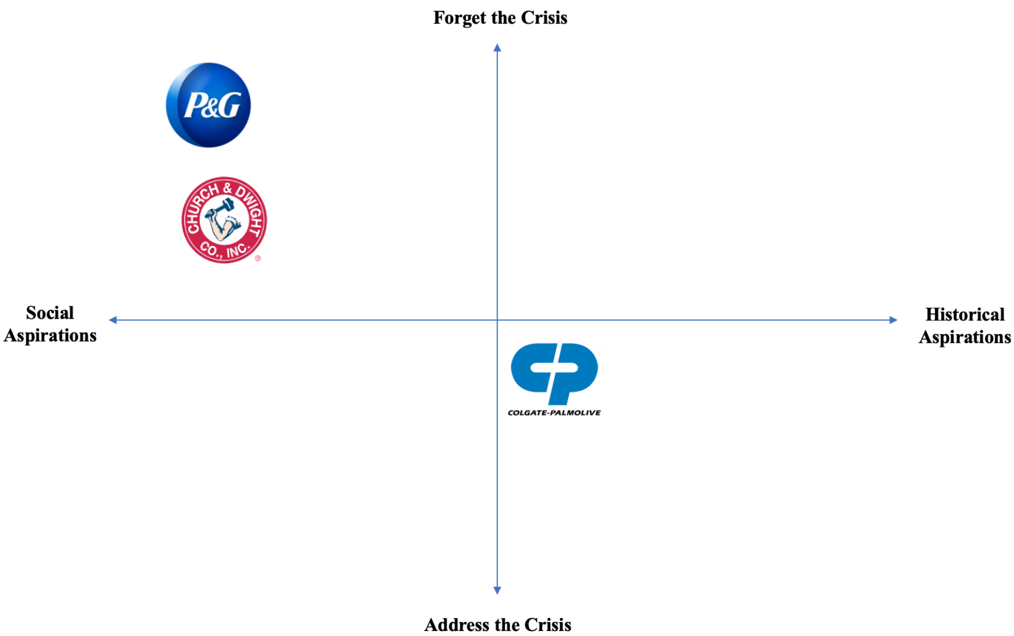

Figure 4.6: Sample positioning after crisis

From this assessment we show that companies founding a clear reduction in the number of times the crisis was mentioned or constituted a comparison term on which to measure their performance, were those defining aspirations on a social basis. If indeed P&G and

Church & Dwight report explicit references to the crisis during 2012 significantly lower than those of 2009, this is not the case for Colgate-Palmolive, which during 2012 uses a constant comparison and wording of the crisis and its impact that coincides with the one reported in the middle of the shock.

Our analysis results are therefore summarised in the above chart showing sample positioning, demonstrating and meeting initial expectations. Work conclusion indeed demonstrates the general theory according to which the definition of social aspiration levels, realized by examining the performance of similar companies in terms of performance, industry and geographic market of competence and size, allowed companies to forget the crisis promptly and more efficiently, making aspirations a result of social comparison. This is opposed with the definition of an aspiration level which is prone to the comparison with historical performance levels obtained by the same company in previous years.

What is added to existing literary studies with the preparation of this work is the correlation between the definition of aspiration levels in a critical context such as the Global Crisis and the ability of firms to stop talking about the crisis in the years following the shock thanks to these levels defined. In the process of achieving conclusions, we were able to obtain further insights on the interaction between the definition of social aspiration levels and the ability to forget the impact suffered by the crisis.

Pressures arising from the need to make choices more consistent with the industry path prompted companies to quickly adjust their aspiration levels based on the actions implemented in the social sphere. Historical evaluation in this sense appears to be more limited in order to make new choices, as past results are effective in evaluating choices when the crisis appears to be totally overcome, so that the company's actions can be judged more clearly. Shocks of this type induce market leaders to follow industry paths in order to leverage main distinctive factors allowing them to maintain a competitive advantage in the past, as well as companies with smaller market shares to remain anchored to stronger rivals. For this reason we decided to consider firms operating in the same business. What is added to existing theories is a specific component, namely the ability of firms to forget the crisis. Although theories predictions can be evaluated with data made available by firms, we therefore developed a new process of empirical analysis to meet the research demand. The process of defining the level of aspiration is in fact determined in relation to what firms themselves declare and undertake, but the correlation with whether or not to talk about the crisis is a new aspect in literature.

What I want to emphasize is that results found are not identifying a performance. The research objective indeed is not to assess which level of aspiration allows companies to overcome the crisis in terms of performance or with best results. It is no coincidence that in our sample we have an example of a company which, while showing greater difficulty in forgetting the crisis related to historical aspiration levels, is the first or second company by market share in each business in which it operates. In this sense, a further meeting point with our evaluations as the result of the analyses conducted, is that companies with historical levels of aspiration before and during the financial crisis, reduce the gap in subsequent years to this, showing a greater inclination to social comparison to leave the economic shock behind. Results estimation method requires the analysis of several years, statements and activities undertaken to assess also the adjustment speed about the aspiration level defined, showing a convergence or divergence towards one or both levels considered. Evaluation criteria adopted are the same for each company within the sample, with specific peculiarities in relation to the operating actions implemented.

Existing studies provided us with a theoretical construct on which to articulate the work, not mentioning a literal and wording analysis of the corporate statements in order to reach a conclusion. For this reason, a further cue is also provided by the method adopted. What is investigated is an accurate assessment of the individual statements by extracting a small part of the defined aspiration level from each mention. This assessment is also conducted in a complementary way to a macro analysis of the individual corporate aspiration levels, identifying how to achieve performance results levels above aspirations, which strategic actions to implement and in which business areas, for each company in the sample.