

# LUISS



**Course of Economics and Business**  
Department of Economics and Finance  
Chair of Management

## **LEADERSHIP AND CORPORATE TURNAROUND: ANALYSIS OF SERGIO MARCHIONNE'S TRANSFORMATION OF FIAT**

Prof. Francesca Vicentini

---

THESIS SUPERVISOR

Ludovica Lippi Matr. 276051

---

CANDIDATE

Academic Year 2023/2024

## TABLE OF CONTENTS

|  |           |
|--|-----------|
| <b>ABSTRACT.....</b>   | <b>3</b>  |
| <b>INTRODUCTION.....</b>   | <b>4</b>  |
| <b>CHAPTER 1: LEADERSHIP THEORIES IN MANAGEMENT.....</b>   | <b>5</b>  |
| <b>1.1. Transformational leadership.....</b>   | <b>5</b>  |
| 1.1.1. Definition.....   | 5         |
| 1.1.2. Core characteristics.....   | 6         |
| 1.1.3. Essential traits shared by transformational leaders.....  | 7         |
| 1.1.4. Benefits of transformational leadership.....  | 8         |
| <b>1.2. Strategic leadership and turnaround management.....</b>  | <b>10</b> |
| 1.2.1. What is strategic leadership?.....  | 10        |
| 1.2.2. Skills and qualities of strategic leaders.....  | 11        |
| 1.2.3. Strategic leadership in corporate turnaround.....   | 12        |
| <b>1.3. Contingency theory of leadership.....</b>  | <b>14</b> |
| <b>CHAPTER 2: FIAT'S SITUATION BEFORE MARCHIONNE.....</b>  | <b>17</b> |
| <b>2.1. Background of Fiat pre-2004.....</b>   | <b>17</b> |
| <b>2.2. Challenges facing the automotive industry.....</b>   | <b>20</b> |
| <b>2.3. Fiat's financial and competitive position before Marchionne: the alliance with General Motors.....</b> | <b>21</b> |
| <b>2.4. The main causes of the Fiat crisis.....</b>  | <b>23</b> |
| <b>CHAPTER 3: SERGIO MARCHIONNE'S LEADERSHIP AND MANAGEMENT PHILOSOFY.....</b>                                 | <b>25</b> |
| <b>3.1. Introduction to Sergio Marchionne.....</b>   | <b>25</b> |
| 3.1.1. Short Biography.....  | 25        |
| 3.1.2. The arrival at Fiat and the first strategic moves.....  | 26        |
| <b>3.2. Marchionne's leadership style.....</b>   | <b>27</b> |
| <b>CHAPTER 4: THE TURNAROUND OF FIAT UNDER SERGIO MARCHIONNE.....</b>  | <b>29</b> |
| <b>4.1. Key strategic decisions made by Marchionne.....</b>  | <b>29</b> |
| 4.1.1. The alliance with Chrysler.....   | 29        |
| 4.1.2. Organizational restructuring and cultural change.....   | 31        |
| 4.1.3. Innovation and product development.....   | 33        |
| <b>4.2. Impact of these decisions on Fiat's recovery and growth.....</b>                                       | <b>34</b> |
| 4.2.1. Financial performance analysis.....   | 34        |
| 4.2.2. Marchionne's legacy: the evolution of FCA into Stellantis.....  | 36        |
| <b>CONCLUSION.....</b>   | <b>37</b> |
| <b>REFERENCES.....</b>   | <b>38</b> |

## **ABSTRACT**

This paper focuses on the analysis of the leadership and strategic transformation implemented by Sergio Marchionne in the period in which he led Fiat, with particular attention to its repercussions on the subsequent evolution of the company into Fiat Chrysler Automobiles (FCA) and, finally, in Stellantis. The main objective is to examine how the policies and innovation introduced by Marchionne have influenced the company's structure, competitiveness, and market positioning, consolidating its presence on a global scale, and orienting it towards future challenges such as electrification and digitalization.

The research is based on a wide range of secondary materials, including reports, interviews, and press articles.

The first chapter concerns leadership theories in management; in particular, transformational leadership, strategic leadership in the context of turnaround management, and the contingency theory of leadership are explored in depth. The aim is to have a clear vision of the characteristics of a leader of this type, to better understand Marchionne's actions and decisions reported in the following chapters.

In the second chapter, the circumstances surrounding Fiat before Marchionne's arrival in 2004 are analyzed to provide a complete overview of the company's situation at that time. This chapter presents a brief history of Fiat, following its development from its foundation to the early 2000s. It discusses the challenges faced by the automotive industry during that period, Fiat's competitive and financial position before Marchionne, and finally the four main causes of Fiat's crisis are identified.

The third chapter investigate the figure of Marchionne in detail, first proposing a brief biography and then his arrival at Fiat. The last part of the chapter is dedicated to an in-depth analysis of his leadership style.

Finally, the fourth, and final chapter of this paper discusses about the strategic decisions taken by the new CEO, such as the alliance with Chrysler, which led to the birth of FCA. To conclude, research on the benefits that the leader has brought to the company is conducted.

## INTRODUCTION

In the context of management, charismatic and visionary people often have the power to change the destiny of companies, influencing not only internal dynamics but also the entire sector to which they belong. This study focuses on the impact of one of these leading figures, Sergio Marchionne, on the transformation of Fiat, a historic automotive company that, under his leadership, experienced a profound transformation, culminating in the creation of Fiat Chrysler Automobiles (FCA) and subsequently in the merger into Stellantis, a multinational business.

The objective of this study is twofold: on one hand, to analyze the turnaround strategies implemented by Marchionne to recover competitiveness and profitability in a period of profound crisis; on the other to evaluate how these strategies have prepared the company to face future challenges, including the merger with PSA that led to the formation of Stellantis, underlining the role of transformational leadership in the automotive sector. Through the analysis of key strategic decisions, this research focuses on how Marchionne restructured the organization, influenced the corporate culture, and oriented the strategy towards innovation and internationalization.

This paper examines in detail the situation of Fiat before Marchionne's arrival, analyzing the economic and competitive challenges that the company had to face. It then moves on to examine the strategies and reforms introduced by Marchionne, and how these have radically transformed both the internal structure and the market position of the company.

Considering all this, the aim of this thesis is to clarify Marchionne's involvement, not only within Fiat and FCA, but also in the broader industrial context, examining the lasting impact of his actions on competitiveness and innovation in the global automotive industry.

# CHAPTER 1: LEADERSHIP THEORIES IN MANAGEMENT

## 1.1 TRANSFORMATIONAL LEADERSHIP

### 1.1.1 DEFINITION

The concept of transformational leadership was first introduced in 1973 by the sociologist James V. Downton. However, it was James McGregor Burns who elaborated it in 1978.

According to Burns, transformational leadership is characterized by a dynamic exchange of morality and motivation between leaders and followers.

Burns made a distinction between ordinary leaders (transactional leaders) and extraordinary leaders (transformational leaders). The former traded material rewards for labor and allegiance of followers, while the latter interacted with followers, concentrated on higher order intrinsic needs, and increased awareness of the importance of goals and new approaches to achieve them.

Bernard M. Bass further developed the theory in 1985 by assessing how transformational leadership affected follower's views, building on Burns' original research. Increased loyalty, respect, and trust are common experiences for followers, and this motivates them to perform above expectations. Transformational leadership is characterized by a leader's ability to expand and elevate the interests of their team members, raise knowledge and acceptance of the group's goals and objectives, and inspire them to put the needs of the group ahead of their own. Leaders and followers work together to go beyond short-term objectives. They identify necessary changes and create a plan with committed group members to lead these changes. To create positive changes, this leadership style places a strong emphasis on employee motivation, team cohesion, and collaboration across organizational levels. A transformational leader creates methods to improve the entire performance and success of the organization, going beyond standard management tasks.

Transformational leadership is a critical method in contemporary leadership paradigms because, at its core, it is a theory that encourages leaders to collaborate with teams in order to transcend self-interests, inspire change, and implement strategies that improve organizational performance.

### 1.1.2. CORE CHARACTERISTICS

Bass identified in 1985 four major components of transformational leadership known as the “four I’s”: inspirational motivation, idealized influence, individualized consideration and intellectual stimulation.

- **Inspirational motivation** refers to the capacity of leaders to communicate a clear vision and to inspire the team intellectually. This element is essential because it permits employees to see the value and purpose of their work, motivating them to go above and beyond expectations and become more involved in their roles. Leaders who employ this style are known for their optimism and ability to provide meaningful messages, inspiring followers to work toward common goals.
- **Idealized influence** involves the leader acting as a role model, exhibiting high moral standards, and taking decisions that are consistent with the organizations and its members’ shared values and beliefs. This behavior gains followers’ respect and trust, facilitating a leader’s ability to guide and control the team.
- **Individualized consideration** is characterized by leaders treating each team member as an individual with needs and goals different from other’s. To effectively handle a variety of requirements, this aspect involves adaptive management techniques, sympathetic support, and attentive listening. Through acknowledging and fostering the unique abilities and goals of each employee, team leaders guarantee that every person feels appreciated and comprehended.
- **Intellectual stimulation** is the practice where leaders encourage their teams to challenge conventional assumptions and develop innovative solutions, fostering a culture of inquiry and creativity. Employees feel encouraged to deeply connect with their work, which not only increases productivity but also positively contributes to organizational goals.

Transformational leadership is dynamic and adaptable, allowing leaders to bring significant changes within an organization by focusing on these crucial components. Every element is essential to create an atmosphere where workers feel valued, empowered, and essential to the company’s success, which raises overall productivity and job satisfaction.

### 1.1.3. ESSENTIAL TRAITS SHARED BY TRANSFORMATIONAL LEADERS

Transformational leaders motivate their teams to excel and come up with new ideas. They are skilled at handling the challenges and complexities of today's fast-changing business world, creating an environment that encourage and accepts any change. This type of leadership has a positive impact on employees' satisfaction and productivity. Studies have shown that successful transformational leaders share five common traits, which are self-awareness, open-mindedness, adaptability and innovation, and humility.

- **Self-awareness:** transformational leaders are determined to always develop and personally grow. They recognize their strengths and weaknesses and engage to set goals to develop their skills and regularly reflect on their progress.
- **Open-mindedness:** transformational leaders must be open to new points of view and ideas. They must be actively trying to gather opinions from everyone to produce a well-informed decision and avoid premature conclusions.
- **Adaptability and innovation:** in the current business environment, the ability to change direction and innovate is essential. Transformational leaders work on finding ways to strengthen their abilities that do not fit traditional leadership models and are searching for creative approaches to resolve issues within their companies.
- **Proactivity:** being proactive means being a forward-thinker, a fearless decision-maker who takes the lead in implement beneficial changes that serve as a positive example for others.
- **Humility:** despite their confidence and clear vision, these leaders recognize their own limitations and prioritize the team's and organization's success.

Further research has indicated a strong correlation between transformational leadership and personality traits like conscientiousness, agreeableness, and extraversion. Leaders with these qualities typically adopt a transformative style, which is effective in motivating followers and in setting high standards. Emotional intelligence plays a vital role in this scenario, as it allows leaders to build relationships with team members and to establish a culture of respect and shared goals.

In addition, studies have shown a connection between the personalities of leaders and how their transformational leadership is perceived by others. For instance, extraverted leaders often view themselves as more transformational compared to introverted leaders. This perception plays a

vital role as it influences the leader's attitude and, consequently, the overall organizational culture.

As the world of business keeps evolving, transformational leaders play a crucial role not just motivating and inspiring their followers, but also actively promoting both individual and group excellence, resulting in improved overall performance and adaptability of the organization. As leadership challenges become increasingly complex, the qualities and actions associated with transformational leadership remain indispensable.

#### **1.1.4. BENEFITS OF TRANSFORMATIONAL LEADERSHIP**

Transformational leadership style has a big effect on organizations, from how team members work together to the overall strategic goals. Using this leadership style can bring lots of benefits that are important for the organization's future success.

One of the main advantages of this leadership style is its ability to increase employee engagement and job satisfaction, which are directly correlated to financial results. Numerous studies have shown that employees who work under transformational leaders are more dedicated and motivated. Transformational leaders inspire their followers by aligning personal objectives with the organization's vision. This purpose-driven approach is crucial for keeping employees motivated and can result in increased job satisfaction. Moreover, engaged workers tend to work harder, leading to improved productivity and higher quality results. Research has shown that when employees are happy and engaged, they are less likely to quit their jobs, thus reducing turnover rates, which represent a major expense in any business.

Transformational leaders excel in creating an inclusive and empathetic environment, building strong relationships that make people feel appreciated: workers are motivated to collaborate and are recognized for their unique skills. They are given the opportunity to face challenges and freely express their own ideas in this supportive atmosphere, ultimately leading to both individual performance and team effectiveness.

Leaders who are transformational excel at finding solutions to conflicts and encouraging open communication, abilities that are essential for effective teamwork and collaboration. Furthermore, transformational leadership places a strong emphasis on employees' intellectual stimulation and personal development, which guarantees that employees are well-prepared to



handle the complexities of their roles, thus minimizing the likelihood of turnover caused by job dissatisfaction or lack of support.

Moreover, transformational leadership has a positive impact on organizational citizenship behaviors (OCB: positive and constructive employee actions that are not part of their formal job description): leaders motivate their employees to exceed their regular duties and contribute to the organization's success. Examples of OCB include volunteering to help coworkers, being punctual, and having a positive attitude. It has been shown correlation between transformational leadership and higher OCB, which eventually contributes to a more cooperative and effective work environment.

Finally, transformational leaders are skilled at driving performance and productivity by encouraging creativity and education within their companies. They inspire innovative problem-solving and improve processes. By valuing tacit knowledge and cultivating an environment that encourages ongoing learning and knowledge exchange, they contribute to maintain a lasting competitive advantage. The ability to adapt and come up with new ideas is extremely important in industries that are constantly evolving or highly competitive. Companies led by transformational leaders are more likely to use creative methods and solutions to overcome challenges and meet market demands, thereby improving the overall organizational performance.

Overall, the benefits of transformational leadership reach far beyond immediate performance. These benefits include increased engagement and morale among employee, a deeper commitment to ethical principles, and a strong corporate culture that supports innovation and continual progress; collectively, they contribute to the long-term success and competitiveness of the organization. Transformational leadership is not just about leading effectively, but it is about transforming the organization's core structure. It provides businesses with the tools they need to succeed in challenging and complex.

## **1.2 STRATEGIC LEADERSHIP AND TURNAROUND MANAGEMENT**

### **1.2.1 WHAT IS STRATEGIC LEADERSHIP?**

Strategic leadership is fundamentally about high-level tasks performed by executives, directors and general managers, among others, with the intention of strategically influencing the firm's future. This type of leadership is essential for setting the organization's course, handling complicated HR activities, and ensuring that daily operations support the organization's long-term goals.

Strategic leaders are distinguished by their ability to make crucial decisions, interact with shareholders effectively, and manage the dynamic demands of social and ethical responsibilities within the company. They are skilled at creating a culture that values informed risk-taking and constant improvement, which is crucial for sustaining a competitive advantage. Their roles frequently require them to balance competing requests while maintaining the firm's objectives and vision at the center of its strategy.

Within the scholarly debate, strategic leadership is defined as a mindset characterized by a proactive approach to guiding organizations, rather than just a particular style. Leaders in this domain are known for their creative problem-solving abilities and visionary perspective, which helps guiding their groups and companies toward achieving long-term goals. Depending on the need of the circumstance and the dynamics of the team, they use a range of leadership styles, from authoritarian to servant leadership.

Strategic leaders excel also at navigating ambiguous situations, inspiring and motivating their teams toward shared objectives using their creativity and strategic foresight. They are skilled in converting strategic plans into actionable tasks and coordinating organizational procedures and structures to improve productivity. Thanks to their flexibility and intelligence, strategic leaders can anticipate possible obstacles and possibilities, preparing the company to respond dynamically to the changing external environment.

In summary, strategic leadership is the result of a complex interaction between individual and organizational capabilities that together improve an organization's capacity to innovate, adapt and lead in its sector. Long-term organizational performance and sustainability depend heavily on these leaders' strategic orientation and personal qualities like adaptability and foresight into emerging trends.

### **1.2.2. SKILLS AND QUALITIES OF STRATEGIC LEADERS**

Strategic leadership requires a broad range of skill that transcends basic management practices to effectively navigate a business through dynamic and complex environments and to maintain a competitive advantage. In addition to formulating clear strategies and ensuring diligent execution, competent strategic leaders also excel in building strong interpersonal relations thanks to their advanced emotional intelligence.

The emotional intelligence of strategic leaders allows them to effectively negotiate the intricacies of complicated organizational relationships and an uncertain business atmosphere. This involves having an accurate awareness of both their own and other's emotional states. They prioritize active listening, which is a quality that promotes deep understanding and teamwork among members of their team, valuing every perspective of employees, since they recognize that great ideas can come from any level within the organization.

They are effective communicator. Effective communication is paramount for strategic leaders: to promote clarity and cohesion within their teams, they need to clearly communicate their vision and strategies, thus managing and inspiring people more efficiently.

They are adept at using collective intelligence thanks to their capacity to interact with others in the team and consider different points of view.

This transparency not only improves teamwork, but also increases overall engagement and loyalty.

The essence of a strategic leader lies in their visionary capacity, characterized by passion, purpose, and conviction. Strategic leaders are further distinguished by their forward-thinking capabilities. These leaders have an inspiring distinct vision for the future, frequently recognizing opportunities and threats before others do. This foresight allows them to lead their enterprise with a proactive rather than reactive approach, setting strategic goals that anticipate market shifts and consumer demands and encouraging early adaptation, thus securing competitive advantage. Their ability to think creatively and question conventional assumptions derives from their willingness to face new challenges and their intuitive understanding of complex situations.

Moreover, strategic leaders are recognized for their analytical and intuitive capabilities in the context of decision-making. To make well-informed choices that are in line with both short-term needs and long-term objectives, they strike a balance between data-drive analysis and

intuitive insights, promoting several possibilities to avoid making simple binary choices. A key feature of good strategic leadership is the capacity to make difficult decisions under pressure and with incomplete information while still considering broader implications. Finally, they are known for their capacity to align different stakeholders, facilitating buy-in and fostering a welcoming environment where different opinions are valued.

Ultimately, learning and adaptability are also central to the role of a strategic leader. Their advocacy for a culture that prioritizes continuous improvement and knowledge acquisition from both successes and failures is critical for preserving a competitive advantage and stimulating creativity. They support their teams in supporting change and innovation in addition to being open to new perspectives and methods.

Essentially, strategic leadership is about combining visionary thought with pragmatic execution, empathy with decisiveness and intuition with analytical rigor. This comprehensive approach guarantees that strategic leaders contribute to the long-term success and resilience of their businesses in addition to being effective in their immediate roles.

### **1.2.3. STRATEGIC LEADERSHIP IN CORPORATE TURNAROUND**

Strategic leadership in corporate turnarounds is a critical and essential aspect of reviving organizations that face serious operational and financial difficulties. In these high-pressure scenarios, leaders are tasked with making rapid decisions, frequently in a climate of ambiguity and high stakeholder expectations. The success of a turnaround strategy mostly depends on the leader's ability to quickly stabilize the business while setting the foundations for sustainable long-term growth.

In the initial phase of a turnaround, leaders must conduct an in-depth evaluation of the organization's current condition, identifying critical areas of weakness and opportunities for an immediate improvement. This diagnostic stage is crucial because it provides information for the strategic decisions that will determine how the turnaround will proceed. Leaders must be expert about crisis management, because they may frequently intervene in circumstances where they need to stop the losses by reducing expenses, selling off assets, or rearranging the workforce. Even though they may result in being brutal, these actions are required to ensure the organization's immediate survival.

Once immediate threats are mitigated, strategic leadership necessitates turning to long-term goals. This involves redefining the organization's primary goals and strategies. Effective leaders must develop a clear and compelling vision for the future, that revitalizes the company and aligns with the larger market and industry dynamics. This vision helps to unite the staff around a single objective and acts as a guide for all restructuring efforts.

Strategic planning during a turnaround also involves a significant amount of stakeholder management. Leaders must maintain an open communication with all stakeholders, including creditors, investors, staff, and clients. Openness in communication inspires trust and shows the leader's dedication to turning the business around. It is crucial for leaders to set reasonable expectations, create achievable objectives, and keep shareholders regularly informed of their progress.

Furthermore, successful turnaround requires striking a balance between operational excellence and strategic foresight. To adapt the company's strategy to changing external environment and maintain continuous improvement in daily operations, leaders must be flexible: even if this balance act is challenging and difficult, it is necessary for the recovery phase of a turnaround. Additionally, a culture of creativity and adaptability is required in such a situation. Innovation, whether it be in terms of products, procedures, or business models, can make a big difference: leaders need to cultivate an environment where creative thinking is encouraged and where new ideas are rigorously tested. This innovative culture may result in the identification of market opportunities or more effective operational strategies, which may result in an advancement of the business.

Finally, a high level of resilience and emotional intelligence is required. Pressure and stress of leading a company through a crisis can be exhausting. Leaders must maintain composure, think effectively under pressure, and motivate their teams; they must show empathy, recognize the effects of changes on their employees and manage the human component of the turnaround with sensitivity and respect. By effectively balancing these demands, leaders can struggle firms into successful companies.

### 1.3. CONTINGENCY THEORY OF LEADERSHIP

Contingency theory of leadership, which finds its roots in the research traditions of the 1950s, states that the efficiency of a leader strategy is dependent on the alignment of a leader's style and the situational variables of the organizational environment. This theory, first introduced by Fred Fiedler, challenges the one-size-fits-all leadership concept, arguing that the most effective leadership style varies by context and is influenced by specific situational factors, including the nature of the task, the dynamics within the team, and the leader's authority.

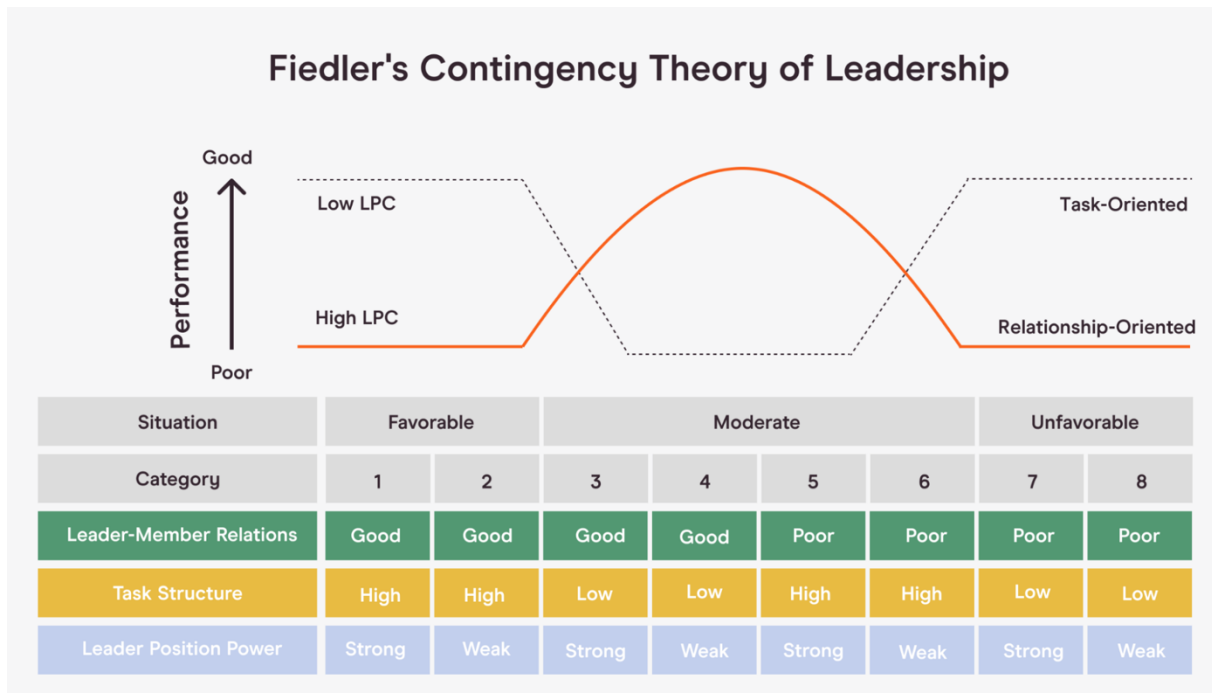
Fiedler made a significant addition to the theory landscape with the creation of the Least Preferred Coworker (LPC) scale, a diagnostic tool that assesses a leader's attitude toward their least favorite coworker to determine their style. Fiedler suggested that leaders who view their least preferred coworker positively are likely to be focused on relationships, whereas those who view them negatively are more focused on tasks. By using the LPC scale, it becomes easier to determine the situational favorableness for a leader.

The theory breaks down situations into three main dimensions:

- **Leader-Member Relations**, which refers to the level of trust, respect, and confidence that team members have in their leader.
- **Task Structure**, which is about how structured job assignments are, including clear instructions on tasks to be done.
- **Positional Power**, which is the amount of power and authority a leader must guide the team, give orders, and reinforce rules.

To effectively apply contingency theory, these factors must be evaluated to determine the best conditions for a leader's success. For instance, in a high-stress crisis where quick decisions are needed, a task-orientated leader may excel if the task structure is clear, and the leader has significant positional power. On the other hand, in a collaborative project with unclear goals, a relationship-orientated leader might be more successful if leader-member relations are strong and positional power is moderate.

Figure 1.1: Fiedler's Contingency Theory of Leadership



Source: nic. (2021, June 17). What is Fiedler's Contingency Theory of Leadership – Pareto Labs. Pareto Labs. <https://www.paretolabs.com/fielders-contingency-theory/>

Despite its usefulness, contingency theory has been criticized for relying too heavily on the LPC scale, which some argue may not accurately capture a leader's style. Additionally, the theory's inductive approach to linking leadership style and situational favorableness has been questioned for lacking scientific rigor. Critics highlight that the theory's core principles, based on empirical observations rather than deductive logic, could limit its relevance in various organizational contexts.

Further complicating matters, the theory proposes that leaders should either adjust their style to fit the situation, known as 'situational engineering', or change situational factors to align with their natural leadership style. However, implementing this concept has shown mixed outcomes in practice. Attempts to manipulate situational factors often encounter resistance within organizations, and modifying leadership styles may not always be practical or successful due to leader's inherent traits and characteristics.

In response to these challenges, further research has built upon Fiedler's original model by including more intricate variables like emotional intelligence, cultural aspects, and cross-functional team dynamics. These factors are crucial in today's diverse and dynamic business world. The studies indicate that the contingency framework needs to continuously evolve to stay relevant by including broader aspects of human behavior and organizational theory.

Contingency theory, despite its limitations, remains a valuable tool in leadership studies. It provides important insights into how leaders' styles interact with organizational situations. The theory emphasizes the significance of flexibility, adaptability, and situational awareness for effective leadership.



## **CHAPTER 2: FIAT'S SITUATION BEFORE MARCHIONNE**

### **2.1 BACKGROUND OF FIAT PRE-2004**

Fiat was founded on July 11, 1899, by a group of Italian aristocrats led by Giovanni Agnelli, who in 1902 was appointed CEO. They recognized the potential of the automotive industry in Italy and invested the significant amount of 800,000 lire to launch the company, demonstrating a genuine commitment to competing in the international car manufacturing market. With an initial team of only 35 employees, Fiat started its operations in a small workshop in Turin, producing 24 cars in its first year. This modest beginning marked the start of what would later become a major player in the Italian industrial sector.

In the early 20<sup>th</sup> century, Fiat experienced rapid growth under Agnelli's leadership. Firstly, in 1903, only four years after its birth, the company was listed on the stock exchange with a strong financial position in a car industry that had a few regulations and focused on handcrafted vehicles: this caught the attention of many investors. As the share price experienced a remarkable surge and the stocks were divided, Fiat underwent a reducing process. This caused the original business to be dissolved, resulting in the establishment of a new company, with Giovanni Agnelli assuming the position of the main shareholder, while the original partners were mostly excluded.

Furthermore, the company introduced innovative production methods and diversified its product line, including not only cars but also trucks and marine engines. Fiat's dedication to innovation was evident in its early use of assembly line techniques, inspired by the Ford's "T" model. These changes significantly improved production efficiency and lowered costs, helping Fiat secure larger market shares both locally and globally: in 1908, Fiat Automobile Co. was founded in the United States with the aim of manufacturing licensed Fiat vehicles, and the year after a factory was constructed in New York. Additionally, the company successfully developed export relationships for its automobiles in France, Austria, United Kingdom, and Australia.

During World War I (1914-1918), Fiat's factories were transformed to support the war by making aircraft engines, ambulances, and military trucks. This was a crucial time for Fiat because it helped them develop their industrial capabilities for future growth. Indeed, in 1916, the construction the Lingotto factory, which came into operation in 1923, began. It soon became a famous symbol of the Italian car industry.

After World War I, Fiat emerged as one of the leading industries in Italy, reaching the third position in terms of capitalization and becoming the largest European producer of motor vehicles on a large scale. However, the immediate post-war period brought along a severe economic crisis and a high inflation rate, forcing many companies, including Fiat, to deal with heavy debts. The need to reconvert the industry from wartime production worsened the situation, inducing Fiat to try to acquire Credito Italiano in 1919, a move that was only stopped by the government intervention.

Fiat had to handle also changes in the car industry because of the popularity of American cars being mass-produced. However, the Italian company responded strategically by solidifying its position in Italy, taking advantage of Mussolini's nationalistic policies that supported local producers. Through its collaboration with the regime, the company gained access to beneficial trade agreements and government contracts, strengthening its role in Italy's industrial sector. Moreover, in the period between the two World Wars, Fiat was dealing with social and political tensions. The Factory Council movement of 1919-1920 – a movement inspired by the desire of workers to occupy and manage themselves the factories – led to a major conflict against the capitalist forces that resulted in the factory occupations of 1920. Despite regaining control of the factories, Fiat suffered strong trade union and political repression, especially with the rise of fascism, which saw the company closely collaborating with the regime to ensure discipline and productivity through methods like Taylorism and Fordism.

During the war in Ethiopia (1935-1936) and the first period of World War II (1939-1945), Fiat played a crucial role in military production, which greatly boosted its profits and workforce. However, later Fiat had to face high costs: in 1942 the factories were heavily bombed, resulting in significant human and material losses. After the war, Fiat, like many other Italian industries, was severely damaged and required extensive reconstruction efforts. The Marshall Plan provided support to help Fiat modernize its operations and regain its position in the post-war automobile market.

The 1950s and 1960s, period known as the “Italian Economic Miracle”, were a time of great growth for Italy, and Fiat produced famous cars like Fiat 500 and Fiat 600. These cars were not just vehicles, they were symbols of Italy's modernization and growing middle class. Fiat's strategy of making cars that were affordable and reliable for a wide range of people was a huge success, boosting their sales and profits. In this period, Fiat led the way in introducing new manufacturing techniques such as advanced robotics and automation. These innovations

not only became the industry standard, but also gave Fiat a competitive advantage. The company's growth was further boosted by its aggressive expansion into national market, by setting up new manufacturing facilities in Southern Italy, and into international markets, with production factories and sales networks being established across Europe, South America and Africa. Furthermore, at the end of the decade, in 1969, Fiat purchased Lancia, obtaining the complete control of the Italian car manufacturer. The same year, Fiat closed an agreement with Ferrari, which sold a large part of its share to the Turin's company.

During the 1970s, Fiat faced big challenges such as the oil crises and the economic downturns, to which the company responded by introducing smaller but more fuel-efficient cars and made significant investments in new technologies like front-wheel-drive systems and diesel engines. Fiat's dedication to innovation was clearly shown when it released the Fiat Uno in 1983: this car stood out for its efficient use of space and fuel, making it a popular choice among European buyers.

In addition, in 1986, the company bought Alfa Romeo, a well-known Italian sports car company and in 1993 it also acquired control of Maserati, Italian manufacturer of luxury cars.

During the 1980s and the 1990s, Fiat faced a lot of competition and financial issues. To deal with this, the company decided to change the market dynamics by concentrating on what they do best and getting rid of assets that were not necessary. During this time, Fiat also increase its influence in developing countries, understanding the opportunities for development in areas such as Eastern Europe and Asia. By the 1990s, Fiat established itself as a leading player in the European automotive market, but it was at that point encountering new obstacles from growing Asian rivals. As the new millennium turned, Fiat faced some major financial problems and a rapidly changing global economy. However, Fiat's commitment to innovation and its ability to adapt to the market helped it to overcome these challenges.

## **2.2 CHALLENGES FACING THE AUTOMOTIVE INDUSTRY**

In the period between 1990s and early 2000s, the car industry in Italy and globally faced serious problems and challenges that made car manufacturers change their strategies and operations. With globalization, advancement of new technologies, and evolving market demand, the automotive industry saw big changes in production dynamics and competitive landscape. Italy was a major player in the European industry during the 1990s, producing about 2 million vehicles per year at the beginning of the decade. However, approaching the end of the decade and the beginning of the new millennium, production started to decrease, following the overall industry trends. By 2000, the Italian automotive production had dropped to around 1.7 million vehicles, and the downward persisted in the following years. Italy's decline in car's production stands out when compared to the rest of Europe, where in the other countries production continues to grow.

Globalization is a factor that highly contributed to the change of the Italian automotive industry. During the early 2000s, Italian car makers faced high competition from flexible and innovative companies, especially from Japan and South Korea. These companies were setting new industry standards with their efficient operations and advancements in technology. The fast progress of technology, especially in terms of vehicle safety, emissions, and fuel efficiency, became extremely important for competition. The Italian automotive industry heavily relied on traditional manufacturing methods and did not have neither know other methods, and thus found it hard to compete in terms of costs and innovation; it did not invest enough in research and development, particularly in new technologies such as electric or hybrid systems. Due to this technological gap, compared to the automotive industries of European and non-European countries, Italian car makers have risked losing market share to competitors who have been quicker to integrate new technologies and satisfy the changing demands of the market.

Added to this there is the increase in the price of fuel: historical data shows that the fuel price increased markedly, consequently influencing the preferences of consumers, who moved from high fuel consumption vehicles, such as SUVs and pick-ups, toward more efficient cars in terms of fuel. Thereby, automakers had to change their strategies and operations to meet their customers' needs.

Finally, the Italian automotive sector had to face internal structural problems, largely due to strict labor laws and strong union presence, which made it difficult to achieve the flexibility

needed to adjust production in response to changing market conditions. The sector's challenges were worsened by a highly qualified workforce that was often tied to outdated production practices not in line with the demands of the modern automotive market.

The 2000s were a period of significant difficulties for the Italian automotive industry. These challenges forced the industry to reconstruct its strategies and make important changes.

### **2.3 FIAT'S FINANCIAL AND COMPETITIVE POSITION BEFORE MARCHIONNE: THE ALLIANCE WITH GENERAL MOTORS**

At the end of the last century and beginning of the new millennium, Fiat found itself in a difficult financial situation characterized by declining market shares, heavy debts, and strategic errors.

Throughout the 90s and into the 2000s, Fiat experienced a significant drop in both national and European market shares. The opening of new European markets in 1993, following the removal of trade barriers, exposed the company to intense competition from rivals like Ford, Renault, Peugeot and Volkswagen. These competitors had modernized and updated their model lines, while Fiat had not introduced any new model from 1988 to 1993, resulting in a consequent loss of market share (reduced to 12%) and in a dramatic financial damage (over 1800 billion lire). As the new millennium approached, Fiat took drastic measures to improve its situation, by firstly implementing a huge recapitalization of the company under Mediobanca and bringing in new shareholders, such as Deutsche Bank and Alcatel; they also reinforced the Agnelli's family control over the firm. Despite initial signs of a company recovery and positive results, it soon became evident that this was not the case: the recovery was primarily driven by the 30% devaluation of the lira in 1992. Indeed, once the effects of this devaluation faded away, Fiat's sales started to decline again.

Due to this significant decline, Fiat opted to move part of its production to foreign countries. As a result, by 2001, 66% of its revenue and 47 % of its vehicles were manufactured abroad. Unfortunately, these strategic moves did not yield positive outcomes for the company as hoped due to the crises that affected emerging markets in 1997 and 1998.

To overcome this situation, in March 2000, Fiat entered a strategic alliance with General Motors (GM), the leading automaker worldwide at that time: as part of this collaboration, GM invested \$2.4 billion to acquire a 20% stake in Fiat Auto, while Fiat obtained approximately 6% of GM's shares. The agreement also included joint ventures and the option for Fiat to sell the remaining 80% of Fiat Auto to GM in 2004, which later became a central issue when they ended the alliance. This partnership was initially met with enthusiasm by both the market and labor unions. In particular, the latter group was relieved because they were worried about a potential takeover by Daimler-Mercedes, which could have resulted in job cuts and factory shutdowns in Italy. However, the initial satisfaction derived from the alliance vanished soon. Fiat had to face several challenges. First, it underinvested in the development of new car models. It also faced stiffer competition in the small car sector. Finally, he overestimated the potential of emerging markets such as Russia, Brazil and the Asian Tigers; unfortunately, these markets have been hit by the economic crisis, making the situation even more difficult for Fiat. Additionally, the company had to deal with significant debt, much of which had been accumulated from non-automotive operations.

By February 2002, Fiat was facing even more financial problems, resulting in a loss of 792 million euros for the year. At this point, the major Italian banks offered a 3-billion-euro loan to help the company, with a deadline set for repayment by September 2005. However, it was established that, if the company was unable to repay the debts by the established date, then the banks will be able to transform their credits into shares of the company.

During this period of financial difficulties, Fiat established a restructuring plan, which included 8,100 workers losing their jobs. However, the company continued to lose market share (in 2002 it reached 7.7%), with a sales percentage of 28.1%. Added to this is the beginning of problems in the alliance with GM.<sup>1</sup>

On January 24, 2003, with the death of Giovanni Agnelli, the leadership of the Fiat Group passed to his brother Umberto: thus, the Agnelli family confirmed their intention to remain the main shareholders, mobilizing resources through the sale of valuable assets for a 5-billion-euro recapitalization plan. During this period, General Motors attempted to avoid the obligation to acquire Fiat Auto, which was tied to the contractual option. After Umberto's death on May 27, 2004, Luca Cordero di Montezemolo became president and Sergio Marchionne CEO, starting

---

<sup>1</sup> From the website: [http://www.proteo.rdbcub.it/article.php3?id\\_article=206&artsuite=3#nb5](http://www.proteo.rdbcub.it/article.php3?id_article=206&artsuite=3#nb5)

the recovery highlighted by an operating profit of 18 million euros. The separation from GM followed, with Fiat billing €1.55 billion from GM's failed purchase of Fiat Auto. In September, the banks converted their credits into shares, while IFIL, belonging to the Agnelli, increased its investment.<sup>2</sup>

## 2.4 THE MAIN CAUSES OF THE FIAT CRISIS

Fiat Auto's crisis can be attributed to several crucial factors that have profoundly influenced its commercial and financial path. In particular, the ownership structure based on family capitalism model was found to be inadequate, limiting access to the capital necessary to compete effectively in the global market.

In addition, the merger and acquisition strategies implemented by Fiat have not given the desired results. Fiat missed the opportunity to acquire major companies such as Seat and failed to conclude deals with Volvo or Daewoo, while other competitors such as Volkswagen expanded their market presence by acquiring important automotive companies.

Thirdly, Fiat's attempt at globalization was not very effective. The company decided to reduce investment in the European market to focus on emerging markets, unfortunately without achieving any success. These efforts indeed have not been enough to offset declining sales in traditional markets, and penetration into key markets such as India and China have been disappointing.

Furthermore, extreme outsourcing of crucial functions, such as the design of new models, has compromised innovation and quality. Although previously considered a winning strategy, for Fiat it meant the loss of essential internal skills, putting its competitiveness at risk.

Another reason why Fiat was overtaken by its competitors was due to insufficient investments in R&D. Unlike Volkswagen and BMW, which have invested heavy amounts of money in innovation, Fiat has spent much less, thus limiting its ability to innovate.

To conclude, risky financial choices, such as purchasing shares at too high prices and large-scale operations that did not bring profits, made the company's financial situation even worse.

---

<sup>2</sup> From the website: <https://www.uilmnazionale.it/wp-content/uploads/archivio/Documenti/13%C2%B0CONGRESSO/documentoFiat.pdf>

These factors together have caused not only a loss of market share for Fiat but have also put its financial stability at risk. This led the company to face a deep crisis that required drastic interventions to try to recover its position in the global automotive industry.



## **CHAPTER 3: SERGIO MARCHIONNE'S LEADERSHIP AND MANAGEMENT PHILOSOFY**

### **3.1 INTRODUCTION TO SERGIO MARCHIONNE**

#### **3.1.1 SHORT BIOGRAPHY**

Sergio Marchionne was born in Chieti in 1952. His mother's family migrated to Canada after the Second World War and after his father's retirement, they also migrated to Toronto to be able to offer Sergio and his sister better opportunities. There, Sergio learned English and contributed to the management of the local Carabinieri local station, of which he held the role of secretary from 1985 to 1992. After studying Philosophy and obtaining a master's in business administration, along with a Law degree, Marchionne decided not to pursue an academic career. He began working as an accountant and tax consultant, later becoming controller and business development manager at the Lawson Mardon Group. As time passed, he took on increasingly senior roles until he became in 1990 CFO of Acklands Ltd, before returning to the Lawson Mardon Group as finance director and vice-president.

After Alusuisse-Lonza's acquisition of Lawson Mardon, Marchionne moved to Switzerland, where he quickly rose to the position of CEO in 1997. During his tenure, he introduced major strategic reforms, focusing on profitability and shareholder value. This has led to a notable increase in share value, attracting new investors and encouraging merger attempts with other major companies in the aluminum sector. Despite failed mergers with Alcan and Pechiney, the aluminum division was sold to Alcan, sparking criticism from union for the loss of a historic company. After leaving Algroup, Marchionne took on the role of CEO and subsequently president of Lonza Group, demonstrating his ability to turn the company around in a short period of time. His career continued successfully in other Swiss companies, such as SGS, and through collaborations with important figures in Switzerland's banking and pharmaceutical sectors. During this period, he also developed significant relationships with the Agnelli family, which led to him becoming a member of Fiat's board of directors in 2003, marking the beginning of his famous commitment in reviving the Italian automotive company.

### **3.1.2. THE ARRIVAL AT FIAT AND THE FIRST STRATEGIC MOVES**

Sergio Marchionne became CEO of Fiat in June 2004, a difficult time for the company that was facing financial problems, with declining revenues and enormous debts; before him, four CEOs has succeeded one another at the helm of Fiat and, in 2003 alone, the company has lost over 6 billion euros. The deaths of Giovanni and Umberto Agnelli further complicated the situation, bringing additional uncertainty. Marchionne brought a radical transformation to the group, focusing on the automotive sector and selling non-strategic assets, such as the stake in Mediobanca; even without a specific automotive training, he brought an innovative management approach with quick decisions and a profound restructuring corporate hierarchy. His strategy also included open dialogue with unions and direct communication with workers. Marchionne's ability to negotiate became evident with the renegotiation of the agreement with General Motors in 2005, which resolved the put option in favor of Fiat, freeing the company from heavy obligations and allowing it to obtain 2 billion dollars from GM, that provided the resources necessary to relaunch the company and develop new models. This agreement, together with the choice to transform bank debts into shares, reduced the direct influence of the Agnelli family, while maintaining Fiat as the majority shareholder.

Under Marchionne's leadership, Fiat improved its financial situation and launched the new Fiat 500 in 2007, bringing the company back into profit and confirming Marchionne's key role in Fiat's rebirth. His strategy was not limited to internal reorganization, with a drastic reduction in the number of managers and the elimination of structural inefficiencies inherited from decades of diversified investments, but he has also demonstrated his long-term commitment to the country's industrial revival, despite the challenges posed by an evolving global economic environment, as demonstrated by the 2010 "Fabbrica Italiana" plan to increase car production in Italy.

Marchionne's entry into Fiat marked a crucial moment for the group, thanks to his decisive leadership and his ability to make bold decisions in crisis times. That's to his management, the company was rescued from a disastrous financial situation and set on a path of sustainable growth and innovation.

### 3.2. MARCHIONNE'S LEADERSHIP STYLE

Marchionne's leadership was based on three key actions: identifying the main challenge, setting an ambitious goal, and coordinating a group of exceptional managers that are committed to achieve that goal, demonstrating dedication to the company, the leader, and, above all, the group itself, which is the core element of a leadership system.

He began by identifying the crucial challenges specific to each situation, such as the need to prioritize the market and competition analysis over engineering and product development in 2004 or the necessity to expand the company's size in 2009 during the crisis. His approach included a clear and logical summary of each situation, which allowed rapid decision-making. This method not only highlighted key issues but also outlined the competitive landscape, setting the stage for strategic responses.

Marchionne's leadership was based on setting ambitious goals, which he believed were fundamental to motivate the group to action. His determination and clear vision were instrumental in leading the group towards these goals. Setting goals was a way to lead the group, ensuring that everyone was aligned and working hard to achieve them, and Marchionne was always available to support his team. Goals were integrated into budgets and short-term objectives, establishing an ambitious yet realistic timeline. He preferred to set broad long-term goals and short-term budgets rather than detailed plans, keeping his team focused and under pressure to achieve results.

*"Ambitious goals are needed, you cannot choose mediocrity as your goal or you will end up being crushed by competitors"* (Sergio Marchionne)

The final step in Marchionne's method was to lead the team to overcome identified challenges and achieve ambitious goals. This phase was critical, because it involved inspiring the team and transmitting a sense of purpose and urgency in their tasks. This is where trust and delegation came into play, allowing the team to operate effectively within established guidelines. The group was of extremely importance for Marchionne: according to him, the group was not hierarchical, but it was based on passion and merit. Experience was also paramount: no one can reach senior positions without spending many years within the company, growing, and adapting to its culture. He was able to bring out the best in his collaborators, managing the team without

excessive control, intervening only when the experts had solved most of the problems themselves. Through his leadership method, he created a strong corporate culture, making it essential for managers to develop the values and characteristics necessary to be part of a group. Marchionne's leadership style allowed the team to not just follow orders, but to be involved in a common mission. This method has proven to be effective in overcoming the complex challenges faced by the company, demonstrating the importance of structured, goal-orientated leadership in transforming business operations.

Marchionne has demonstrated to be in all respects a transformational leader, possessing all the characteristics required. He was able to communicate a clear vision of the objectives and to inspire his team intellectually; he gained the respect and trust of the members of the group by exhibiting high standards and making decisions that were consistent with the company; he possessed the empathy necessary to treat each member as a single individual, aligning their goals with those of the company and creating a corporate culture that stimulated and encouraged everyone; finally, he encouraged the team to make innovative and unconventional decisions and to be bold, stimulating their creativity and accepting the idea of each member, recognizing that everyone could positively influence the company.

*“Leaders, great leaders, are people who have a phenomenal ability to design and redesign creative collaborative relationships within their teams” (Sergio Marchionne)*

## **CHAPTER 4: THE TURNAROUND OF FIAT UNDER SERGIO MARCHIONNE**

### **4.1 KEY STRATEGIC DECISIONS MADE BY MARCHIONNE**

#### **4.1.1. THE ALLIANCE WITH CHRYSLER**

In 2006, a major financial crisis, which quickly became a global crisis, broke out in the United States. The crisis is generally referred to as the “2008 crisis”: the reason is that 2008 is the year in which the crisis reached its peak, having visible and devastating effects on the global economy.

The crisis had a disastrous impact on the automotive industry, especially in the United States, where the risk of bankruptcy of major auto manufacturers made it necessary for the federal government to intervene to restructure them. This situation has raised questions not only about the automotive industry, but also about the entire model of American economic development, based on excessive consumption and a financial system centered on consumer credit and loans for home purchases.

The crisis has also serious effects in Europe, where consumers began to buy less durable goods, such as cars, upsetting the balance just achieved by the Fiat group. The company was in a difficult situation due to sales concentrated mainly in Europe, especially in Italy, and in only a significant international market in Brazil. It was this dependence on Europe, seen as a great weakness, that pushed Marchionne to seek extra-European alliances. The CEO of the Italian company therefore took advantage of the opportunity to participate in the reconstruction of Chrysler, a big American car manufacturer, which was in critical conditions and was selling cars mainly in the Northern America. It was a move criticized by many, especially those who did not believe in the financial solidity of Fiat and the sustainability of the initiative in America; despite the criticism, Marchionne proposed to also acquire the European activities of General Motors, thus generating greater skepticism; however, the acquisition of GM was never completed.

In March 2008, Sergio Marchionne met for the first time with the executives from Chrysler: this meeting marked the beginning of an agreement that was signed in December of the same

year, which predicted that Fiat would acquire a part of Chrysler in exchange for access to the Italian group's technology and expertise in the engine sector. Thanks to the agreement reached with the American government in April 2009, Fiat initially obtained 20% of Chrysler, with the possibility of increasing this share to 35% by reaching certain objectives.

The acquisition of Chrysler not only strengthened Fiat's position globally, but also led to significant changes in the Italian industry. From that moment on, Marchionne not only had to help the Italian company grow, but also the American one. For this reason, he had to overturn the Italian production system, based on more traditional methods that were not focusing on international production and therefore not in line with the new objectives. Hence, he brought the American method, known as World Class Manufacturing (WCM), to Italy. The adoption of this system required a notable change in Italian plants, together with the introduction of more efficient but also more demanding working methods for workers, often in contrast with the existing contractual conditions in Italian metalworker sector. Fiat workers were asked to accept the new contract based on the American method: some of the unions accepted immediately, while FIOM undertook a long fight against the company, which culminated in the decision of Marchionne to exclude it.

On January 1<sup>st</sup>, 2014, Fiat acquired 100% of the shares of the Chrysler Group and August 1<sup>st</sup> of the same year the merger of the two companies took place, thus creating Fiat Chrysler Automobiles (FCA), listed both in New York and Milan stock markets. The merger proved to be crucial for the financial sustainability of the group, with a strong impact on the balance sheets, especially thanks to the American market, which showed a faster recovery from the crisis than the European one.

## 4.1.2. ORGANIZATIONAL RESTRUCTURING AND CULTURAL CHANGE

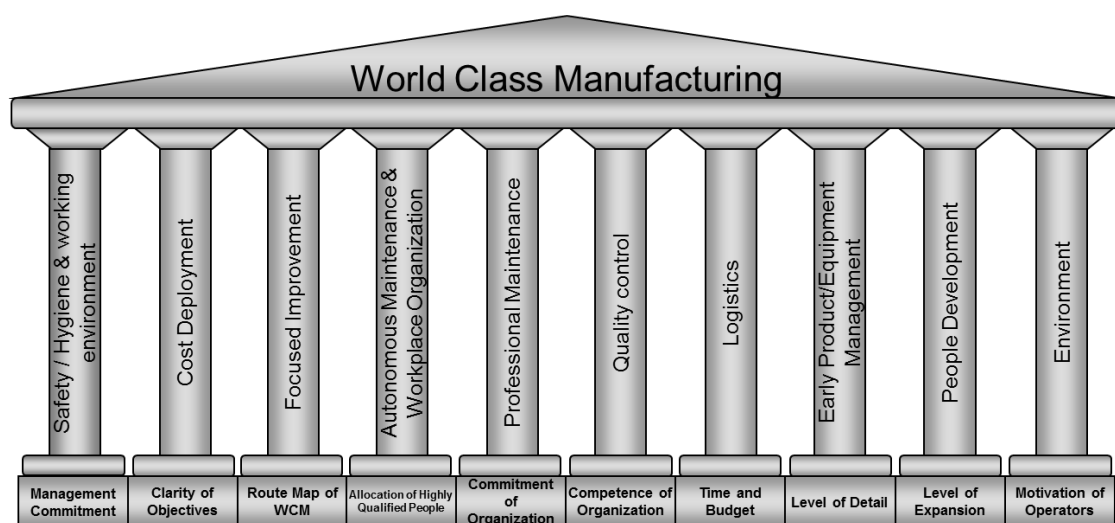
During his tenure, Sergio Marchionne brought about radical changes at the organizational level of Fiat, and later of Chrysler, to align the new objectives with the workforce.

First, Marchionne overturned the hierarchical structure of Fiat, which had characterized the company in a rigid way for many years. He introduced a flatter organizational model, thus making not only communication easier and reducing decision times, but also giving more responsibility to all levels of the company. The transition from a vertical to a more horizontal management allowed mid-level managers and employees to work with greater autonomy, emphasizing merit and effectiveness over the hierarchical position.

*“The real problem for managers is that the more pyramids you create, the worse you manage the company”* (Sergio Marchionne)

Secondly, he implemented new methodologies such as the World Class Manufacturing, aiming to improve production standards through innovation and efficiency. This approach not only increased product quality and operational efficiency, but also fostered a culture of continuous improvement.

The World Class Manufacturing is based on 10 pillars that drive companies towards operational efficiency:



Source: Chiara Riparelli. (2021, September 13). *I 10 pilastri del World Class Manufacturing* | *Magazzino Efficace*. *Magazzino Efficace*. <https://www.magazzinoefficace.it/i-10-pilastri-del-world-class-manufacturing/>

- **Safety/ hygiene and working environment:** attention over the costs associated with injuries and promotion of a safe work environment.
- **Cost deployment:** constant control to achieve the company's objectives through a management system that enhances transparency and effectiveness.
- **Focused improvement:** solving specific problems to avoid distractions and improve efficiency.
- **Autonomous maintenance and workplace organization:** encouraging workers to manage and keep their work area tidy to reduce waste of time.
- **Professional maintenance:** scheduled machinery maintenance to prevent sudden breakdowns, optimizing production times.
- **Quality control:** quality control of the production process and the finished product.
- **Logistics:** improve delivery times and inventory management.
- **Early product/ equipment management:** use of project management to optimize time and resources, ensuring efficiency from start to the end.
- **People development:** continuous employees' training and motivation.
- **Environment:** attention and promotion of environmental sustainability.

The introduction of this new model of production not only increased Fiat's competitiveness, but also improved working conditions, leading to greater satisfaction and higher quality production.

One of the most transformative aspects of Marchionne's management regarded his relations with the unions, a traditionally complex and conflictual environment, especially in Italy. Marchionne stood out for a decisive and often controversial approach towards unions. He did not seek consensus through traditional compromise, but preferred direct and sometimes harsh negotiation. This approach was evident in his decision to deal directly with the unions, excluding FIOM, the most militant union, which refused to accept the proposed new working conditions; it was evident once again in 2012, when Marchionne decided the exit of Fiat from Confindustria. Marchionne's audacity was evident in his refusal to follow traditional Italian industrial policy, which often left large companies like Fiat dependent on State intervention or political compromise. Instead, he favored business management based on efficiency and innovation, rather than politics and backroom deals. He managed relations with unions with a



balance between boldness and innovation. While his tactics may have been divisive, they still helped save the company and set it up for success in an extremely competitive global marketplace.

Finally, Marchionne firmly believed in the centrality of the customer and in the need to orient the entire company towards customer satisfaction. This approach was evident in the design and marketing of cars, with the aim of meeting and exceeding global consumer expectations. His vision for Fiat and Chrysler was to not only produce quality automobiles, but also ensure that every customer interaction reflected excellence and attention to detail.

#### **4.1.3. INNOVATION AND PRODUCT DEVELOPMENT**

In addition to radical changes at management level, Marchionne also modified the approach to the market and product choice.

Marchionne has made bold decisions regarding FCA's portfolio, deciding to eliminate some brands while promoting others. For example, Lancia was reduced to just one model, the Ypsilon, embracing a strategy of downsizing rather than expansion for the brand. Instead, it invested heavily in Alfa Romeo with the introduction of Giulia and Stelvio models, even if sales initially did not meet expectations. This demonstrates his willingness to take calculated risks, shifting resources towards brands with higher profit potential such as Maserati and Jeep: Jeep, of which Fiat has controlled the majority shareholding since 2011, soon became a pillar of FCA's global strategy thanks to the expansion of the Renegade and Compass models.

His approach to product development was very pragmatic and market orientated. During his tenure, he worked to consolidate FCA's operations, focusing on models that could ensure maximum economic returns. Fiat's decision to concentrate production on successful models such as the Fiat 500 and Panda, intended mainly for European trade, and to renew attention on the high-end segments with Maserati and Alfa Romeo, clearly demonstrates the intent to restructure the product offering in line with a more focused market strategy.

Despite an uncertain start regarding emerging technologies such as electrification and autonomous driving, Marchionne changes his mind in his final years. This breakthrough allowed FCA to compete with competitors who were moving quickly to adopt these technologies. Marchionne understood well how important innovation was as a strategic lever for the company's success. For this reason, FCA invested heavily to keep up with new

industry trends. In 2015, the CEO presented an ambitious vision that emphasized the need to collaborate with other companies to optimize investments in R&D, especially by sharing resources in the systems of transmission and brakes, components that do not differentiate the various brands, but that are essential for technological innovation. The initiative to invest 9 billion euros by 2022 to promote the electrification of the FCA's product demonstrates the importance given to new technologies, in particular electrification and autonomous driving systems, by Marchionne. FCA's attention towards investments in R&D is also demonstrated by data of the automotive sector: in 2017, European automotive manufacturers spent 58.3 billion euros in this field, ranking first globally for investments in innovation. These investments have led to an increasingly higher turnover over the years.

The introduction of strategies for the development of hybrid and electric vehicles towards the end of his administration demonstrated and awareness of market trends and emerging regulatory needs. FCA highlights how a proactive and visionary approach to managing R&D investments can keep a company competitive in the global landscape and prepare it for future market trends, such as electric vehicles.

While some decisions had mixed results at the time of implementation, they had a significant impact on FCA's long-term competitive position. The strategies implemented have allowed the company to prepare for future challenges, positioning it to exploit new market opportunities and respond dynamically to changes in the global automotive industry.

## **4.2. IMPACT OF THESE DECISIONS ON FIAT'S RECOVERY AND GROWTH**

### **4.2.1 FINANCIAL PERFORMANCE ANALYSIS**

The debt restructuring of Fiat Chrysler Automobiles is one of the most important aspects of Sergio Marchionne's management and which has contributed to completely transforming the company's financial prospects, not only saving it from bankruptcy, but also positioning it on a sustainable growth path.

The analysis of the financial data for the first half of 2017 shows that, although sales remained stable compared to 2016, FCA significantly reduced its net industrial debt, which fell from € 5,474 million in June 2016 to € 4,226 million in June 2017, resulting in a debt reduction of approximately 25%, thus demonstrating that the strategies implemented by Marchionne were

valid. Additionally, FCA revenues amounted to € 110 billion, while profits reached € 3.5 billion. This success achieved was directly influenced by the expansion of the product range with the inclusion of the Alfa Romeo and Maserati models and by the continued popularity of the Jeep brand, together with FCA's performance in the USA, where the group sold around 2 million vehicles in 2017, contributing 50% of the company's total turnover. FCA's success in North America is strongly linked to the Jeep brand, acquired through Chrysler, which generated significant revenues and profit margins. However, the situation was different in the European and South American markets, where the results are less positive. Notably, Europe contributed only a small portion of FCA's profits, demonstrating how the company's financial center has shifted significantly towards North America.

Marchionne's goal for FCA was to eliminate debt and achieve a financial surplus by the end of 2018: this prospect would have made FCA an extremely attractive entity in a globally competitive automotive industry, both for strategic alliances and possible acquisitions. Unfortunately, by the end of 2018, FCA only managed to reduce debt further, reaching € 456 million, but not to eliminate it.

Furthermore, the reduction of debt and the focus on profitable operations have led to a significant growth in FCA's share value. Between 2013 and 2018, the share price increased from 3.9 to 16.5 euros, transforming an investment of € 1,000 into over € 4000. This return on investment demonstrated investor confidence in FCA's financial strategy and direction. This shows how Marchionne went beyond simply saving a major automotive company, helping to create significant value for shareholder and stabilize the company in an industry characterized by rapid change and intense competitive pressures.

#### **4.2.2. MARCHIONNE'S LEGACY: THE EVOLUTION OF FCA INTO STELLANTIS**

Marchionne's legacy as manager can still be seen in the business transformation that he left behind. He not only rescued and transformed Fiat into FCA, acquiring Chrysler, but he also laid the foundation for greater internationalization and a series of strategic alliances that, although not fully realized during his tenure – such as the one with General Motors – would shape the future of strategic operations of the group. Although many of Marchionne's decisions were not positively received, his contribution was crucial in preparing the company to face an evolving global market, with a greater focus on investments in the US.

After Marchionne's passing, FCA continued its path towards internationalization. The merger with PSA, which led to the birth of Stellantis, brought the company not only a stronger balance sheet, but also new ideas and projects led by the new managers Mike Manley (2018 – 2021) and then Carlos Tavares (from 2021). Marchionne's vision of creating a large global group that could compete effectively in the world market and meet challenges of the technological transition was partly realized with the creation of Stellantis. This new entity has improved the group's competitive position, allowing it to balance its global market presence with a strong presence in key markets such as the United States and Europe. Furthermore, it has allowed the company to respond with greater agility to market dynamics increasingly dominated by electrification and digitalization.

Additionally, the transition to electrification has been a focal point of Marchionne's strategy, despite his initial hesitations. This move set the stage for Stellantis: under Tavares's leadership, this path has been accelerated, allowing the group's brands to share platforms, engines, and technologies.

Marchionne's strategic moves, together with the subsequent Stellantis' ones have strengthened the company's ability to compete in a rapidly evolving automotive industry. Stellantis is now successfully navigating the challenges of the modern market, continuing to expand its global footprint and adapt to new technological and environmental needs, while maintaining a strong connection with its Italian roots and industrial base.

## CONCLUSION

Fiat's radical change under Sergio Marchionne's leadership represents an important example of corporate turnaround in the automotive sector. Marchionne's strategies not only saved the company from bankruptcy, but also relaunched the Fiat brand, integrating it into a global competitive context through the merger with Chrysler and the subsequent evolution into FCA and Stellantis.

Marchionne's leadership was characterized by bold and often controversial decisions, which led to profound organizational changes, aimed at efficiency and innovation. The adoption of a flatter organizational model, the direct addressing of union challenges, and a renewed focus on the market and product development marked a decisive turning point for Fiat and Chrysler. Marchionne also demonstrated how transformational leadership can not only respond to immediate crises, but also prepare the company for future challenges by moving it towards the digitalization and electrification of the automotive sector.

Additionally, his way of managing and relating to the industry has led to a significant improvement in the company's financial and competitive performance. The consequences of his policies continue to influence the operations of Stellantis, which today ranks among the main global leaders in the sector thanks to its ability to quickly adapt to market changes and new technological needs.

Considering all of the facts, Sergio Marchionne's legacy goes beyond numbers and company strategies; it can be seen in how his vision and leadership transformed an entire industry. Marchionne's determination and strategy have made it possible to change the destiny of an automotive giant, demonstrating how courageous management can transform crisis into a global opportunity for growth and innovation. Its impact is reflected in the ability of Fiat, Chrysler and Stellantis to adapt to the changing needs of the automotive market.

## REFERENCES

Achmad, R., & Sunaryo, S. (n.d.). THE EFFECT OF TRANSFORMATIONAL LEADERSHIP ON EMPLOYEE PERFORMANCE MEDIATED BY JOB SATISFACTION AND EMPLOYEE ENGAGEMENT. *International Journal of Business, Economics and Law*, 21. Retrieved April 26, 2024, from [https://ijbel.com/wp-content/uploads/2020/06/IJBEL21\\_257.pdf](https://ijbel.com/wp-content/uploads/2020/06/IJBEL21_257.pdf)

alVolante. (2018). *La FCA azzerata il debito*. Alvolante.it; alVolante. <https://www.alvolante.it/news/fca-risultati-primo-semester-2018-azzeramento-debito-358469>

Bertoldi, B. (2021). The Leadership Style to Lead the Evolution of the Entrepreneurial Essence: A Proposal. *International Series in Advanced Management Studies*, 115–154. [https://doi.org/10.1007/978-3-030-63742-2\\_6](https://doi.org/10.1007/978-3-030-63742-2_6)

Bricco, P. (2018, November 18). *Fca, la seconda vita del debito: ridotto ma non azzerato*. Il Sole 24 ORE. <https://www.ilsole24ore.com/art/fca-seconda-vita-debito-ridotto-ma-non-azzerato-AEB4eLiG>

*Cent'anni di improntitudine. Ascesa e caduta della FIAT*. (2024). Rdbcub.it. [http://www.proteo.rdbcub.it/article.php3?id\\_article=206&artsuite=3](http://www.proteo.rdbcub.it/article.php3?id_article=206&artsuite=3)

Chiara Riparelli. (2021, September 13). *I 10 pilastri del World Class Manufacturing | Magazzino Efficace*. Magazzino Efficace. <https://www.magazzinoefficace.it/i-10-pilastri-del-world-class-manufacturing/>

Conor O'Kane, & Cunningham, J. (2014). Turnaround leadership core tensions during the company turnaround process. *European Management Journal*, 32(6), 963–980. <https://doi.org/10.1016/j.emj.2014.04.004>

da Andrea Lodi. (2021, March 25). *Il miracolo di Marchionne: il modello della fabbrica piatta - SulPanaro | News*. SulPanaro | News. <https://www.sulpanaro.net/2021/03/il-modello-della-fabbrica-piatta-di-marchionne/>

Demir, R. (2018, August 9). *How Marchionne changed the cultures of Fiat and Chrysler - HR Magazine*. HR Magazine. <https://www.hrmagazine.co.uk/content/features/how-marchionne-changed-the-cultures-of-fiat-and-chrysler/>

Desiderio, N. (2023, July 24). *Sergio Marchionne, la sua eredità a cinque anni dalla morte*. Motor1.com; Motor1.com Italia. <https://it.motor1.com/news/678318/sergio-marchionne-storia-biografia-eredita/>

Edoardo Frittoli. (2018, July 24). *Tutte le auto dell'era Marchionne. La storia e le foto*. Panorama; Panorama. <https://www.panorama.it/economia/tutte-le-auto-dellera-marchionne-la-storia-e-le-foto>

Ferrante, L. (2021, August 28). *La “leadership destrutturata” di Sergio Marchionne - Alleniamoci alla leadership!* Alleniamoci Alla Leadership! <https://www.leoferrante.it/la-leadership-destrutturata-di-sergio-marchionne/#>

Ferro, L. (2006, November 29). *I cinque punti di Marchionne*. 01net. <https://www.01net.it/i-cinque-punti-di-marchionne/>

Foglio, I. (2018, July 24). *Così Marchionne ha rivoluzionato le relazioni industriali insieme a noi*. @Ilfoglio\_it; Il Foglio. <https://www.ilfoglio.it/economia/2018/07/24/news/cosi-marchionne-ha-rivoluzionato-le-relazioni-industriali-insieme-a-noi-207081/>

Four factors of transformational leadership behavior | Emerald Insight. (2024). *Leadership & Organization Development Journal*, 22(5), 221–229. <https://doi.org/10.1108/lodj>

*Four I's of Transformational Leadership* – BusinessBalls.com. (2024). Businessballs.com. <https://www.businessballs.com/leadership-styles/four-is-transformational-leadership/>

García-Morales, V. J., Francisco Javier Lloréns-Montes, & Verdú-Jover, A. J. (2008). The Effects of Transformational Leadership on Organizational Performance through Knowledge and Innovation\*. *British Journal of Management*, 19(4), 299–319. <https://doi.org/10.1111/j.1467-8551.2007.00547.x>

*Gasoline Prices and Vehicle Markets*. (2020). Cbo.gov. <https://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/88xx/doc8893/chapter2.6.1.shtml>

Hay, I. (2006). *transformational leadership: characteristics and criticism*. E-Journal of Organizational Learning and Leadership, Vol.5, No. 2. [https://d1wqtxts1xzle7.cloudfront.net/35413035/Transformational\\_Leadership\\_for\\_Web-libre.pdf?1415112837=&response-content-disposition=inline%3B+filename%3DTransformational\\_leadership\\_characterist.pdf&Expires=1713887517&Signature=DtDwDpQPFBE-Dt0gJDxZNffdx5qtb3F4z10WI9gGOe~7s2fnSYQ-gVeHZ-](https://d1wqtxts1xzle7.cloudfront.net/35413035/Transformational_Leadership_for_Web-libre.pdf?1415112837=&response-content-disposition=inline%3B+filename%3DTransformational_leadership_characterist.pdf&Expires=1713887517&Signature=DtDwDpQPFBE-Dt0gJDxZNffdx5qtb3F4z10WI9gGOe~7s2fnSYQ-gVeHZ-)

[nt6xVt7lqPz4T-ciUi86lDOJjQ-GTQ9BNmLJhS~U499dS~e7YH0ZCaalJnU8cfSqCT3B65w-rFOxuEcGzL5iwfiocgTzmgHsU872Q0lsgEGuUrVJEIgvVpQWku1G4NRK4K~LPwd-IXj6M22ocz13NjkDMYXZ7ZHvR~B~BUsnrpVTpPxHVGAY1UUz~vJ3kzB7icoqAyJSsjZKAMLi5722H4IHjKxauyEMCsXKXcJxe93qY4OorkCJnCAp6cTYRJmtnp9Yx027S2udbugQA9mm2rx1-tw\\_\\_&Key-Pair-Id=APKAJLOHF5GGSLRBV4ZA](https://www.hdmotori.it/volkswagen/speciali/n532278/marchionne-stellantis-storia-fca-psa-fusione/)

HDmotori.it. (2021, January 16). *Da Marchionne a Stellantis, una storia che va raccontata*. HDmotori.it; HDmotori.it. <https://www.hdmotori.it/volkswagen/speciali/n532278/marchionne-stellantis-storia-fca-psa-fusione/>

*IMSA Leadership Education and Development*. (n.d.). <https://digitalcommons.imsa.edu/cgi/viewcontent.cgi?article=1016&context=core#:~:text=The%20main%20difference%20between%20situational>

Kamila Malewska, & Sajdak, M. (2014). The Intuitive Manager and the Concept of Strategic Leadership. *Management*, 18(2), 44–58. <https://doi.org/10.2478/manment-2014-0041>

Krishnan, V. R., & Arora, P. (2008). Determinants of Transformational Leadership and Organizational Citizenship Behavior. *Asian-Pacific Business Review*, 4(1), 34–43. <https://doi.org/10.1177/097324700800400104>

*La FIAT prima e dopo Marchionne*. (2018, July 25). Il Post; Il Post. <https://www.ilpost.it/2018/07/25/marchionne-fiat/>

Leadership and the company turnaround process | Emerald Insight. (2019). *Leadership & Organization Development Journal*, 21(1), 36–47. <https://doi.org/10.1108/lodj>

*MARCHIONNE, Sergio - Treccani - Treccani*. (2020). Treccani. [https://www.treccani.it/enciclopedia/sergio-marchionne\\_\(Dizionario-Biografico\)/](https://www.treccani.it/enciclopedia/sergio-marchionne_(Dizionario-Biografico)/)

Mauro Del Corno. (2018, July 21). *Marchionne e la rivoluzione Fiat: dal ricco divorzio con Gm all'acquisto di Chrysler, tutti i colpi del....* Il Fatto Quotidiano; Il Fatto Quotidiano. <https://www.ilfattoquotidiano.it/2018/07/21/marchionne-e-la-rivoluzione-fiat-dal-ricco-divorzio-con-gm-allacquisto-di-chrysler-tutti-i-colpi-del-manager-in-pullover/4507299/>

McCloskey, M. W. (n.d.). *What is Transformational Leadership?* <https://d1wqtxts1xzle7.cloudfront.net/33666986/transformationalleadership->





[https://www.repubblica.it/economia/finanza/2017/07/27/news/fca\\_funziona\\_il\\_taglio\\_del\\_debito\\_cosi\\_marchionne\\_potra\\_giocare\\_le\\_sue\\_carte\\_sul\\_piano\\_delle\\_alleanze-171758878/](https://www.repubblica.it/economia/finanza/2017/07/27/news/fca_funziona_il_taglio_del_debito_cosi_marchionne_potra_giocare_le_sue_carte_sul_piano_delle_alleanze-171758878/)

*Picking the Right Transition Strategy*. (2009). Harvard Business Review.

<https://hbr.org/2009/01/picking-the-right-transition-strategy>

Prochazka, J., Vaculik, M., Smutny, P., & Jezek, S. (2018). Leader traits, transformational leadership and leader effectiveness: A mediation study from the Czech Republic. *Journal for East European Management Studies*, 23(3), 474–501. <https://doi.org/10.5771/0949-6181-2018-3-474>

Redazione Millionaire. (2019, July 25). *Marchionne, vita e miracoli del manager che cambiò la Fiat*. Millionaire; Millionaire. <https://www.millionaire.it/marchionne-storia/>

*RI IP PR RE ES SA A*. (n.d.). Retrieved May 15, 2024, from <https://www.uilmnazionale.it/wp-content/uploads/archivio/Documenti/13%C2%B0CONGRESSO/documentoFiat.pdf>

Samimi, M., Andres Felipe Cortes, Anderson, M. H., & Herrmann, P. (2022). What is strategic leadership? Developing a framework for future research. *the Leadership Quarterly*, 33(3), 101353–101353. <https://doi.org/10.1016/j.leaqua.2019.101353>

Sandell, H. (2012). Two Poems. *World Literature Today*, 86(5), 20–21.

<https://doi.org/10.1353/wlt.2012.0174>

Scafati, M. (2018, July 21). *Marchionne, 14 anni di auto tra luci e ombre: dal funerale di Lancia allo stallo di Alfa, fino ai miracoli...* Il Fatto Quotidiano; Il Fatto Quotidiano.

<https://www.ilfattoquotidiano.it/2018/07/21/marchionne-14-anni-di-auto-tra-luci-e-ombre-dal-funerale-di-lancia-allo-stallo-di-alfa-fino-ai-miracoli-jeep-e-maserati/4507575/>

Schoemaker, P., Krupp, S., & Howland, S. (2013). *HBR.ORG Managing Yourself Strategic Leadership: The Essential Skills*. [https://www.peterfisk.com/wp-content/uploads/2017/01/HBR\\_Strategic\\_Leadership.pdf](https://www.peterfisk.com/wp-content/uploads/2017/01/HBR_Strategic_Leadership.pdf)

Shonk, K. (2024, April 23). *The Contingency Theory of Leadership: A Focus on Fit*. PON - Program on Negotiation at Harvard Law School. <https://www.pon.harvard.edu/daily/leadership-skills-daily/the-contingency-theory-of-leadership-a-focus-on-fit/>

Siegfried Höhn. (1992). The world automotive industry to the year 2000. *Long Range Planning*, 25(2), 26–32. [https://doi.org/10.1016/0024-6301\(92\)90189-9](https://doi.org/10.1016/0024-6301(92)90189-9)

smirpourian. (2020, September 9). *Automotive e R&D: evoluzione tecnologica dell'Automotive - Leyton Italia*. Italia. <https://leyton.com/it/insights/articles/lautomotive-e-lrd/>

*Strategic leadership*. (2024). School Leadership & Management. <https://www.tandfonline.com/doi/abs/10.1080/1363243042000172804>

*Strategic Leadership - Professional & Executive Development | Harvard DCE*. (2022, August 24). Professional & Executive Development | Harvard DCE. <https://professional.dce.harvard.edu/blog/strategic-leadership/>

Strategic Leadership: Defining the Challenge - ProQuest. (2024). *Proquest.com*. <https://doi.org/%22>,

The. (2022). *Transformational Leadership. What Is It?* Human Capital Hub. <https://www.thehumancapitalhub.com/articles/transformational-leadership-what-is-it>

*The Challenges of the European Automotive Industry at the Beginning of the 21st Century. Summary of the main findings of the CoCKEAS project*. (2024). Researchgate.net. [https://www.researchgate.net/publication/5081545\\_The\\_Challenges\\_of\\_the\\_European\\_Automotive\\_Industry\\_at\\_the\\_Beginning\\_of\\_the\\_21st\\_Century\\_Summary\\_of\\_the\\_main\\_findings\\_of\\_the\\_CoCKEAS\\_project](https://www.researchgate.net/publication/5081545_The_Challenges_of_the_European_Automotive_Industry_at_the_Beginning_of_the_21st_Century_Summary_of_the_main_findings_of_the_CoCKEAS_project)

*The Leadership Style to Lead the Evolution of the Entrepreneurial Essence: A Proposal - Chapter 6* (n.d.). [file:///Users/ludovicalippi/Downloads/978-3-030-63742-2\\_6.pdf](file:///Users/ludovicalippi/Downloads/978-3-030-63742-2_6.pdf)

The Relationship Between Transformational Leadership and Employee Performance: Mediating Effects of Organizational Citizenship Behaviors - ProQuest. (2022). *Proquest.com*. <https://doi.org/%22>,

*Theories Guiding Nursing Research and Practice*. (2014). Google Books. [https://books.google.it/books?hl=it&lr=&id=isBnAAQBAJ&oi=fnd&pg=PA287&dq=downton+and+transformational+leadership&ots=wRgsAergcN&sig=GLny9wZv9BXneclwddaNPja25PU&redir\\_esc=y#v=onepage&q=downton%20and%20transformational%20leadership&f=false](https://books.google.it/books?hl=it&lr=&id=isBnAAQBAJ&oi=fnd&pg=PA287&dq=downton+and+transformational+leadership&ots=wRgsAergcN&sig=GLny9wZv9BXneclwddaNPja25PU&redir_esc=y#v=onepage&q=downton%20and%20transformational%20leadership&f=false)

*Transformational Leadership*. (n.d.).

[https://mycourses.aalto.fi/pluginfile.php/1623877/mod\\_folder/content/0/The\\_SAGE\\_Handbook\\_of\\_Leadership\\_----\\_%2822\\_Transformational\\_Leadership%29.pdf](https://mycourses.aalto.fi/pluginfile.php/1623877/mod_folder/content/0/The_SAGE_Handbook_of_Leadership_----_%2822_Transformational_Leadership%29.pdf)

*Transformational Leadership: The Benefits and How to Apply It* - Hansenbeck. (2023, May 5).

Hansenbeck. <https://hansenbeck.com/2023/05/05/transformational-leadership-the-benefits-and-how-to-apply-it/>

*Una storia lunga cent'anni*. (2024). Stellantis.com. [https://www.media.stellantis.com/it-](https://www.media.stellantis.com/it-it/flat/press/una-storia-lunga-cent-anni)

[it/flat/press/una-storia-lunga-cent-anni](https://www.media.stellantis.com/it-it/flat/press/una-storia-lunga-cent-anni)

*What Is Strategic Leadership?* (2024). Indeed Career Guide. [https://www.indeed.com/career-](https://www.indeed.com/career-advice/career-development/strategic-leadership)

[advice/career-development/strategic-leadership](https://www.indeed.com/career-advice/career-development/strategic-leadership)

*What is transformational leadership? Understanding the impact of inspirational guidance*. (2024).

Www.umassglobal.edu; Brandman University. [https://www.umassglobal.edu/news-and-](https://www.umassglobal.edu/news-and-events/blog/what-is-transformational-leadership#:~:text=Transformational%20leaders%20know%20how%20to,shape%20an%20organization's%20future%20success.)

[events/blog/what-is-transformational-](https://www.umassglobal.edu/news-and-events/blog/what-is-transformational-leadership#:~:text=Transformational%20leaders%20know%20how%20to,shape%20an%20organization's%20future%20success.)

[leadership#:~:text=Transformational%20leaders%20know%20how%20to,shape%20an%20organization's%20future%20success.](https://www.umassglobal.edu/news-and-events/blog/what-is-transformational-leadership#:~:text=Transformational%20leaders%20know%20how%20to,shape%20an%20organization's%20future%20success.)

Zirpoli, F. (2023). Le grandi sfide dell'industria italiana. *E&M*, 4.

<https://emplus.egeaonline.it/it/61/archivio-rivista/rivista/3459685/articolo/3459688>