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Antoine Vion François-Xavier Dudouet Eric Grémont

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THE EURO ZONE CORPORATE ELITE AT THE CLIFF EDGE (2005−2008): A NEW APPROACH OF TRANSNATIONAL INTERLOCKING

Antoine Vion, François-Xavier Dudouet and Eric Grémont

ABSTRACT

The paper examines the degree of interlocking directorships across the major Eurozone economies. It uses the major stock market indices in France, Germany, Italy, the Netherlands, and Belgium to identify the top of the corporate elite in each country. For the period of 2005−2008, it studies transnational links between European companies. The paper draws attention to a number of features of these interlocks. Firstly transnational interlocks remain relatively low but secondly they do vary considerably. An important issue here is the degree of bilateral integration which is occurring between some countries within the Eurozone, for example France and Belgium, and the degree to which other countries,

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most notably, Italy are increasingly disconnected, whilst the two most powerful economies, France and Germany, are very weakly connected. This variability reflects a series of structural divides between big business in the Eurozone that makes it difficult for this corporate elites to be cohesive at the European level.

Keywords: Interlocking directorates; Eurozone; stock market indices; integration

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INTRODUCTION

The financial crisis revealed how fragile the Economic and Monetary Union could be and how overriding national reactions could remain. In the Eurozone, as soon as the crisis of 2007–2008, bank defaults were treated on a national basis, except where there was clear evidence that the institutions were jointly owned such as Dexia (Franco-Belgian financial group) and Fortis (a Benelux firm). As state defaults became possible (Greece, Portugal, Ireland), financial solidarity amongst the Eurozone states as a whole was controversial and difficult to achieve. Only when it became clear that such defaults would impact throughout the Eurozone and threaten the Euro itself, did some form of cooperation emerge that stabilized the situation. These Eurozone difficulties have mainly been discussed in terms of financial shock impacts on sovereign spreads (Mody & Sandri, 2011; Reinhart & Rogoff, 2011) and what they reveal about failures in coordinating different policies within the EU and the Eurozone (Dinan, 2011; Donnelly, 2014). However, they also reveal in stark form the lack of an organized European business elite capable of influencing the formulation and implementation of common strategies towards the first step of the crisis. In this sense, the dominance of national reactions and negotiations amongst national actors could be said to reflect the absence or the fragmentation of a transnational Eurozone business community, contrary to the expectations of some authors that over the period of the last 50 years, such an elite community had been emerging. In this paper, we examine this integration from the perspective of interlocking directorships where individuals are affiliated to companies located in two or more EU countries.

This approach is one of four main perspectives which have been developed to assess these processes of transnational integration. First, a

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classical strategic perspective has focused on the transnational rescaling of corporate structures through mergers, joint-ventures (Meynaud & Sidjanski, 1967) or the internationalization of corporate governance bodies (Lee & Park, 2006; Maclean & Harvey 2010). This first perspective assumes that transnational integration is encompassed in a firm's strategies as its business moves from operating predominantly within its home base to becoming more internationalized though concentrated in specific regional locations such as the EU (Rugman, 2004, 2012) A second perspective has consisted in looking for the advent of a transnational capitalist class (TCC) through the internationalization and globalization of firms which dominate over states by virtue of their command of massive financial resources. States become dependent on these resources and become supplicants to the firms and their leaders. Such a class is supposed to be emancipated from States (Cox, 1987; Robinson & Harris, 2000; van der Pijl, 1998) and consists of top managers in the largest global firms. However, the internationalization of capital is not a sufficient basis to identify a transnational capitalist class which acts as a class for itself separate from any embedded national or regional interests. These elites may interact on a global scale, for example at Davos etc. but do they really act in concert (Therborn, 2000)? If we except Leslie Sklair's approach, which emphasizes the role of global consumerism as a driving ideology behind such a social process (Sklair, 2001), few studies manage to provide evidence of the development of such a class for itself.

A third approach, based on Mills' theory on elite (Mills, 1999 [1956]), has gradually emerged which focuses on identifying the formation of a transnational business community by considering the degree of cohesion that corporate leaders around the world could achieve. Carroll and Fennema (2002), for example, contested the empirical evidence of the TCC and proposed to test the transnational cohesion of the corporate elite through the well-tried methodology of interlocking directorate studies (Mizruchi, 1996; Scott, 1997; Useem, 1984). Though they did not pretend to reduce transnational business community to inter-corporate relations, they underlined that the network formed by them has structural properties that overstep each particular link: "By mapping the international network of corporate interlocks we investigate whether or not these interlocks connect the world's largest firms in one connected component or whether the network falls apart in separate national components" (Carroll & Fennema, 2002, p. 397). This approach has been tested at the European scale (Dudouet, Grémont, & Vion, 2012; Guieu & Meschi, 2008; Heemskerk, 2011; Nollert, 2005), and this is the one we follow in this paper.

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As underlined by a new wave of new institutionalist perspectives (Fligstein, 2008; Morgan, 2001; Radaelli & O'Connor, 2009), Europeanization processes have created a range of institutions (political, bureaucratic, legal, and regulatory) which may support social integration among managers in Europe, even when they remain anchored to their national origins. As far as interlocking directorate studies are worth be expanded, an important methological challenge addressed by new institutionalist approaches is to avoid the decoupling of the transnational and national levels. Too often, methodologies developed in national contexts have simply been rescaled on a transnational level, in order to prioritize the relevant levels of integration. As Morgan (2001) argued, the issue is not to prioritize one over the other, insofar as "it is possible to retain a view of business as being deeply socially embedded in national institutional contexts, while recognizing that it has necessarily begun to create forms of transnational social space" (Morgan, 2001, p. 127). Djelic and Quack (2010) also underlined quite well that business communities could be embedded in national and transnational spaces simultaneously and non-exclusively, so that elite circles could cross through a multiple membership phenomenon. As scholars in international sociology suggested (Devin, 1995; Dezalay & Madsen, 2009), this calls for a relational analysis of the different spaces of power.

In this paper, we will thus try to renew transnational interlocking directorate studies by paying attention both to the national embeddedness of corporate networks and how these are evolving and changing and to how transnational links connect together different national arenas. This reveals that within the transnational framework of the EU, bilateral corporate linkages across countries are highly differentiated. There has not fully been the creation of an integrated EU corporate elite but what has emerged consists of specific pockets of interconnectedness.

The approach here is predominantly structural. Directors and top managers of the largest firms tend to form a business elite, also named corporate elite (Scott, 1997; Mizruchi, 2013). One of the main advances of interlocking directorate studies is to measure its cohesion from the density of the network they form on the basis of directors' multiple affiliations (Mizruchi, 1996; Scott, 1997). A corporate elite is said to be national or domestic when top managers belong to firms anchored in a same country of origin.[1] It is considered as transnational when the latter belong to firms which are embedded in different business milieus. Our purpose is to measure both these milieus relationally.

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RENEWING TRANSNATIONAL INTERLOCKING DIRECTORATE STUDIES

If we except the pioneering study edited by Meindert Fennema in 1982, transnational interlocking studies mainly emerged in the early 2000s (Carroll & Carson, 2003; Carroll & Fennema, 2002; Kentor & Jang, 2004), when the debate about the existence of a transnational capitalist class was reformulated (Robinson & Harris, 2000; Sklair, 2001). This allows us to draw some temporary conclusions on what has been done, but also to spot recurring difficulties and propose new perspectives.

Transnational Interlocks and National Anchorage

The main purpose of these early studies was to question the emergence of a transnational business community from the measurement of interlocks by comparing national and transnational links throughout time. Carroll and Fennema (2002) witnessed a light increase in transnational interlocks between 1976 and 1996, which was mainly due to increasing cross-border links in the European context. They also proved that these links were more connective in 1996 than in 1976. But they contradicted John Scott's expectations (1997), as they found no decline in domestic links compared to transnational ones between 1976 and 1996. As was the case in 1976, the 1996 global network was primarily built around a North Atlantic core network, with a key role played by European firms, between which 2/3 of transnational links were concentrated. Their conclusion was that one could talk about the emergence of a transnational business community, but they did not assume that such a class would be a substitute for national business worlds – as Robinson and Harris (2000) and Sklair (2001) had suggested earlier.

At a different level, Carroll and Carson (2003) have explored what they called the global corporate elite. They combined an interlocking directorate study with the study of policy groups,[2] and stressed the political cohesion of these managers and their influence on States and education policies. Their study brought out a core structured by North-American and European elites and a periphery constituted by the rest of the world. This led them to question the existence and the power of an Atlantic ruling class. Carroll (2010), from measuring interlocks between the 500 biggest companies ranked by Fortune between 1996 and 2006, showed a relative increase in transnational interlocks and claimed the persistence of the Atlantic ruling class. Burris and Staples (2012), with a similar corpus for 1998 and 2006, provide similar observations. But, focusing on density rather than on the total amount of raw links, they claim this global corporate elite has increased more at a transatlantic level than within Europe.

Existing literature on transnational interlocks has generally been built on a global sample of firms, for example from the *Fortune 500*. Comparing national and transnational interlocking from such a global sample, however, tends to distort the picture of interlocks inside national contexts because so many firms in that national context are missing from the global sample. Thus comparing degrees of interlocks at the national and the transnational level from within such a sample is misleading. For instance, it makes a difference to consider the top of the Belgian business community formed by the twenty firms listed in the BEL 20 index or to retain only three Belgian firms because they are the ones listed in Fortune Global 500. Following the first method, one tries to identify what the top of the Belgian business community could be and then how this elite is connected to other countries through interlocking directorates; following the second approach it is impossible to draw any conclusions about the degree of national/transnational interlocks from just three firms. Instead the focus is on a few countries which have giant firms, such as the United States, a process which potentially over-emphasizes transnational interlocks. Burris and Staples (2012) are right to underline that the increase of transnational interlocks in such studies (and the perceived relative decline in the significance of national interlocks) may result because of the selective nature of the global sample. The proportion of transnational links tends to increase when the number of countries taken into account is higher and the number of firms in each of them lower.

However, such data is difficult to interpret because of its limited nature (Table 1). When they claim that transnational interlocks represent 30% of the whole set of links, they neither mean that all firms maintain one third of their corporate links to foreign companies nor that every domestic business community is open at a level of a third. The fact that transnational links fluctuate between 13.7% and 30.9% does not tell us much about the places and the forms of transnational integration. These averages conceal national specificities and the particularities of what is occurring. For example, there may be firms from one country with huge transnational interlocks and firms from another with no transnational link. Is this significant? How do we understand these differences? Global samples lead to very different samplings of data at the level of national sets making comparisons about

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Table 1. Percentage of Transnational Links in Main Former Studies.

Studies	Years	# Firms	Links			Transnational/ Global
			National	Trans.	Global	
Fennema (1982)	1970	176	303	101	404	25.0%
	1976	176	318	152	470	32.3%
Carroll and Fennema (2002)	1976	176	284	84	368	22.8%
	1996	176	267	88	355	24.8%
Kentor and Jang (2004)	1983	500	755	120	875	13.7%
	1998	500	916	181	1097	16.5%
Carroll (2010)	1996	500	*1285*[a]	*319*[a]	1604	19.9%
	2006	500	*750*[a]	*336*[a]	1086	30.9%
Burris and Staples (2012)	1998	500	916	181	1097	16.50%
	2006	498	761	307	1068	28.70%

[a]We recalculated this from percentages and global numbers (Carroll, 2010).
National: Links between firms from the same country only.
Transnational: Links between firms from different countries only.
Global: Global set of links, be they national or transnational.

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the degree of transnational integration between different countries very difficult. This has led authors to find ad hoc ways of correcting the problems. Fennema (1982), for example, had to correct his initial sampling because of the overrepresentation of US firms (92 over 150). So did Carroll and Carson (2003) to obtain sufficient number of firms from emerging countries. Even when rescaling the sample on a European basis (Guieu & Meschi, 2008; Heemskerk, 2011; Nollert, 2005), problems are of the same kind. Eelke Heemskerk's study on the 300 firms which compose the Eurostoxx 300 had to face the problem of the heterogeneity of national communities retrieved from this set of firms (from 4 for Austria, Denmark, and Portugal to 78 for the United Kingdom). Such a heterogeneity makes comparative network studies problematic using a global sample of the largest companies in the world (Table 1).

A fundamental methodological issue is therefore to determine the minimal number of firms which are required to make sense of a domestic business milieu and to link this to the issue of transnational integration. Furthermore ideally this study needs to be longitudinal, to see trends in levels of integration and how easily these trends can be shaped by a few individuals leaving the network (Dudouet et al., 2012).

In this paper, we will define transnational interlocks by adapting Mark Mizruchi's initial definition (1996): a transnational interlocking directorate occurs when a person affiliated with one organization anchored in one country sits on the board of directors of another organization anchored in another country. Rather than attempt this task at a global level, we will focus on the Eurozone, addressing the question presented at the start of the paper; what evidence is there of the emergence of a Eurozone corporate elite, that is strong, stable, and significant cross-national interlocks amongst the largest Eurozone companies, and how if at all does this relate to changes in national corporate elites and their degree of integration and cohesion?

We have defined national corporate sets firstly in terms of large firms anchored in particular countries. Using the term "large firms," we more precisely mean that a corporate elite sets up in firms which are present in national stock market indices. Financial institutions develop such indices as ways to package ready-made products for investors who want to ensure that their returns match those of the market. Directors appreciate to have their company listed in indices, as this guarantees liquidity for their shares and shareholder wealth maximization as well as notoriety. Every national stock exchange develops multiple indices for all sorts of financial products, but each marketplace establishes a flagship index which concentrates both the highest volume of exchange and the highest social prestige. The number of quoted companies included in this index varies across the main European markets in part depending on the total number of companies listed on the exchange. Thus the London Stock Exchange which is the largest market has the FTSE100 as its main index. In Belgium by contrast, a much smaller stock exchange, the index is the BEL20. As stated, size of capitalization is the main criteria for membership of the index though there are some variations in this. Nevertheless, by taking as our sample of companies in each country those companies that appear in the main Stock Exchange index we are confident that we are examining the heart of the national corporate elite.[3] Stock exchange indices are a very useful gateway to the social structure of national core business circles. Because being present in a commonly used index is so advantageous to public companies, all the leading organizations pay the highest attention to their strategy of affiliation of entering and staying in an important index (Rao, Davis, & Ward, 2000). Belonging to such an index means being part of the business elite that counts in terms of revenue, economic power, media, and political influence.

The way the composition of indices is decided upon is everything but transparent. Whilst exchanges which encourage significant foreign listings such as London and New York set criteria for entry into an index strictly from the point of view of market capitalization at a particular point in the

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year, many Eurozone exchanges operate other criteria alongside market capitalization. Broadly however, indices suit the purpose of this research as they are relatively stable over time, and are generally recognized as being composed of the largest and most important firms on a particular country.

From this point of view, our purpose is to examine how integrated the Eurozone corporate elites was prior and at the first steps of the financial crisis. Following previous studies (Dudouet et al., 2012), we will argue that a Eurozone corporate elite exists, but it does not dominate over national contexts, which remain the main space of socialization into business milieus. Secondly, we will show again that this European corporate elite can only be assessed from the national business communities that underpin it. People who act at a transnational level always come from a national milieu: there is no elite in weightlessness conditions. Thirdly, we will show that the transnational integration within the Eurozone is not homogeneous (equal for all firms and indices) and that there are different patterns of transnational bilateral integration.

We will compare the degree, cohesion, and stability of linkages which directors in these firms have through directorships in other firms, both within the same index and within the indices of other EU countries (Dudouet et al., 2012). This perspective allows us to study interlocks at several levels simultaneously, national, international, and bilateral. In this way, we can analyze and compare the strength of these different levels of integration over time.

METHODOLOGY

Levels of Transnational Integration

Building an analytical framework of transnational interlocking means taking into account different levels of relations: Board interlocks within each national community, transnational links between firms anchored in various national communities, transnational interlocking within the whole zone considered (here the Eurozone), and transnational interlocking within bilateral relations between national communities. These different levels are analyzed relationally. In order to appraise how integrated business communities are into transnational spaces, bilateral dimensions should also be taken into account. We thus suggest to assess integration by distinguishing between national anchorage (i), internationalization (ii), transnational openness (iii), and transnational bilateral integration (iv).

(i) *National anchorage*
How far are firms which are affiliated to the same index connected to each other? Do they form a dense or loose network? Cohesion can be measured by the density of the network, which corresponds to the sum of the ties observed divided by the number of possible ties (Scott, 1992).

(ii) *Internationalization of national communities*
By internationalization of a corporate elite, we mean the sum of transnational links which go out from an index to another related to the sum of links counted within this index. This allows us to assess the degree of internationalization from the perspective of the national corporate elite.

(iii) *Transnational openness of national communities*
Comparing levels of internationalization, however, does not allow us to judge the openness of a community in terms of transnational connections. For example, most of the transnational links may be held by just a few firms. In order to assess openness, we will measure the percentage of the firms stated in the index which have at least one transnational link.

(iv) *Transnational bilateral integration*
By bilateral integration, we mean the degree of interpenetration of two national business milieu in terms of board interlocks. This follows a continuum that goes from no relation at all to a complete fusion or absorption. This is measured by the sum of links existing between two indices divided by the sum of links existing within each index. This brings out a score for each index toward each others. If scores between two indices are comparable, bilateral integration will be symmetric, if they are not, integration will be qualified as asymmetric. As absolute equivalence of scores is unlikely, we will simplify the reading of the results by distinguishing between six types of scores (see Table 2): 0%, minor to 10%, 10–19%, 20–49%, 50–99%, 100% and plus. If index A and index B both maintain under 10% of bilateral relations, very weak symmetric integration will be brought out. If bilateral relations correspond to less than 10% for index A and 20–49% for index B, one will talk of a very weak asymmetric integration from A to B and of a medium asymmetric integration from B to A. If a stock exchange

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Table 2. Patterns of Transnational Bilateral Integration.

		Index B					
		0%	<10%	10–19%	20–49%	50–99%	≥100%
Index A	0%						
	<10%		Very weak symmetric integration	Very weak asymmetric integration	Very weak asymmetric integration	Very weak asymmetric integration	Absorption of B by A
	10–19%		Weak asymmetric integration	Weak symmetric integration	Weak asymmetric integration	Weak asymmetric integration	Absorption of B by A
	20–49%		Medium asymmetric integration	Medium asymmetric integration	Medium symmetric integration	Medium asymmetric integration	Absorption of B by A
	50–99%		Strong asymmetric integration	Strong asymmetric integration	Strong asymmetric integration	Strong symmetric integration	Absorption of B by A
	≥100%		Absorption of A by B	Absorption of A by B	Absorption of A by B	Absorption of A by B	Merging

index shows bilateral integration score over 100% under non reciprocal conditions, one can talk of a process of absorption. If both the indices reach 100%, one can talk of a process of fusion.

Data

Our data is based on the set of companies, which is composed of five stock exchange indices of the Eurozone from December 31, 2005 to December 31, 2008 (see Table 3). These five indices are the AEX 25 (the Netherlands), the BEL 20 (Belgium), the CAC 40 (France), the DAX 30 (Germany), and the MIB 40 (Italy). All of them belong to the Eurozone and are among the founders of the EC. Therefore if there is to be evidence of the emergence of a European corporate elite (as measured by interlocking directorates), we should see some signs in this sample.

195 companies have been analyzed after we took into account merging initiatives (which were particularly numerous in the Italian banking sector in 2007), change of name, usual entrance, and exit activity within these indices. Indices are composed of a finite number of firms : a maximum of 25 for the AEX, 20 for the BEL, 40 for the CAC and the MIB, 30 for the DAX. Yet, in our sample, indices are not absolutely complete: stock exchange authorities may not have filled in all slots of an index at a given date, or we may have had to arbitrate. Indeed, in order to prevent redundancy, we have been compelled to select an index of reference for companies which are registered in two or more indices. To this end, we have used the dominant nationality of the management. We also subtracted a given company – ArcelorMittal – because of the quasi-impossibility to affiliate it.[4]

Table 3. Sample.

	December 31, 2005	December 31, 2006	December 31, 2007	December 31, 2008
#Individuals	1975	1986	1984	2011
#Firms	148	148	144	148
AEX 25	22	23	20	22
BEL 20	18	18	18	19
CAC 40	38	37	37	37
DAX 30	30	30	30	30
MIB 40	40	40	39	40

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The managers we retained are all members of the Board, including Censors, Representatives of employees and States, and observers, but not honorary Chairmen and Secretaries. We added some Executive Managers who are not members of the Board of Directors or Supervisory Board such as members of Boards of Management, Chief Executive Officers (CEO), and Deputy CEOs. Annual reports and corporate press releases were used to collect manually all the data.

RESULTS

Global Structure of the Eurozone's Business Community

A very high majority of firms (between 92% and 93%) are connected to each other in a same network during the four-year period (Table 4). So a Eurozone corporate elite exists but at this step we know very little about its structure. Tables 5 and 6 present a more detailed view of the types of links and their longitudinal evolution.

These results show that transnational links represent about a fifth of valued links and a quarter of binary ones; the majority of interlocks are with other firms in the same index. However, the European corporate elite is still significantly divided into national communities.

This is confirmed by scores of density calculated on the basis of both the whole sample and indices (Fig. 1). Density is very often used to

Table 4. Main Properties of the Network.

	2005	2006	2007	2008
Firms	148	148	144	148
Links	1244	1080	1030	1014
Diameter	7	9	9	7
Firms in the main component	137	137	133	136
Firms in secondary components[a]	4	2	2	2
Isolates	7	9	9	10

[a]For 2005 there are two secondary components.
Diameter is the shortest path (number of firms) between the two most distant firms.
Main component is the network grouping the most numerous firms.
Secondary components are firms connected to each others without connections with the main component.
Isolates are firms without any connections.

Table 5. Evolution of the Links (Binary).

	2005	2006	2007	2008	2005–2008
Total links	1244	1080	1030	1014	–18%
Inside index links	936	788	780	760	–19%
Transnational links	308	292	250	254	–18%
% Transnational links	25%	27%	24%	25%	0%

Table 6. Evolution of the Links (Valued).

	2005	2006	2007	2008	2005–2008
Total links	1616	1376	1288	1246	–23%
Inside index links	1274	1062	1020	962	–24%
Transnational links	342	314	268	284	–17%
% of transnational links	21%	23%	21%	23%	2%

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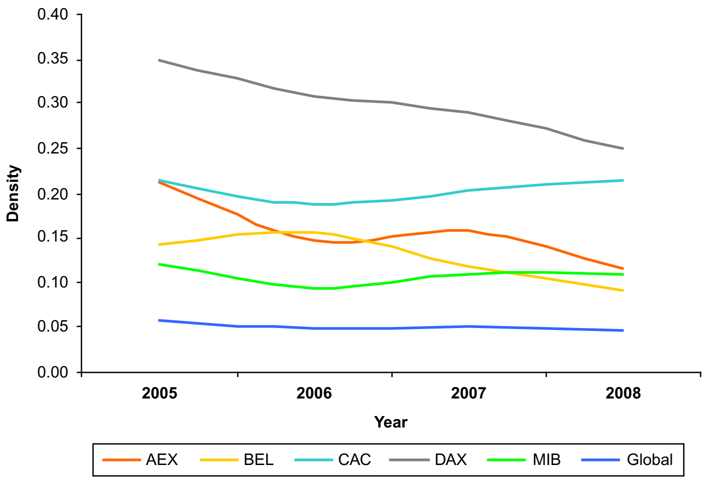

Fig. 1. Eurozone Density Networks.

assess the cohesion of a business milieu.[5] Overall density is rather weak (between 0.05 and 0.06). Even though we take into account the size of the whole network, which is substantially higher than a given domestic network, overall density is systematically inferior to intra-index density scores. The DAX has a very high score, and even if it decreases over the period studied, it remains much higher than those of other indices. This reveals that the German business community is still very cohesive and interlinked compared to other European business communities. The CAC is rather stable with a score of 0.21 at the early and late stages of the period. It is less cohesive than the DAX but represents a relatively strong set of links. The three other indices have comparable scores at the end of the period, but with very different processes of change to reach the same point. The density of the AEX has been reduced dramatically (0.21–0.12) between 2005 and 2008; the BEL has also reduced in density (0.14–0.09), while the MIB is rather stable, though at a relatively low level.

These results show that we do not have homogenous business milieus in the Eurozone, but various social structures, of capitalism with different levels of cohesiveness.

Internationalization of Business Communities

Table 7 presents the percentage of transnational links compared with the total of domestic links. The BEL shows a level of transnational links, which is equivalent and even higher than domestic links, with a record high of 145% in 2008. Transnational links in other indices are less than 100% and often less than 50% if we except the AEX for 2007 and 2008. The Dutch index is the only one where the proportion of transnational links continuously increases (32–62%). The CAC, conversely, shows a decrease (35–28%), while the DAX and the MIB have lower and more stable scores of cohesiveness.

The different degrees of internationalization reveal the continued heterogeneity of the European corporate elite. The Dutch and the Belgian contexts have become more internationalized whilst the French has become less so, whilst Germany and Italy have remained roughly the same over this period.

Table 7. Percentage of Transnational Links (Valued) Compared to Domestic Ones.

	2005	2006	2007	2008
AEX	32%	43%	50%	62%
BEL	102%	90%	116%	145%
CAC	35%	36%	29%	28%
DAX	20%	19%	15%	20%
MIB	15%	18%	15%	14%

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Transnational Openness

For each index, Table 8 indicates the proportion of firms which maintain at least one transnational link. In general, the proportion of the firms holding transnational links tends to decrease, except in the case of the AEX, where it increases and the CAC where it remains stable. Drawing comparisons of openness from each index leads us to underline the limits of averages. The average for the whole sample in terms of what percentage of firms have transnational links is about 60%. However there are huge differences. The MIB varies from 38% to 28% whilst on the CAC the variation over time is minimal going from 82% to 81% over the period, with a minimum of 78% in 2006.

The strong openness of the DAX and the BEL tends to decrease slightly, whilst that of the AEX increases. The stability of the very strong openness of the CAC contrasts with the situation of the MIB which gradually becomes more closed over the period.

Bilateral Integration

The heterogeneity of corporate elite in the Eurozone does not mean that there is no process of integration but it appears that this is primarily through the development of bilateral relations. Table 9–12 give percentages of transnational links over domestic ones toward a single index over the four years of the study. The tables should be read from rows to the column. For example, in 2005, AEX (from the row) has transnational links with BEL (on column) counting for 7% of AEX domestic links. In the same time BEL (from the row) has transnational links to the AEX equaling 17% of BEL domestic links. Following our methodology these percentages show the degree of bilateral integration of each index toward all the others. We signal in bold the highest score of bilateral integration for each index.

Table 8. Percentage of Firms with Transnational Links.

	2005	2006	2007	2008
AEX	50%	48%	60%	68%
BEL	67%	72%	67%	63%
CAC	82%	78%	81%	81%
DAX	73%	73%	67%	63%
MIB	38%	33%	33%	28%

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Table 9. 2005 Score of Bilateral Integration.

	AEX	BEL	CAC	DAX	MIB
AEX		7%	**15%**	7%	3%
BEL	17%		**69%**	15%	2%
CAC	5%	9%		**14%**	7%
DAX	2%	2%	**12%**		4%
MIB	1%	0%	**8%**	5%	

Table 10. 2006 Score of Bilateral Integration.

	AEX	BEL	CAC	DAX	MIB
AEX		10%	**19%**	8%	6%
BEL	16%		**59%**	12%	3%
CAC	5%	11%		**13%**	6%
DAX	2%	2%	**11%**		4%
MIB	2%	1%	**9%**	6%	

Table 11. 2007 Score of Bilateral Integration.

	AEX	BEL	CAC	DAX	MIB
AEX		14%	**23%**	10%	3%
BEL	23%		**77%**	11%	5%
CAC	5%	**10%**		8%	6%
DAX	2%	1%	**8%**		4%
MIB	1%	1%	**8%**	5%	

Table 12. 2008 Score of Bilateral Integration.

	AEX	BEL	CAC	DAX	MIB
AEX		17%	**22%**	20%	3%
BEL	24%		**102%**	19%	0%
CAC	4%	**12%**		6%	5%
DAX	4%	3%	**8%**		4%
MIB	1%	0%	**8%**	5%	

Once again, bilateral integration scores show strong heterogeneity: they go from 0% (BEL-MIB and MIB-BEL in 2008) to 102% (BEL-CAC in 2008). However, scores are generally less than 25%. All indices have their highest score of bilateral integration with the CAC though there is large

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Table 13. Trends of Bilateral Integration.

	Weakening	Stability	Reinforcement
Symmetric	BEL-MIB	AEX-MIB	
	MIB-BEL	CAC-MIB	
	CAC-DAX	DAX-MIB	
	DAX-CAC	MIB-AEX	
		MIB-CAC	
		MIB-DAX	
Asymmetric		CAC-AEX	AEX-BEL
		DAX-AEX	AEX-CAC
		DAX-BEL	AEX-DAX
			BEL-AEX
			BEL-CAC
			BEL-DAX
			CAC-BEL

variation. From 2005 to 2008 the most remarkable results are the progressive absorption of the BEL by the CAC and the weakening bilateral integration between the CAC and the DAX. Table 13 summarizes the different scores in trends from 2005 to 2008.

Overall, bilateral relations remain at similar levels throughout the four years. Only the BEL-MIB on one hand, and the CAC-DAX on the other hand, reduce significantly in the period. The indices which how most evidence of increased integration with one other index are the AEX and the BEL, in relation to their interlocks with the CAC and the DAX. Table 13 shows that European integration is a very dynamic and differentiated process. The weakening of the CAC-DAX relations (the two leading indices of the Eurozone), the absorption of the BEL by the CAC, as well as the relative isolation of the MIB, are essential dimensions of the structuration of the Eurozone corporate elite.

DISCUSSION

This study aimed to embrace the complexity of the transnational integration of blue chips' managers in the Eurozone, by relating the three dimensions of national, bilateral, and multilateral integration during four consecutive years. Managing this kind of longitudinal studies helps understand how different national business circles are evolving in terms of integration nationally and in the Eurozone.

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Firstly, our methodology seems helpful to assess the corporate elite's integration from the perspective of the most central institutions they are embedded in, namely national stock exchange indices. On one hand, it is a way to avoid top-down explanations. Top-down theoretical frameworks of European business structures tend to prioritize the level of multilateral integration over others. Fligstein (2008) nuances this dominant perspective by taking into account bilateral integration through joint-ventures. However, European data on joint-ventures are very partial. Moreover, by the fact they limit bilateral integration to the strict perimeter of firms' structures, they do not tell us much about the social integration of top managers at the inter-firm level. Finally, even though Fligstein turns to a more sociological discourse to argue that "the patterns of shared culture and interaction that have occurred across European borders have exactly followed social class lines" (Fligstein, 2008, p. 137), he does not provide better evidence than a few Eurobarometer results. What our comparison shows is that such a persistence of national cohesion tends not to decline at the same degree or at the same pace across the countries studied. The Eurozone between 2005 and 2008 appears as a weakly socially integrated zone, based on a mish-mash of transnational links.

Secondly, taking bilateral integration into account, together with the transnational openness of indices, provides many counterintuitive results. The first one is the relatively low degree of Franco-German integration. The decrease that occurred in 2007−2008 is totally decoupled from the intensification of intergovernmental cooperation in the same period (Vion, 2012). As noted before, minor shifts in Franco-German transnational relations have had major effects on the structure of their links (Dudouet et al., 2012). Our study shows that the Franco-German axis is much more a political construction than a process driven by business life. This makes institutional explanations of transnational integration (Risse-Kappen, 1995) fall short, except if intense intergovernmental cooperation is conceived as a game of rival associates. The second counterintuitive result is that national differences, regarding the internationalization of national business communities, are much higher than expected. Belgium and the Netherlands are increasingly internationalizing. This may indicate an absorption of the periphery by the center (here the powerful indices DAX and CAC). In the Belgian case, the achievement of what we call absorption into the CAC is unexpected and has to be confirmed by data for the more recent period. Moreover it is interesting that in the context of the French speaking/Walloon speaking political, economic, and social fissure within Belgium it is the very old business association between the

Belgian Walloon businessman Albert Frère and the French bank Paribas (BNP-Paribas since 2000) that is probably the best example of socio-economic integration between Walloon and French capitalisms (Dudouet & Grémont, 2010). The connection of Frère's companies (GBL and CNP) with the CAC firms explain almost half of the BEL-CAC links in 2008. Another good example of Belgian internationalization is provided by a firm like Solvay, which was connected in 2008 to 6 firms from the CAC (AXA, Société Générale, Alstom, Carrefour, Saint-Gobain, Vivendi), 3 firms from the BEL (Umicore, Fortis, Agfa), 3 firms from the DAX (K + S, Munich Re, RWE), and 2 from the AEX (Philips, Akzo Nobel). Solvay took over the French Rhodia in 2011 and was listed in the CAC 40 in 2012.

Thirdly, regarding bilateral processes, our results show that there is no convergence between the internationalization and the transnational openness of national communities. Our examination of transnational openness indicates big variations between countries. On one side, the Belgian case is quite different from the Dutch one, because its increasing internationalization is managed in a context of decreasing transnational openness. The internationalization of the BEL increased between 2005 and 2008, while the number of firms which managed transnational links regularly decreased. This indicates a decoupling process within Belgian business communities, with an internationalized side of the BEL and another more isolated one, even though both sides are still connected, but in a less tight way. From this perspective of openness, the CAC and the DAX show very contrasting patterns. The French index is very stable as a strongly open community. Conversely, German openness appeared to have fallen into some kind of withdrawal from 2005 to 2008. This is all the more interesting in that the symmetric integration between these two communities has weakened. German firms have turned from their Western partners. Admittedly, this picture might be modified if the database included the ATX (Austrian index). Similarly, a wider empirical project including the SMI (Switzerland), the FTSE100 (United Kingdom), and the Ibex 35 (Spain) would help further clarify these processes. But manual collection is a demanding task.

Fourthly, these results may help to explain how the corporate elite responded to bank problems at the early stages of the financial crisis. Similar to states, corporations had huge difficulties in converging on transnational organizational solutions to bank defaults. Except for the Franco-Belgian case, all the measures were national in the early stages. In the case of Dexia's default, Belgian and French elites tried to save the bank before

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managing its splitting. In the case of Fortis, the Dutch managed the repatriation of the bank's insurance branch. But BNP-Paribas took the control of the company's remaining bank activities with the help of the Belgian government – the latter consequently became the largest shareholder of BNP-Paribas. By doing so, BNP-Paribas became the main financial institution in Belgium. This translated existing links into financial ones and led to the absorption of Belgian capitalism by the French one. In other cases, transnational relations were unilaterally dismantled, without any efforts at negotiation. The alliance between CommerzBank (Germany) and Generali (Italy) was curtly broken by a German decision to merge Dresdner Bank with CommerzBank, and to turn Allianz into the main shareholder of the new group. So, except for Dexia and Fortis, bank defaults were dealt with on a national basis and not on a transnational one. Of course, later, the solutions provided by the ECB as the sovereign debt crisis developed in the Eurozone could be defined as transnational ones, but the decision to merge or liquidate a bank was always taken at the national level. Finally, our results show that the structural basis for the formation of a corporate elite in the Eurozone has not been achieved given the evidence from the interlocking directorships. Even though the national anchorage of business elites has declined, transnational linkages have not grown much and thus the capacity for acting cohesively at moments of crisis does not exist.

NOTES

1. For us, someone like Lindsay Owen-Jones, a British citizen who was Chairman and CEO of L'Oréal from 1986 to 2006, belongs to the French corporate elite.
2. The policy groups retained were the International Chamber of Commerce, the Trilateral Commission, Bilderberg Conference, World Business Council for Substainable Development and World Economic Forum.
3. It is not uncommon for very large firms to have multiple listings and to be quoted on a number of stock exchanges in order to access foreign capital etc. but the depth and liquidity of trading is usually highest in one of those – generally the historic home base of the company.
4. ArcelorMittal is a company ruled by the Luxemburger law, quoted in Amsterdam, Brussels, Luxembourg, Madrid, New York, and Paris while most of the shares is hold by the Indian Citizen Lakshmi Mittal and his family, who is also Chairman and Chief Executive Officer of the company. ArcelorMittal was present on the AEX and CAC 40 in 2007 and 2008. Somehow, Arcelor Mittal can be considered as fully a transnational firm.

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5. Of course, it is always risky to compare scores of density when networks do not have the same size (Scott, 1992), but we consider that, except for the Eurozone network, ours have close enough sizes to allow comparisons. Moreover, let us stress that in our corpus, density scores are not correlated to the size of the networks: the DAX and the CAC with 30 and 37 firms systematically bring out higher scores than the AEX and the BEL do (respectively less than 25 and 20 firms).

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