Elite Connectivity and Concerted Action in French Organization

Mairi Maclean and Charles Harvey


Introduction

Organization and organizing are best understood within specific cultural contexts, elite ideologies and national business systems (Boyer, 2005; Djelic, 1998; Goyer, 2003; Hancké, 2001; 2002; Lubatkin et al., 2005). In the case of post-war France, the rise of the corporate economy was not the natural product of competitive pressures, but in many respects resulted from economic and social engineering on the part of the ruling elite, giving rise to a unique mode of capitalism (Maclean, 2002; Yoo and Lee, 2009). The French business elite has tended to be unified across the public-private divide by common educational experiences, and by a shared ideology of national self-interest (Dudouet and Joly, 2010; François, 2010; Mayer and Whittington, 1999). This contrasts with the UK, where top civil servants and company directors are essentially separate tribes; where the reproduction of the elite is arguably less organized and more haphazard, relying on the social ambition and networking skills of aspiring individuals; and where a name-changing honours system has the function of legitimizing the right of the elite to rule.

This paper explores some of the distinctive features of business elites in France and considers the consequences for its modus operandi in relation to corporate strategy and organizational design. In particular, it is concerned with elite connectivity and concerted action by elite ‘connectors’. Three features stand out. These concern, first, the nexus of relations that exist between companies in the form of director interlocks (Burt et al., 2000; Yeo et al., 2003; François, 2010); second, the
significant participation of the State and other companies in the equity of leading firms, which brings with it an entitlement to representation on the boards (Morin, 2000; Lubatkin et al., 2005); and third, the large number of elite actors with direct experience of working in an executive capacity in both the public and private sectors, in stark contrast to the UK (Bauer and Bertin-Mourot, 1997; Comet and Finez, 2010; Dudouet and Joly, 2010; Vernholes, 2001; Whittington et al., 1999; Whittington and Mayer, 2000). The involvement of the State is critical (Clift, 2007; Yoo and Lee, 2009). We also consider in this paper examples of concerted action by elite connectors, as illustrated by the ‘expansion-protection dialectic’ which enables some large enterprises, like Electricité de France (EDF), to pursue ‘State-sponsored’ strategies for economic expansion abroad whilst enjoying a strong measure of protection at home – an issue which perplexes many foreign observers (Maclean et al., 2007; Tixier and Mauchamp, 2000; Vernholes, 2001; Wagner, 2011). The paper also touches on the ways in which French elites are currently experiencing ongoing identity transitions induced by internationalization (David and Mach, 2012; Davoine and Ravasi, 2013; Genieys, 2005; Hartmann, 2011). We adopt in the paper a Franco-British comparative perspective, in recognition of our own national standpoint, and as part of our contribution to the purpose of this Special Issue, which is to fashion a contemporary understanding of French organization through the lens of international scholars; with the proviso that due to spatial constraints, this is not a full-blown comparison. We also imbue our analysis with a historical perspective, acknowledging our background as scholars of both organization studies and business history (Maclean et al, 2006; 2010).

This paper examines elite connectivity and concerted action by the ruling elite, investigating the proposition that the cohesive nature of French capitalism has helped
to make French business leaders proactive in their determination to fashion the rules of engagement for private enterprise within the framework of European and international economic systems; a situation which, notwithstanding, has arguably changed slightly in the course of the past decade (Clift, 2007; Genieys, 2005; Howarth, 2013; Loriaux, 2003). The paper is organized as follows. In the next section we consider in greater depth the nature of the ties that bind the French elite together, before reviewing the methodology on which this paper is based. Next we report some findings from our research, examining the nature of the ‘connectors’ who unite the business system. This is followed by a discussion of two illustrative vignettes selected as exemplars of concerted action by the ruling elite: the downfall of Jean-Marie Messier as a strategic deviant of the system, and EDF as epitomizing a French company pursuing State-sponsored expansion globally. We conclude by considering the implications of this for the adaptation of elite ideology in France.

**The French Business Elite: A Nexus of Relations**

The nature of the ties that bind members of elite business communities is a subject that has preoccupied scholars of social network research since the 1970s (Brass et al., 2004; Granovetter, 1973; Burt, 1992; Oh et al., 2004; Palmer et al., 1986; Geletkanycz and Hambrick, 1997; Scott, 2000; Sun et al., 2012). According to this perspective, the firm is a social unit of analysis (Granovetter, 1992), the primary focus being on relations between actors, whether individuals, work units or corporate entities, which are ‘embedded within networks of interconnected relationships that provide opportunities for and constraints on behavior’ (Brass et al., 2004: 795). The intersection of these relationships determines the centrality of an actor as a *connector* in a group.
With a relatively small number of exceptions, few studies of the ties that bind elite business members are cross-national and comparative (Davis et al., 2003; Useem, 1982; Scott, 1991; Windolf, 1998; Burt et al., 2000; Yoo and Lee, 2009), and relatively few (at least by international observers) concern France (Coignard and Guichard, 2000; Comet and Finez, 2010; Dudouet and Joly, 2010; François, 2010; Hamdouch, 1989; Harvey and Maclean, 2008; Maclean et al., 2010; Yeo et al., 2003; Yoo and Lee, 2009). Burt et al. (2000) present France, in their study of the social capital of French and American managers, as a rich site for comparative research, because of the traditional image of French organizations as possessing strong social boundaries between insiders and outsiders (Suleiman, 1978; Bourdieu, 1986, 1996), and of French managers as being strongly regulated by bureaucratic authority (Crozier, 1963; Courpasson, 2000; Courpasson et al., 2012): ‘People comfortable with knowing their place in a chain of bureaucratic control could be uncomfortable with the negotiated control exercised by network entrepreneurs’ (Burt et al., 2000: 123).

While elite networking in the two countries has much in common, with both French and British business elites networking across a range of charitable institutions, public bodies, business associations and educational institutions as well as sports and arts charities. Nevertheless, our own analysis suggests that elite networking has traditionally been achieved very differently in France and the UK, despite some obvious similarities. British elites are regularly, though not always, nurtured in a range of public schools and elite universities, Oxbridge especially helping to provide a natural entrée into the corridors of power. This said, those seeking careers in banking and accountancy in Britain have regularly sought recognized professional qualifications from bodies like the Institute of Chartered Accountants and the Chartered Institute of Bankers instead. Involvement in charities is significantly more
widespread among the British elite than it is among their French counterparts. Likewise, UK directors are almost twice as likely to be involved with sports or arts institutions. On the other hand, French elite members are more likely to serve on the boards of business associations, such as industry bodies in motor vehicles or aerospace. While the ties that bind the French business elite tend to be institutional and strong, those that unite the business elite in Britain are in part social in nature and tend to be relatively weak (cf. Granovetter, 1973). In France, networking, we suggest, has tended to be an institutional feature, systemically embedded, sustained and supported by the State (Comet and Finez, 2010; Yoo and Lee, 2009); whereas in the UK the onus is not on institutions but on individuals.

Comparing France with the US, Burt et al. (2000: 141) have established that successful French managers, like successful American managers, ‘tend to have networks rich in structural holes’. Structural holes, conceived by Burt (1992), are essentially indirect connections in a network which, if bridged, can furnish a distinct advantage (Collins-Dogrul, 2012; Zaheer and Bell, 2005). Burt et al. (2000: 141) explain this as follows:

‘the brokerage principle in network theory… says that there is a competitive advantage to building bridge relationships. Whether in the United States or France, resources flow disproportionately to people who provide indirect connections between otherwise disconnected groups’.

Nevertheless, social capital, they found, emerges differently in France and the US, a difference which Frank and Yasumoto (1998) attribute to the importance of particularistic obligations in France, where social capital is pursued through ‘enforceable trust’ rather than ‘reciprocity transactions’. ‘Enforceable trust’, as Portes and Sensenbrenner (1993: 1325) explain, is the means by which ‘social capital is generated by individual members’ disciplined compliance with group expectations’. Actors are more likely to pursue enforceable trust where the social structure is dense.
Coleman (1988) posits that actors in dense networks, in which common norms of behaviour are likely to develop, can rely on sanctions against hostile acts and opportunism (Zaheer and Bell, 2005). Confirming this density of social structure, Burt et al. (2000) found the French firm to have a less porous boundary surrounding it than the American firm. In France, relationships that cut across lines of bureaucratic control, the very stuff of social capital, are eschewed (Crozier, 1964). In the densely knit structure of elite French business circles, friendships are important (Kadushin, 1995; Yeo et al., 2003). In a more closed group or subgroup, united by strong, positive ties, available information tends to be homogenous and redundant. This may make unity of outlook and policy more likely (Mills, 1956: 123), in the form of ‘groupthink’ (‘la pensée unique’) (Whyte, 1989). Jean-René Fourtou, former PDG of Rhône-Poulenc and Vivendi-Universal, underlines the importance of having space to think:

‘Le vide [void] has a huge function in organizations… Shock comes when different things meet. It’s the interface that’s interesting… If you don’t leave le vide, you have no unexpected things, no creation… You can try to design for everything, or you can leave le vide and say, ‘I don’t know either; what do you think?’” (cited in Burt et al., 2000: 129).

The issue of trust, enhanced by close ties and prior networking, is important, shifting actors’ motivations from the narrow pursuit of self-interest towards more collective concerns (Coleman, 1988; Powell, 1990), echoing the views of the Swiss philosopher Jean-Jacques Rousseau ([1762]1966) regarding the supremacy of the ‘general will’, which permits no particularistic viewpoints (Maclean, 2002). The sentiments expressed in Rousseau’s Social Contract remain pertinent to the present context. In this, Rousseau considers how individual citizens can inhabit society harmoniously, arguing that individuals should dispense with their individual motivations to submit instead to the ‘general will’ (la volonté générale) of the
integrated community (*le moi commun*), which allows no diversity of viewpoints. In this sense, the network serves as a social boundary of demarcation, mutually supportive while simultaneously being prepared to punish opportunistic behaviour.

**Methodology**

This paper explores elite connectivity and concerted action in France, examining the proposition that French capitalism comprises a distinctive set of social relations, founded on relationships between constituent agencies and on a particular concordat between State and business, by which it is conditioned and structured. The research underpinning this article stems from a wider cross-national, comparative project on business elites and corporate governance in France and the UK conducted by the authors since 1999 (Maclean et al., 2006; 2010). This has three dimensions. The first is quantitative and has involved the creation of a database of the 2,291 French and British directors of the Top 100 French and UK companies in post on 1st January 1998 (1,241 sat on French boards, 1,031 on UK boards, and 19 on boards in both France and the UK). Data were gathered on social origins, education, qualifications, sporting and cultural pursuits, networks inside and outside business, careers and career trajectories between 1998 and 2004 (Maclean et al., 2014). The second dimension is qualitative and based on an on-going programme of life-history interviews conducted with members of the business elites of France and the UK. These interviews are in-depth and extensive, typically lasting between one and two hours and generating transcripts of between 8,000 and 15,000 words. Elite interviews of this kind are hard to secure and most often require a personal recommendation (Pettigrew, 1992). We have conducted 51 such interviews thus far. The third dimension is the development of longitudinal case studies based on quantitative and qualitative data of leading
French and UK companies. Some quantitative data are taken from subscription financial databases; others are abstracted from annual reports and accounts. These are stored in the project database. Qualitative data are gathered from company histories, annual reports, corporate publications, grey literature and newspaper reports.

We describe our approach to data gathering as ‘focused, extensive and rooted in context’, broadly similar to that adopted by Pierre Bourdieu and underpinning each of his major works (1986; 1996). Our general interest in how national business systems evolve and adapt to changing circumstances, and the role played by members of the business elite in coordination and direction in concert with others operating within what Bourdieu refers to as the ‘field of power’ (Bourdieu, 1996; 2011; Denord et al., 2011; François, 2010), the integrative domain at the pinnacle of society that brings together elite actors from different walks of life. From this general perspective, we explore more specific issues of theoretical and practical importance relating to the accumulation and exercise of power by business elites, drawing selectively on the research resources available to us. In this paper, we draw upon a large subset (1,160 members of the French elite on which we have extensive data) of the project database relating to the connectivity of the French business elite, identifying those actors who serve as connectors within and beyond the business world. We then focus upon two specific cases, the first relating to an individual actor and the second to an organization – namely, the demise of Jean-Marie Messier, and the internationalization of EDF. These were selected as vignettes which epitomize and aptly demonstrate how members of the elite are able to act in concert to safeguard the integrity of the French business model while pursuing international expansion, achieving closure, and at the same time adapting to the exigencies of the moment.
Exploring Elite Connectivity

Higher Education and the French Elite

In studying the French and British business communities, we have found elite cohesion to be achieved very differently in the two countries. In France, networking is supported and facilitated by the State through august State institutions, dominated by a small group of schools and universities where future elites develop personal and social ties, foremost among which are the prestigious grandes écoles. These are dominated by Polytechnique (dubbed ‘X’) and the Ecole Nationale d’Administration (ENA), the elite national college of public administration, as well as the Institut d’Etudes Politiques de Paris (IEP, known as ‘Sciences-Po’), and the Ecole des Hautes Etudes Commerciales (HEC) (Denord et al., 2011; Eymeri, 2001; Hartmann, 2000). Sciences-Po often functions as a launch-pad to ENA, with a strong student overlap characterizing these two schools, while Polytechnique and ENA prepare students for the higher civil service. As a sign of the growing internationalization of the French elite, Harvard Business School also features on the list of sought-after establishments (see Table 1). Oxford and Cambridge arguably hold similarly hegemonic positions; but the concentration in French elite establishments is significantly higher when the numbers graduating are considered: several thousand graduate from Oxbridge every year, but far fewer from Polytechnique. The State also serves as a facilitator of connections through the grands corps, the pinnacle of France’s civil service elite which recruit from amongst the leading students graduating from the grandes écoles, membership of which is a mark of inclusion at the very top of France’s civil service elite (Bourdieu, 1996; Yoo and Lee, 2009). The grands corps include the Inspection des Finances, the Corps des Mines and the Cour des Comptes. The State also binds


elite members together through key organs of government, especially the Treasury, as well as ministerial Cabinets.

(TABLE 1 HERE)

Like the grandes écoles, the grands corps foster an esprit de caste, resembling forms of extended family or freemasonry (Barsoux and Lawrence, 1990). Suleiman (1978: 197) describes the grands corps as ‘placement bureaux’, commenting that no one ever entered the Inspection des Finances to inspect finance, or the Corps des Mines for a career in mining. As Bourdieu observes, the grands corps consecrate social identities that are both in competition with and complementary to one another, such that, despite the rivalry between individual corps, all corpsards are ‘united by a genuine organic solidarity’ (1996: 142). The solidarity of elite privilege is also conferred by membership of exclusive clubs, in particular the Club du Siècle (Hartmann, 2011). This notion of the State as a facilitator of elite ties is not encountered in the UK. As many as 27% of top French directors included in our sample moved from the public to the private sector, i.e. they began their career working for the French State and subsequently moved into private enterprise.

Corporate Connectors

French companies place a high value on the connectivity that comes from being part of a dense social network. Interlocking directorships serve as ties binding the French national business system together, the mean number of top 100 directorships held by members of the business elite in 1998 being 2.73. If all directorships are considered, including companies outside the top 100, this figure rises to 3.75 (Maclean et al., 2006). Our research has revealed the top 100 French companies to be significantly more interlocked than their British counterparts, the top five French enterprises
featuring an average of 39.6 interlocks. The Président-Directeur Généraux (PDG), who perform the combined roles of Chairman and Chief Executive Officer, of top companies are amongst the heavily used instruments of formal networking, routinely sitting on the boards of numerous allied companies (Alcouffe and Alcouffe, 1997; Comet and Finez, 2010; François, 2010; Yeo et al., 2003). The State has played a very specific role in institutionalizing these relationships (Yeo and Lee, 2009). At the time of privatization (which took place in several waves from 1986 onwards), elite solidarity was bolstered by the creation of ‘hard cores’ of stable shareholders, often built on long-standing relationships, as State actors capitalized on extant networks to ensure that controlling stakes remained in safe hands (Bauer, 1988; Maclean, 1995, 2008). While the noyaux durs may have unravelled substantially since the mid-1990s, the relationships on which they were based often endure, cemented by interlocking directorships (Clift, 2004; 2007).

Nevertheless, it would be wrong to think of the French business elite as monolithic and homogenous. A more accurate representation is that the elite has a number of defining characteristics, but at the same time is relatively diverse in several crucial aspects. The upper echelon of the French business system, like many others, is largely a male preserve (96% in 1998), is mainly composed of people born and bred in the country (88% in 1998), is drawn predominantly from people from upper and upper-middle class backgrounds (62% in 1998), and is highly educated (96% to first degree level, 71% to master’s degree level and 10% holding a doctorate in 1998) in elite institutions (75% in 1998). This picture has changed little over recent decades (Comet and Finez, 2010; Martinache, 2011). However, alongside these similarities there are also interesting differences. Members of the elite may be educated and work in Paris, but they are drawn there from all parts of France. Moreover, as French
business has internationalized, significant minorities are gradually but increasingly being appointed to French boards from Belgium, Germany, Italy, Switzerland, Spain, the UK and the USA (Davoine and Ravasi, 2013; Harvey and Maclean, 2010; Wagner, 2011). Likewise, while science, engineering and mathematics (36% in 1998) and law, business, economics and management (53% in 1998) are the two main higher education platforms for business elite careers, there is considerable subject variation within those broad categories.

This pattern of pronounced similarities is counterbalanced by equally pronounced differences, and progressive changes can be seen in many aspects of elite selection and career development (Davoine and Ravasi, 2013). Table 1 confirms that graduation from an elite higher education institution is the norm for those who progress to the top in French business. Moreover, the degree of concentration in attendances even within the set of elite grandes écoles and universities is noteworthy, with 52% of all attendances being at just one of ten institutions. It remains common, as mentioned, to progress from one elite higher education institution to another, and for scientists, engineers and mathematicians to progress to study economics, business, management or social sciences at postgraduate level. Those wishing to work for the State for some time and having sufficiently high grades might gain admission to ENA. Others might work in business for a few years and then apply to a prestigious business school at home or abroad such as Harvard, Stanford, ESSEC or INSEAD. The curricula these schools offer reflect the diverse knowledge needed to lead and manage successfully in global enterprises, including the study of international political economy and cross-cultural management, alongside more traditional business school subjects. The emphasis on integrated learning, engagement with practice and practitioners, problem solving and decision making increasingly has been picked up.
from leading US schools by elite institutions in France, including institutions with a primarily technological identity, such as the Ecole des Mines de Paris.

[TABLE 2 HERE]

Having an elite education of one type or another is virtually a necessary condition of reaching the pinnacle of French business, but it is by no means sufficient. Even though the numbers attending elite institutions is relatively small, when set against the total number of university and college graduates, there is still a surfeit of individuals with the most prized qualifications from the supposedly best places. To get to the top in corporate France much more is needed (Maclean et al., 2014). In Table 2 we present the results of our analysis by director type and corporate connectivity of the main board directors of France’s top 100 companies in 1998. This is revealing in two main aspects. First, it demonstrated that the composition of the business elite is functionally diverse. As many as 854 of the 1,160 member of the elite are corporate executives, divided almost equally between those who serve a single company and those who connect the company they serve as an executive with others. These corporate connectors add value to firms within their corporate network through knowledge exchange, calibration against norms, developing consensus and the initiation of collaboration or joint action in relation to common threats or opportunities. The remaining three types of director within the business elite constitute small but substantial minorities. One group is made up of people non-executives who serve a single company. Some of these are former executives who remain on the board after retirement, others are specialists who bring expertise from different walks of life, and others are shareholder representatives, quite often senior members of family-owned firms. A second group is composed of senior public
servants who represent the interests of government on the boards of firms in which the State has retained a significant shareholding. These people are the ‘eyes and ears’ of officialdom, directly connecting the State with the business sector. The third group is composed of non-executives who serve more than one company. Typically these are people who prolong their careers following retirement from executive responsibility and who are prized as advisors, communicators and influencers, often within the political realm. The second main point emerging from Table 2 is that the degree of connectivity varies considerably between the connectors within the business elite. A majority of State representatives sits on just a single board, although a sizeable minority have more extensive networks, connecting between two and four boards. Just one of them is in the super corporate connector class of five or more boards. This class is made up of just over 9% of the business elite drawn mainly from the ranks of executive and non-executive networker directors. Of the 105 super corporate connectors identified, near three-quarters of these are executive networkers, the ultra-powerful individuals who dominate the French corporate system, typically the chief executives of the largest companies who are invited to join the boards of other pillars of the French business establishment (Comet and Finez, 2010; Denord et al., 2011; Dudouet and Joly, 2010; François, 2010).

Boundary Spanners

Further and richer insights concerning the connectivity of the French business elite emerge from the analysis presented in Table 3. In this, the French business elite is divided by into six categories by primary current association: French business (77.4%), international (non French) business (9.9%), banking and finance (5.2%), law and other professions (0.7%), politics and public administration (5.6%), and academia.
(1.2%). This distribution suggests that French business is far from being a ‘closed shop’. The supposed interpenetration between State and business elites is confirmed, reinforcing the fact that a high proportion of those whose power base is now within the business sector were once employed by the State. However, the extent to which French companies have welcomed foreign nationals on to their boards as they have extended their international reach is less well known (Davoine and Ravasi, 2013; Hartmann, 2011; Wagner, 2011). Likewise, growth at home and abroad, often through mergers and acquisitions, has required the close support of the investment banks, leading to their partners and senior employees being appointed to numerous corporate boards. The appointment to boards of a small number of individuals from the law, academia (scientists and economists) and other professions is interesting, reflecting an appreciation of the specialist talents of top people within those fields.

It can be observed that individuals with different power bases bring with them their own network of connections within and without the corporate world, widening the potential sphere of access and influence available to Top 100 companies. At any one time, a director will likely have a portfolio of appointments to boards, advisory groups, government commissions, representative bodies and the like. The value of boundary spanners lies in knowing from the inside what is going on in high places, and how to access influencers and decision makers (Geletkanycz and Hambrick, 1997). Charities, public bodies, business associations, educational institutions, sporting clubs and cultural organizations are all places where participation in governance makes for connection within the field of power (Bourdieu, 2011). The mingling of elites in diverse settings helps to attune minds and inform a consensus as a basis for concerned action. Table 3 confirms just how well connected are those with a power base in international business and banking and finance (Howarth, 2013;
Kadushin, 1995). It demonstrates also the reach of the business class into the public sphere, and the connectivity of the elite in the governance of business associations. The connectivity of the business elite with higher education, most often with schools attended, serves to reinforce the hegemony and ideological unity imparted by the most prized French educational institutions (Comet and Finez, 2010; Dudouet and Joly, 2010; Eymeri, 2001; Yoo and Lee, 2009).

[TABLE 3 HERE]

**Concerted Action by the French Business Elite**

The notable connectivity of the French business elite enables it to work in concert to promote and protect the French business model around the world. In what follows, we provide two illustrations of such concerted action, firstly by a group of connectors acting in unison, and secondly by State-sponsored expansion on the part of energy giant EDF. Both examples are intended to shed light on the French business elite’s response to globalization and the development of international business (Davoine and Ravasi, 2013; Wagner, 2011).

*Jean-Marie Messier*

Our research has yielded evidence of different patterns and preferences among the connector communities of France and Britain respectively. Using Kadushin’s data (1995), Frank and Yasumoto (1998) investigated the notion of ‘enforceable trust’ among the French financial elite, revealing the systematic avoidance of hostile acts on the part of members of cohesive subgroups. Just as hostile takeovers are uncommon in France, as exemplified by the concerted move to prevent the hostile takeover of
Danone by Pepsi in 2005 in reputed defence of the national interest (Clift, 2007), hostile acts against individuals are likewise eschewed; only 15 hostile acts being identified over a 15 year period (1980-1995). An example of one such hostile act from our own research is furnished by the removal from office of the CEO of Vivendi-Universal, Jean-Marie Messier, in 2002. Messier had already substantially alienated the French establishment in 2001, when, as head of one of the world’s largest media and entertainment giants, he tactlessly announced the death of the French ‘cultural exception’. This concerns the enduring State support for the French film industry, perceived as battling against the hegemony of Hollywood, which France had fought tooth and nail to defend in the Uruguay Round of GATT negotiations (General Agreement on Tariffs and Trade). Photographs of Messier taken in the company’s apartment off New York’s Central Park published in the pages of Paris Match at the time seemed to suggest that he had become overly American, seemingly ‘going native’. Following his multi-million spending spree in spring 2002, which brought Vivendi to its knees amid debts of €33 billion, the French business community acted in concert to remove Messier from office. The eight French directors on the board of Vivendi-Universal, who had initially backed him in the face of opposition from five US directors, withdrew their support. As the former CEO of a large French engineering company explained in a personal interview:

‘A lot of French businessmen were thinking that the time had come to end the story… The reputation of the country was at stake, and that of the French stock market, especially as a consequence of the involvement of Americans in the story.’

Messier conforms to Geletkanycz and Hambrick’s notion of the ‘strategic deviant’, a non-conformist who runs the risk of being ‘incompatible – left out of an intricately interconnected commercial web’ (1997: 676). The French do not sacrifice
elite members lightly. Prior to being ousted from office, Messier had been granted the sustained support of Vivendi’s French directors over many months, and awarded the Légion d’Honneur. In France, the prevalence of the ‘ties that bind’ signifies that members of the business elite demonstrate considerable ‘class solidarity’ (Comet and Finez, 2010; Martinache, 2011), in recognition of a shared class-based ‘habitus’ (Bourdieu, 1986; Hartmann, 2000), and consequently are less exposed on the grounds of poor personal performance than their counterparts in the UK. However, in a symbolic catharsis and affirmation of group identity and values, when action is taken it tends to be decisive (Turkle, 1975). Messier acutely resented the part played by Claude Bébéar, then PDG of AXA, in his fall from grace. In his book, Mon vrai journal, Messier (2002) relates a conversation between Bébéar and other business leaders which is reputed to have taken place at a Franco-Welsh rugby match in Cardiff: ‘[Messier] represents a danger to the marketplace of Paris, and to France’s image abroad’, Bébéar is reported to have said. ‘We must act, we must have his scalp’ (Maclean et al., 2006).

EDF

The case of EDF provides a salient example of concerted action driven by the ruling elite, and the kind of State support from which French utilities typically benefit, their pan-European and global strategies being supported at home by closed and quasi-monopolistic markets, often in direct contravention of European Union (EU) directives. EDF was born in 1946 in the immediate aftermath of World War II, with the amalgamation and nationalization of French utility companies. Guaranteed nationwide energy supplies were seen as quintessential to economic recovery. As de Gaulle (1960: 98) insisted,
‘The country’s activity depended on coal, electricity, gas and petroleum, and would eventually depend on atomic fission… Expenditure and efforts were necessary, therefore, which only the state was in a position to realize’.

The decision to develop nuclear power was taken in 1955, but little was done until the 1973 Yom Kippur War strengthened government resolve; construction of six nuclear energy plants commenced in 1974 and a further seven the following year. These were built with alacrity. In stark contrast to the UK, where the development of nuclear energy fuelled widespread public protest, the French nuclear programme aroused only muted resistance, greeted by general public recognition of the need for a secure national energy supply. It was a source of national pride when, in the 1980s, France became self-sufficient in electricity thanks to the nuclear programme, and began exporting electricity to other countries, including oil-rich Britain. When other European countries scaled down or stopped their nuclear plant construction programmes following Chernobyl in 1986, the French accelerated construction. EDF promoted nuclear energy at the time in a televised advertisement campaign depicting a sole pair of ballroom dancers surrounded by pairs of fighting boxers in a ring, demonstrating that France was not afraid of being different.

French electricity production expanded considerably in the 1980s, benefiting from the considerable cost reductions derived from cheap nuclear energy. Self-sufficiency in energy is a prodigious achievement for a country with little gas and almost no oil. The pursuit and ultimate achievement of self-sufficiency was the French reaction to the oil crisis, which in the 1970s had sent the country reeling into a decade-long recession. The contrast with the UK, which from 1975 benefited from North Sea oil, now largely depleted, is startling. With self-sufficiency in energy acquired, EDF and its fellow State monopoly, Gaz de France (GDF), set about capturing international markets through export and acquisition. Despite partial
privatization, both continued to benefit from State ownership coupled with closed, *de facto* monopolistic markets at home. This protected position allowed them to take full advantage of market liberalization elsewhere in the EU with relative impunity, to the deep resentment of energy producers in neighbouring EU member states, such as Germany, Spain and the UK.

In 1996, EDF’s PDG, Edmond Alphandéry, addressed a conference marking its fiftieth anniversary. The energy supplier, he announced, would remain in the State sector. His discourse reiterated the sentiments expressed by de Gaulle in nationalizing the company half a century earlier: ‘EDF identified almost perfectly with the spirit of the Liberation and the Reconstruction … Fifty years after its birth, EDF is more than ever *the instrument of the nation*’ (cited in Hecht, 1998: 326, our emphasis).

Similarly in 1996, the EU electricity directive on market liberalization took effect, as a result of which other EU member states broke up their electricity industries. France chose not to do so. On the contrary, EDF embarked on a strategy of international expansion, acquiring assets (power stations and physical interconnectors) in the EU together with customers (supply businesses). Its primary European export markets included Germany, Italy, Spain, Belgium, Switzerland, Andorra and the UK. Further afield it supplied a growing customer base in Asia, Africa and South America. By the end of the millennium, EDF had become the second largest electricity producer in the world, possessing the greatest export capacity of any EU electricity generator; yet the domestic electricity market remained the least open in the EU. As a public-sector monopoly, EDF benefited from the tutelage of the State, including financial support and credit guarantees (Tixier and Mauchamp, 2000). The cost of capital advantage which it derived from State ownership should not be underestimated, raising money for acquisitions at a rate of
interest lower than government bond rates, while its private-sector European rivals could do no better than central bank base rates. Formerly these competitors included in their number British Energy. Today, following its delisting in 2009, British Energy is now subsumed into EDF Energy. EDF’s assets include, in the UK, London Electricity and SWEB, as well as generation assets such as Sutton Bridge power station. It purchased the rights to control the flows of electricity throughout continental Europe, bought up the interconnectors that link France to the UK, France to Spain, and so on. It acquired the interconnectors that join continental Europe to external electricity systems such as Eastern Europe and the Nordic countries. At the time of writing, EDF Energy is poised to build four new nuclear power stations in the UK. The company is currently running a new advertising campaign on British television, to the tune of a 1980 pop song by Fern Kinney entitled ‘Together we are beautiful’. As the songstress sings, ‘He walked into my life, and now he’s taken over. And it’s beautiful, yes it’s beautiful…’

In summary, EDF has used government finance terms to acquire assets abroad, engaging in a strategy of State-funded international expansion. It has been operating since the mid-1990s in commercial spheres, but not on always commercial terms, being (until 2005) without shareholders to satisfy. Its expansion abroad has been supported by protection at home, coupled with unrivalled access to low cost capital. It is a formidable combination and a unique source of competitive advantage. French attachment to protectionism within the energy sectors stands in flagrant contradiction to its professed aspirations for European construction. As Vernholes (2001) observes, ‘It is incoherent to rejoice that a firm such as EdF should control a large part of electricity distribution in London while refusing – or deferring – reciprocity on national territory on the pretext of protecting the general interest which depends on a
public monopoly’. French interpretation of EU legislation on the liberalization of energy markets has been belated and minimalist. Its partial privatization in 2005 saw just 15% sold off. Interestingly, the motivation behind the sell-off was the need to raise a further €7 billion to finance its continuing expansion abroad. Today, EDF is the world’s largest electric utility provider. The stark contrast with the British position was aptly summed up by London Mayor Boris Johnson (2010), who remarked:

‘You know, sometimes I don’t understand what’s wrong with us. This is just about the most creative and imaginative country on earth – and yet sometimes we just don’t have the gumption to exploit our intellectual property. We split the atom, and now we have to get French and Korean scientists to help us build nuclear power stations… Whatever we invent, from the jet engine to the internet, we find that someone carts it off and makes a killing from it elsewhere’.

This State-sponsored strategy pursued by EDF has proved highly effective for manipulating the rules of the game, highlighting two key characteristics of French organization. The first concerns the readiness of the State and its ruling elite to manage the competitive landscape in favour of French organizations, in spite of liberalization (Maclean, 2002; Howarth, 2013); while the second entails elite cohesion which serves the collective interests of French business, and which is institutionally embedded and served in turn by the State (Maclean et al, 2006). Yoo and Lee (2009) describe this as ‘state-activist capitalism’. The case of EDF suggests that the most daring and ambitious of State-sponsored strategies can also be, at times, the most successful. It also implies that elite ideologies in France have deviated relatively little from sentiments expressed by Rousseau and de Gaulle concerning the primacy of the national interest and the conviction that firms can serve as an (expansionist) instrument of the nation.

The Messier case, on the other hand, illuminates the pattern and practice of close relationships among the French business elite. It demonstrates how a strategy of
expansion may fall short and come unstuck when it is not grounded in the customary modes of business regulation. While Messier’s educational background (Polytechnique and ENA) fully conformed to the dominant profile of French business elites as identified above, nevertheless the strategy he pursued both contravened the established tradition of State interventionism in cultural and entertainment industries and collided with the informal hierarchies resulting from the centrality of other key players, such as Bébéar. This implies that the rules of the expansion-protection strategy may be endogenously restrictive.

Conclusion

The ties that bind French connectors tend to be institutional and strong (Yoo and Lee, 2009). Networking in France is an institutional feature, we suggest, systemically embedded, whilst in the UK networking is left to ambitious, aspiring individuals. Transaction costs in a socially based system are arguably higher than in an institutionally based system. System-wide efficiency in the production and reproduction of business elites is not achieved in the UK. Whereas in France the system is geared towards providing future members of a highly selected, well-educated elite to run the State and its leading companies, in the UK the onus is not on institutions but individuals. The latter is more haphazard and more wasteful, depending primarily on the social ambition and networking skills of aspiring individuals.

Despite the more ‘hit and miss’ nature of British connectivity, the more diverse, socially oriented, heterogeneous relationships in which British connectors engage may also have some benefits. Greater porosity surrounding the organization can lead to greater entropy. French connectors display a preference for more
endogenous ties, such as business association memberships, implying less porosity and hence, theoretically at least, less entropy. ‘The ability of business to accomplish its goals’, Mizruchi argues, ‘must ultimately be studied in the context of the actions of other segments of society’ (1992). A firm’s structural location in the network may blind it to the opportunities afforded by the wider network structure. Uzzi (1996, 1997) highlights the fundamental paradox of embeddedness: while economic action may benefit from initial increases in network tie strength, a threshold may be attained after which over-embeddedness may set in. Thus, although firms organized in networks have higher chances of success than firms that maintain looser, arm’s length relationships, the positive impact of embeddedness has a natural limit, beyond which firms begin to forego their adaptive capacity, and the effects start to reverse.

This suggests that the more highly embedded nature of the French system, fostering system-wide efficiency, might potentially run the risk of over-embeddedness, resulting in a possible loss of adaptive efficiency (Granovetter, 1985). The French, Crozier noted (1964: 52), traditionally have problems with bridge-building relationships. While successful French connectors do have networks rich in structural holes (Burt et al., 2000; Zaheer and Bell, 2005), our research confirms a slight preference on the part of the French elite business community for more homogenous ties (or closure relationships), as against the more heterogeneous ties (or bridging relationships) favoured by the British. Against this, we demonstrate here that a significant proportion of the French elite act as boundary spanners, brokering relationships with others from more distant parts of the wider network (Collins- Dogrul, 2012). Moreover, the integration of the French elite in the Eurozone, we concede, has potentially favoured bridge-building relationships while at the same time weakening national embeddedness (Howarth, 2013). This may contribute in turn to
the decline of indigenous interlocks whilst at the same time promoting the further internationalization of top management teams (Davoine and Ravasi, 2013; Hartmann, 2011). The implications of this for organizational strategy, firm survival and economic performance form an agenda for future research.

References


Table 1: Higher Education and the French Business Elite*

<table>
<thead>
<tr>
<th>Institution Name</th>
<th>Institution Type</th>
<th>Year Founded</th>
<th>No. of Attendances</th>
<th>% of all Attendances</th>
</tr>
</thead>
<tbody>
<tr>
<td>École Polytechnique</td>
<td>Engineering, Sciences and Mathematics</td>
<td>1794</td>
<td>222</td>
<td>11.8</td>
</tr>
<tr>
<td>Institut d’Études Politiques de Paris (IEP) (Sciences Po)</td>
<td>Social Sciences</td>
<td>1872</td>
<td>174</td>
<td>9.3</td>
</tr>
<tr>
<td>École National d’Administration (ENA)</td>
<td>Public Administration</td>
<td>1945</td>
<td>144</td>
<td>7.7</td>
</tr>
<tr>
<td>HEC Paris</td>
<td>Business and Management</td>
<td>1881</td>
<td>96</td>
<td>5.1</td>
</tr>
<tr>
<td>Université Paris 1 – Pantheon Sorbonne</td>
<td>Law, Humanities and Social Sciences</td>
<td>1252</td>
<td>93</td>
<td>4.9</td>
</tr>
<tr>
<td>École des Mines de Paris (ENSMP)</td>
<td>Engineering, Sciences, Economics and Management</td>
<td>1783</td>
<td>73</td>
<td>3.9</td>
</tr>
<tr>
<td>Université Paris 2 – Pantheon-Assas</td>
<td>Law, Management, Social and Information Sciences</td>
<td>1252</td>
<td>64</td>
<td>3.4</td>
</tr>
<tr>
<td>Harvard Business School</td>
<td>Business and Management</td>
<td>1908</td>
<td>39</td>
<td>2.1</td>
</tr>
<tr>
<td>ESSEC Business School</td>
<td>Business and Management</td>
<td>1907</td>
<td>38</td>
<td>2.0</td>
</tr>
<tr>
<td>École Centrale Paris</td>
<td>Engineering, Science and Technology</td>
<td>1829</td>
<td>35</td>
<td>1.9</td>
</tr>
</tbody>
</table>

Note: *Data are available for 1,064 individuals with a combined attendance of 1,880, and a mean attendance rate of 1.77 attendances per head. The top ten institutions account for 52.1% of all attendances.

Source: French business elites database. This contains data on the 1,160 directors (executives and non-executives) of the Top 100 companies in France in 1998.
Table 2: Corporate Connectors in France (n = 1,160)

<table>
<thead>
<tr>
<th>Director Type</th>
<th>Single Board</th>
<th>Connecting 2-4 Boards*</th>
<th>Connecting ≥ 5 Boards*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Networker</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number</td>
<td>0</td>
<td>344</td>
<td>77</td>
<td>421</td>
</tr>
<tr>
<td>Row %</td>
<td>0.0</td>
<td>81.7</td>
<td>18.3</td>
<td></td>
</tr>
<tr>
<td>Dedicated Executive</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number</td>
<td>433</td>
<td>0</td>
<td>0</td>
<td>433</td>
</tr>
<tr>
<td>Row %</td>
<td>100.0</td>
<td>0.0</td>
<td>0.0</td>
<td></td>
</tr>
<tr>
<td>Non-Executive Networker</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number</td>
<td>0</td>
<td>81</td>
<td>27</td>
<td>108</td>
</tr>
<tr>
<td>Row %</td>
<td>0.0</td>
<td>75.0</td>
<td>25.0</td>
<td></td>
</tr>
<tr>
<td>State Representative</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number</td>
<td>36</td>
<td>28</td>
<td>1</td>
<td>65</td>
</tr>
<tr>
<td>Row %</td>
<td>55.4</td>
<td>43.1</td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td>Dedicated Non-Executive</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number</td>
<td>133</td>
<td>0</td>
<td>0</td>
<td>133</td>
</tr>
<tr>
<td>Row %</td>
<td>100.0</td>
<td>0.0</td>
<td>0.0</td>
<td></td>
</tr>
<tr>
<td>All Directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number</td>
<td>602</td>
<td>453</td>
<td>105</td>
<td>1160</td>
</tr>
<tr>
<td>Row %</td>
<td>51.9</td>
<td>39.1</td>
<td>9.1</td>
<td></td>
</tr>
</tbody>
</table>

Note: Includes both Top 100 and Non Top 100 (medium or large) French and Non French companies.

Source: French business elites database. This contains data on the 1,160 directors (executives and non-executives) of the Top 100 Companies in France in 1998.
Table 3: Connectivity by Non-Executive Appointments of the French Business Elite*  
(n = 1,160)

<table>
<thead>
<tr>
<th>Appointment by Organization Type</th>
<th>FB (n = 898)</th>
<th>IB (n = 115)</th>
<th>B&amp;F (n = 60)</th>
<th>L&amp;P (n = 8)</th>
<th>STATE (n = 65)</th>
<th>ACAD (n = 14)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 100 Co. Number**</td>
<td>98</td>
<td>10</td>
<td>21</td>
<td>0</td>
<td>18</td>
<td>3</td>
</tr>
<tr>
<td>% in class</td>
<td>10.9</td>
<td>8.7</td>
<td>35.0</td>
<td>0.0</td>
<td>27.7</td>
<td>21.4</td>
</tr>
<tr>
<td>Non Top 100 Co. Number**</td>
<td>305</td>
<td>107</td>
<td>60</td>
<td>3</td>
<td>17</td>
<td>1</td>
</tr>
<tr>
<td>% in class</td>
<td>34.0</td>
<td>93.0</td>
<td>100.0</td>
<td>37.5</td>
<td>26.2</td>
<td>7.1</td>
</tr>
<tr>
<td>Charity Number***</td>
<td>64</td>
<td>35</td>
<td>10</td>
<td>1</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>% in class</td>
<td>7.1</td>
<td>30.4</td>
<td>16.7</td>
<td>12.5</td>
<td>7.7</td>
<td>14.3</td>
</tr>
<tr>
<td>Public Body Number***</td>
<td>204</td>
<td>61</td>
<td>40</td>
<td>6</td>
<td>65</td>
<td>11</td>
</tr>
<tr>
<td>% in class</td>
<td>22.7</td>
<td>53.0</td>
<td>66.7</td>
<td>75.0</td>
<td>100.0</td>
<td>78.6</td>
</tr>
<tr>
<td>Business Assoc. Number***</td>
<td>253</td>
<td>77</td>
<td>48</td>
<td>5</td>
<td>19</td>
<td>6</td>
</tr>
<tr>
<td>% in class</td>
<td>28.2</td>
<td>67.0</td>
<td>80.0</td>
<td>62.5</td>
<td>29.2</td>
<td>42.9</td>
</tr>
<tr>
<td>Education Number***</td>
<td>96</td>
<td>44</td>
<td>19</td>
<td>2</td>
<td>24</td>
<td>11</td>
</tr>
<tr>
<td>% in class</td>
<td>10.7</td>
<td>38.3</td>
<td>31.7</td>
<td>25.0</td>
<td>36.9</td>
<td>78.6</td>
</tr>
<tr>
<td>Culture/Sport Number***</td>
<td>64</td>
<td>35</td>
<td>10</td>
<td>1</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>% in class</td>
<td>7.1</td>
<td>30.4</td>
<td>16.7</td>
<td>12.5</td>
<td>7.7</td>
<td>14.3</td>
</tr>
</tbody>
</table>

Notes: * Power base is defined by current primary association. FB = the French corporate sector; IB = business outside France; B&F = investment bank or the investment banking arm of a large bank; L&P = law or other profession; STATE = politics or public administration; ACAD = academic world. **Total number of appointments held. ***Number of individuals holding such an appointment.

Source: French business elites database. This contains data on the 1,160 directors (executives and non-executives) of the Top 100 Companies in France in 1998.