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**HIGHER EDUCATION IN MANAGEMENT:  
THE CASE OF FRANCE**

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When compared to the social sciences, the science of management is an altogether new field in France. J.B. Say taught his first courses at Cnam in what was called at that time “applied political economy” from 1805 onwards. The first major management schools in France appeared between the nineteenth- and the early twentieth-centuries, notably with the founding of ESCP in 1819, HEC in 1881 and ESSEC in 1907. These business schools were created primarily by the Chambers of Commerce and Industry (“CCI”), a group of public institutions fashioned by Napoleon in 1803 in order to sustain the development of both private companies and the regional economy (De Montmorillon, 2011). Until the 1960s, most knowledge of business management belonged primarily to practitioners and consultants. It was only in 1955 that the first master’s degree in management was offered by a public university, followed by Pierre Tabotoni’s creation of the first institute for business management (Institut d’Administration des Entreprises, IAE).

The late-sixties saw public policy aimed at the development of management studies in higher education, which specifically led to the birth of the University of Paris-Dauphine in 1968. This university would ultimately focus largely on organisation management. Meanwhile, the French Foundation for Management Education (“FNEGE”) was created and eventually came to play a leading role in the creation of a core of professors in the field of management by financing doctoral degrees for French students in the United States.

The institutionalisation of management as an academic field in the French higher education system came in 1969, when France developed a specific national commission to evaluate management faculty and specific management degree programs. From 1969 through the 1980s, French business schools

and universities experienced a continuous rise in the number of students enrolled in business management classes and programs. Today, 14% of all students in France pursue management studies in some capacity, either at public universities or in business schools. At master's level, the figure is higher, with an estimate close to 20%. As a result, this educational sector maintains a high level of social visibility.

However, this overview of the evolution of the institutionalization of management study is incomplete, as the label “management education” covers a diverse offering of educational courses and structures, including economics and management programs. To a similar point, universities often do not distinguish between such programs. Yet, as of 1975, the field of management and business studies obtained its own career track for university professors, spinning off from the “Economics and Business” category that had prevailed until then, after having itself spun off from the “Law and Economics” category. In this sense, Management and Business Studies is sometimes viewed institutionally as the daughter of Economics and the grand-daughter of Law in France – a view that tends not to please management faculty, especially after enrolment went dramatically down in Economics and up in Business studies. Indeed, this ended up leaving cohorts of faculty in economics with plenty of time for research while their colleagues in management and business studies were loaded with demand for teaching.

In the first section of the chapter, we describe the two main *suppliers* of management education – public universities and business schools – and their strategies. In a second section, we analyse the management profession, its attractiveness as well as the challenges that it will face in the coming years. Thirdly, we consider the demand side of the system, looking at students', executives' and firms' expectations and demands for business schools and universities. We then move on to consider the role that regulatory bodies play within the sector. Finally, we conclude by detailing the main challenges that management education faces in France.

## **THE SUPPLY OF HIGHER EDUCATION IN BUSINESS**

There are two main suppliers of management education in France: business schools and universities.

While the formers have historically been the main suppliers of masters-level and executive education, and the latter have had a monopoly on doctoral degrees, the distinction between the two in terms of supply has partly blurred over time.

### **“Grandes École” business schools**

Business schools were the first suppliers of structured education in management. The French “Grandes Écoles” have historically awarded master’s level degrees following two years of preparatory classes, a degree program called the “Programme Grandes Écoles,” which is generally listed in the FT rankings as “Master of Science in Management.” Nevertheless, business schools have diversified their offerings over the last decade, and now offer programs including bachelor’s degrees, master’s degrees, MBA and DBA if not the doctoral degrees for some of them, and also provide programs for executive education.

Thus, while the “Master of Science in Management” was once the sole management offering in French business schools, more and more business schools now offer bachelor’s degree programs. Such programs are either three or four years in length (based on the US model) and tend to feature high levels of internationalization. While some schools have offered bachelor’s programs for a long time (i.e. ESSEC has had a bachelor’s degree program since 1975 but recently reshaped it under the label “Global Bachelor in Business Administration”), others have used the opportunity to take over a competitor (e.g., in 2015, EMLyon took over the campus of a business school in Saint Etienne; ESCP Europe did the same with Novancia in Paris in 2016).

Business schools also offer three types of master's degrees:

- The most renowned degree that business schools offer is the general master’s degree, which in French is called the ‘Programme Grandes Écoles’, more recently called the “Master in Management” (and recently integrated into the FT ranking, cf. Appendix 1). This program takes three years to complete, and features an entrance examination that requires students to

attend two years of preparatory classes that are run by the country's most prestigious high schools. Over the past decade, an increasing number of schools have also opened themselves to "parallel admissions." Other schools (e.g. IESEG) have developed a 5-year program that students begin directly after completing their 'baccalauréat', the French equivalent of a end of high-school diploma.

- Business schools also offer specialised master's degrees that take one or two years to complete (following a bachelor's degree). For these programs, students typically come from public universities or engineering schools, and admissions are based on academic criteria.
- MBAs are also offered, and are typically intended to attract international students and young managers who already have 3-5 years of work experience.

Some business schools also offer doctoral degree programs in management (e.g., HEC), while others (e.g., ESCP Europe), have created relationships with public universities, or (e.g. ESSEC or Insead) have launched their own PhD programs, the visibility of which enables them to recruit candidates internationally and prepare them for the international job market in academia.

Finally, business schools offer executive education programs, such as specialized executive programs, executive MBAs and DBAs. Within this landscape, INSEAD is distinct in that it cultivates its difference, operating as an international, globalized school that stays away from being too deeply embedded in the French institutional context. Insead focuses on the MBA, executive Education and the PhD program.

The leading French business schools are members of the "Conférence des Grandes Écoles" which boasts 219 members: 40 of these focus on management, 145 others on engineering, 14 are foreign universities, and the remaining 20 focus on other disciplines. This Body that was founded in 1973 plays an important role in the management education sector. Most notably, it aims at promoting the "Grandes Écoles" system on both a national and an international level, and acts as a porte-parole to government policy-makers and the research community at large.

French business schools play an important role in delivering management education in France. While they account for 52% of the country's management students (excluding economics and economics/management programs - *Repères et références statistiques sur les enseignements, la formation et la recherche*, Ministère Enseignement Supérieur & Recherche, 2016), they are the most visible French supplier of management education at the international level, as they dominate the rankings of the European market for the Master's of Science degrees in Management (Appendix 1).

That being said, however, French business schools are more diverse than they may initially appear. While a decade ago business schools were almost exclusively recruiting students after they had completed preparatory classes, these schools now recruit 53% of all their students through parallel admissions (excluding executive education), i.e. students coming out of other parts of the French higher education system or from other countries. While the number of students admitted after having completed preparatory classes has increased over time, the number of parallel admissions and international admissions has also increased at a higher rate, except for the very best schools that seek to maintain their highly selective admissions processes and thus continue to rely on recruitment linked to preparatory classes (Le Monde, 2016).

In an effort to meet international standards and to implement strategies aimed at receiving international recognition and identifying new revenue streams, French business schools recently began undertaking a number of structural changes. A majority of the Faculty members must now hold PhDs so as to meet both the expectations of accreditation bodies (AACSB) and national requirements. Business schools also do their best to give visibility to their faculty's research. Accordingly, these institutions now hire professors that have demonstrated the ability (or potential) to publish in highly ranked journals; however, such international research professors are rare, and are in turn expensive. (This is particularly so in Business Schools that have put in place financial incentives per publication. Such schemes increase the cost of those professors who significantly publish). Indeed, leading business schools attempt to make themselves attractive by offering competitive salaries and favourable work conditions. More specifically, new professors are often able to dedicate more time to research

during the first few years of their appointments, are incentivized on publications and these new stars or stars -to-be are often better paid than the more senior faculty members who hired them.

On average, the cost of a French student in any discipline in tertiary education amounts to more than €14,500 a year, both in public or private institutions (Regards sur l'Education, OCDE, 2016). To cover this cost, business schools cannot rely on state funding as universities and engineering schools do. They instead have three main sources of revenue. The first stems from the tuition paid by students and the tuition of executive education programs. On average, this revenue source amounts to €10,000 per year per student, and for leading business schools, accounts for around 60% of the budget. Secondly, companies fund business schools using various methods: paying for executive education, funding chairs, donations, material gifts, gifts to foundations, among others. Thirdly, while Chambers of Commerce and Industry previously funded large portions of the operational budget for “consular” business schools, their doing so has lessened over time, and now accounts for on average less than 10% of business schools’ budgets.

To secure necessary operational funding, leading business schools accordingly pursue two main business strategies. The first consists of developing their brand/name on an international level so as to both broaden their faculty and student recruitment base and differentiate themselves from their national and European competitors. The second strategy consists of tapping new sources of funding. Business schools pursue these strategies in various ways. While in the 2000s accreditations (AACSB, EQUIS, AMBA) gave a competitive edge, what is now at stake is a business school’s ability to move up in the European rankings (cf. Appendix 1). Business schools accomplish such upward mobility in the following three ways:

1. Mergers and acquisitions

The last decade was witness to numerous mergers and acquisitions within the business school French market, which together have allowed business schools to reach supposedly a critical mass in Europe. A central aim of many of these mergers and acquisitions has been to propel the schools involved

upwards in the rankings, and in turn, to improve faculty and student recruitment. For instance, in 2009, Ceram Nice and ESC Lille formed Skema; in 2013, Bordeaux and Marseille merged to form Kedge, while Reims and Rouen formed Neoma; and finally, 2016 saw Grenoble Ecole de Management and EMLyon announce a strategic alliance. Some such alliances were failures; for example, in 2012, France Business School took a gamble by merging Amiens, Brest, Clermont-Ferrand, Poitiers and Tours, only to dissolve the merger 3 years later (Cour des Comptes, 2017a).

## 2. Campuses abroad

While more than 3,000 students go abroad thanks to their schools' exclusive international relationships with counterparts, several business schools are now developing campuses abroad to better cater to their own students. About 10,000 students benefit from stays at such campuses every year (Ramanantsoa & Delpéch, 2016). ESCP Europe, for example, has been developing a series of European campuses in Paris, London, Berlin, Madrid, Turin and Warsaw since the 2000s. Other schools have followed suit, be it Skema with its campuses in the USA, China and Brazil, or ESSEC's locations in Paris, Singapore, Morocco and Mauritius.

## 3. Developing MBAs for the international market and executive education for the domestic market

Many schools have developed MBA programs to improve their international recruitment, as was the case with INSEAD, HEC, ESSEC and ESCP Europe. Other smaller business schools have launched MBA programs too. These are often sector-oriented (for instance, some are dedicated to the luxury sector or to information and communication technology), while others are specialized in a specific discipline. For instance, ESC La Rochelle has developed a MBA dedicated to tourism management. In parallel with such moves, business schools have also developed executive education programs and enlarged the range of such programs. Grenoble School of Management, for example, recently launched a DBA program intended for executives. France remains a rather centralized country with many French based multinationals being headquartered in Paris. Hence, to recruit executives from French corporate offices, many business schools are renting or have bought offices in Paris (as was the case with EMLyon in 2016).

This issue of differentiation is sensitive. It is possible to identify strategic groups within the French business school arena (this can be confirmed through international rankings - see Appendixes 1 and 2). Yet, it is difficult for business schools to differentiate themselves in terms of program offerings (Mangematin & Belkhouja, 2015). This is because each business school relies on a flagship “Grandes Écoles” program (with the clear exception of INSEAD, focusing on the MBA, executive education and the PhD, and recruiting faculty and students from and for the international market). A school’s ability to differentiate itself from others in turn lies in its executive program offerings. Only the best schools can offer expensive executive education. This is even more critical given that this type of “exed” usually takes place primarily in Paris. Other schools are thus forced to content themselves with a more regional presence.

All in all, French Business schools use among six strategies available for pursuing new revenue sources:

- The development of executive education: the bulk of the market is mainly situated in Paris and in its main business district although there are opportunities across the country as well.
- The increase of tuition levels: because Chambers of Commerce are increasingly (financially) disconnected from business schools, tuition levels have risen in recent years as business schools have attempted to compensate for their heightened costs. Some periodically argue that a tuition ceiling has been reached. Yet, soon after, some schools simply pass beyond what was considered to be a ceiling and the increase cycle starts again as other schools follow suit.
- Increased support from alumni: Some business schools have undertaken fundraising campaigns. As an example, HEC Paris raised some 112 million € over the 2008-2013 period, a level unprecedented in French tertiary education in management. In 2015, the school hired Peter Todd the former dean of the faculty of management at McGill University, known to be a specialist in fundraising campaigns.
- Increased support from corporations, especially through the creation of chairs: some schools have developed thematic chairs that are funded by corporations.

- The development of bachelor's degree programs to secure additional revenue: This strategy necessitates little investment as it relies on competences that the school already possesses.
- Turning to online education: in order to cater to new modes of learning, and in the hope of possibly cutting costs, some business schools are experimenting with online learning by investing not so much in MOOCs (difficult to monetize, hence mainly a marketing tool) but rather in distant and blended learning. If these new modes of learning require significant investments, they also make it possible to reach out for additional audiences thus increasing revenues, while cutting costs by reusing the same materials in several locations and for several years, especially if this is coupled with some regular updates in ways that provide good amortization of the investments.

### **Management Education and research in universities**

Universities in France are public and offer management education degrees basically for free (between €184 and €256 in 2016 depending on the students' level), despite the average per-student cost to the university being of the order of €14,500, slightly above the European average. However, the situation of each university is very specific and the structure of management education differs greatly from one university to another.

Universities can combine three different modes of organisation for management education:

- The teaching of management can be the responsibility of a department or institute that itself offers programs such as the "Master in Management."

Management teaching can be conducted by institutes, such as an IAE, which themselves remain relatively autonomous within their respective university. The IAE's network consists of 32 institutes that together host nearly 47,000 students per year (including exed - [www.reseau-iae.org](http://www.reseau-iae.org)).

- Management can be taught through an alternative program not specifically dedicated to teaching management per say, such as economics or health or political science, etc.

- The University of Paris-Dauphine is a special case, as it has been dedicated to organisation studies and decision sciences (based on a multidisciplinary approach) since its creation in 1968. As a result, a large number of its 10,000 students are in fact enrolled in one of its various management programs.

French universities have the advantage of being accredited to deliver national (or “ministerial”) diplomas, i.e., diplomas accredited by the Ministry of Education. Undergraduate degrees can be specialised in management or, more often, combined with other disciplines, such as those related to economics. Moreover, universities hold a quasi-monopoly on doctoral programs and Habilitation known as HDR (required to supervise PhD students).

There are now approximately as many faculty members working in universities as there are in business schools (2,000 faculty – equivalent to full professors and associate professors- cf. Ministère Enseignement Supérieur & Recherche, 2015). Nonetheless, the university may not represent the main supplier of management research, especially given that the incentives to publish are less important for faculty at universities than they are for those at business schools. This is in sharp contrast to what prevailed 30 years ago, when, relatively speaking, universities were more active in management research than most business schools.

A university is funded in three ways. State grants make up the majority of a university’s funding. Among other things, this includes the salaries (faculty and support staff) that are paid for by the State. Since 2009, part of the grant allocated by the ministry to a university’s budget is determined based on its level of activity and performance. A second source of income is made up of registration fees paid by the students and other profitable university programs, including “exed”. However, it should be noted that most publicly owned universities are not free to raise their own registration fees for national degree programs. In some cases, this constraint is somehow circumnavigated by coupling a master’s degree with a university specific diploma, the fees of which are decided locally by the university board. Finally, the third form of funding may be provided by municipalities and regions supporting their local universities.



programs into competition with other similar European programs. In comparison, several French business schools were then much more visible as the Bologna process led to the creation of specific international rankings recognizing the legitimacy of other programs than the MBA (e.g. FT rankings of the Msc in Management in Europe launched in 2004). Regarding the universities, the impetus for seeking international visibility came not only from the Bologna process that both opened up opportunities and created new competitive pressures but also from the rankings, and particularly from the Shanghai ranking as far as the Ministry for HE is concerned.

Before these developments, universities were not used to promoting their “brand” to strengthen their international reputation and visibility. As in other countries, academics (professors and deans) were not used to “selling” their own institution. A typical example of this is the Sorbonne brand: while historically an internationally known name, the Sorbonne brand was not actively marketed, reinforced and leveraged. Similarly, in order to establish themselves on the international stage, and also to further their joint activities and pool resources, universities and some other higher education institutions, including Grandes Ecoles, have been invited to join “academic communities” or institutional groups, known today as COMUEs (“associations of universities and higher education institutions”, in French, Communauté d’Universités et d’Etablissements). The goal of such grouping is to unite French universities and schools under stronger brands, much as the OxBridge model does for colleges. For instance, PSL (Paris Sciences et Lettres) consists of a gathering of 22 higher education institutions under the same brand and common governance system (e.g. the University of Paris-Dauphine, École Normale Supérieure d’Ulm, École des Mines), and in turn allows for greater visibility in the Shanghai ranking system. However, a number of challenges remain, such as common governance, comparable programs, students and faculty recruitment and the budget process (Cour des Comptes, 2017b).

With the exception of the University of Paris-Dauphine and Science-Po Paris (the latter has launched a School of Management and Innovation in 2016), both have the special status of a “Grand Etablissement,” French public universities have no or little control on student selection and fee setting. Students who pass the national examination called “baccalauréat” at the end of high school can enter



must remain in their position for two years before quasi-automatically receiving tenure, with a few exceptions only.

Until recently, the system tended to limit faculty movement between institutions. For instance, universities' recruitment of their own PhD graduates was rather common. Today, explicit policies against inbreeding are in place in many universities. However, once recruited, scholars are expected to remain at the same university for at least three years, though with a few exceptions.

In order to become associate professor at a public university, an assistant professor must pass the habilitation, or HDR for "habilitation à diriger des recherches." This qualification step does not lead to a degree, but rather qualifies the candidate to supervise PhD students. A successful candidate must demonstrate his/her ability to open up and investigate new research themes without the supervision that prevailed during the doctoral work. This means showing the interest, consistency and scope of his/her research, and the ability to publish on his/her own. The habilitation thesis is presented and defended orally in front of a jury composed of full professors from at least two different universities. This process is somehow easier than its German counterpart, but does not carry the same prestige.

However, the most prestigious means for an assistant or associate professor to become a full professor ("professeur agrégé du supérieur" or "professeur des universités") is to pass the "agregation," a competitive national exam with a limited number of seats, given once every other year or so. Roughly, among about 1500 assistant and associate professors in management, about 100 would take the exam every two years, competing for about 20 positions offered across France. This track is currently being called into question, as it implies that universities having opened a position end up being allocated a professor according to his/her ranking after the competitive exam, regardless of the fit between the university, the department, the specific position offered and the professor appointed (concretely the one ranked first chooses his/her favourite position among those offered, then the second chooses among the remaining positions and so on as so forth). A parallel track is currently developing, whereby associate professors are qualified by the CNU (see above) and are then interviewed for positions offered in their discipline.





While tuition fees in public universities are almost non-existent, tuition fees at business schools continue to increase. The access to loans for such fees is facilitated by banks anxious to attract this client base. Students can also benefit from grants: state grants, grants for study-abroad opportunities, and grants given by business schools based on achievement and social criteria. For instance, 20% of HEC Paris' students from the "Programme Grandes Écoles" are grant recipients (hec.fr). By law, internships in management must be paid when they exceed two months. That said, as it is now standard to have mandatory internships as part of training curriculum, the number of available internships and their duration are both increasing, thus representing a significant new source of revenue for students. The apprenticeship system is also on the rise, has been encouraged by governmental incentives, and is in turn becoming another significant source of funding for both universities and business schools. For example, between 25% and 30% of students in each graduating class pursue apprenticeships during the ESSEC's "Programme Grandes Écoles" (essec.edu). Such programs consist of one year of apprenticeship training between the second and the third years of the program. All of this has consequences for students' behaviour, who come to consider themselves as clients or even consumers rather than students, and consequently demand a return on their investment. This is especially evident when one considers the "salary upon exit" variable, which is present in almost all the rankings that students look at before entering (or even applying to) a business school. The nature of the teacher-student relationship is also greatly affected by such tendencies. While Business Schools have been increasingly operating on a market mode, inevitably they have been confronted to similar behaviors among their public.

Students are also sensitive to the international recognition that their diplomas receive (or fail to receive) and thus demand classes in English. It thus comes as little surprise that in Europe, French students are the second largest participant group (after participants from Spain) in the Erasmus+ program (European Commission, 2013). Similarly, business schools send almost 3,000 students abroad to non-French universities every year, and 10,000 of their students spend time at French campuses situated abroad. In comparison, universities send about 12,000 management and economics students

abroad every year. As a whole, without accounting for delocalized French campuses, management students represent about a third of all French students that spend time abroad during their studies (Ramanantsoa & Delpech, 2016).

### *Demand for Continuous and Executive Education*

The global market for continuing education in France is worth roughly 13 billion euros, of which 400 million euros (only) goes to institutions of higher education (Germinet, 2015). Continuous and executive education accounts for an average of 12% of the budget for local business schools: between 17% and 25% for ESCP Europe, EMLyon and ESSEC; up to 45% for HEC; and 86% for INSEAD (L'Express, 2011). Obviously, there is a link between the professional hierarchical position of the participants and the corresponding revenue in the institutions that they attend. This means that continuing education in management needs to be segmented, the executive education, sometimes known as ExecEd, being just the high end of the market. As we saw, much of high-level continuous education is centralized in the Paris region, leading French business schools based elsewhere to have set up offices within or around Paris.

Participants in continuing education programs have an economic and strategic weight that directly affects the system. Firstly, as these participants are paying for an educational service, in return they demand a high-level of service that meets their expectations and the price paid. This includes not only the course contents and the perceived quality of the lecturers, but also the quality of orientation, catering, accommodation, and logistical and administrative support. Furthermore, these participants bring their corporate experience into the classroom where that they can share and compare with that other participants. Hence the importance of the quality of the recruitment. The participants come equipped with highly-specialized knowledge, while being afforded the opportunity to once again feel intellectually challenged. This creates an opportunity for a potential high-level enrichment both for participants and lecturers, but it may also represent a significant risk in terms of destabilisation and “de-legitimation” for the latter. This may lead some lecturers to adopt a facilitating stance, exploiting

the wealth of experience present in the classroom, staying away from bringing too much input. Some other lecturers may want to call more upon their research and their knowledge of the academic literature to push more content in. In a way, research is one of the business school's assets that stands as the keystone of their reputation and that contributed to attract the participants. If this is the case, a lecturer limiting himself/herself to facilitating discussion would be a source of disappointment. Yet, a lecturer focused on deep dives into his/her research and the academic literature on a very narrow topic of specialty would also be a source of disappointment for participants. Clearly in between these two extremes, there is plenty of margin of maneuver. Yet, we observe that many business schools call upon affiliated or adjunct or teaching faculty, i.e. non-permanent research faculty to cater for the ExecEd. This is an issue as the participants may feel that they do not receive what they believed they paid for or their employer paid for. This issue is sensitive if participants are in a position to evaluate the offerings of the institution that they attend, which can reinforce or alter the image of that school in the corporate world.

### *Demand from companies*

Companies in France can be said to be more and more involved in the life of institutions of higher-learning in management: they are present at recruiting fairs and make donations so as to fund students through scholarships. They also take part in teaching activities, including the development of syllabi or encouraging some of their managers to teach some classes as well. The relationship between institutions of higher education and companies is strongly determined by geography (FNEGE study, 2003). Hence, Parisian business schools benefit significantly from their proximity to the headquarters of large corporations. This is another reason for some business schools to have established offices in Paris, as was the case with EMLyon in 2016.

The actual monetary contributions from the corporations to higher education institutions come in a variety of forms:

- One is a tax (taxe d'apprentissage), paid by corporations, which institutions can collect.

- Business schools and universities also develop corporate chairs. This is often the first step towards the creation of foundations set-up to collect corporate donations.
- Direct donations to the schools are a category that is yet to be fully exploited, apart from a small number of leading business schools that have launched successful alumni fundraising campaigns (mainly HEC, ESSEC).

## **THE REGULATORY BODIES**

### ***Regional, National and Supra-National Regulation***

#### *The Chambers of Commerce and Industry (CCI)*

Generally speaking, business schools are not fully independent. Most of them have been historically controlled by a CCI. Some were even a department of a CCI. Most of these schools depend on the CCI not only for their budget and their premises but also for their administrative staff. The CCI therefore played and in many cases still play a central role in the structure and governance of the schools. Founded by Napoleon Bonaparte in 1803, the Chambers of Commerce and Industry are publicly owned entities governed by the law of April 9, 1898, and fall under the supervision of the Ministry for Industry and Trade. Their role is “analysing economic fabric, supporting corporations, taking part in regional planning, and managing developments.” The initial and continuing training of administrative workers is a priority for the CCI and accounts for 25% of their total budget (cci.fr).

CCI are not *per se* regulatory bodies for the Business Schools. They have been more of a source of funding and a governing body. The CCI have seen their financial resources decrease over the past ten years. One of the main sources of revenue for the CCI is the professional tax (IATP) that is growing below inflation rate. Moreover, the CCI are no longer allowed to collect the “taxe d’apprentissage” that they had been collecting up until March, 2004. As a result, the CCI have significantly limited the growth of subsidies to the Business School that they support. Hence, many schools are becoming more independent, either by becoming an association, or, as HEC Paris did in 2016, by becoming an

Etablissement d'Enseignement Supérieur Consulaire (ESSC), a status that allows business schools to enlarge their funding sources.

### *Ministries*

French Business schools and universities are controlled by two separate ministries. Business schools are under the supervision of the Ministry of the Economy and Finance while universities depend on the Ministry of National Education, Higher Education and Research. In the new “Licence-master-doctorate” structure, business schools need state accreditation if they wish to label their “diplôme Grande Ecole” as “master’s” or if they want to award “doctorates”, while universities naturally award national, i.e., state-recognized, diplomas. The relationship between business schools and universities is thus closely tied to this question of degree awarding and national accreditation.

### *Quality Assessment*

Management education in France is increasingly subject to heavy quality-regulation. When taken together, the power that these regulators have and the definition of common European and/or global standards have arguably pushed business schools and universities in similar directions with some form of strategic convergence. The principle bodies that specifically assess the quality of universities and business schools are:

- HCERES : In 2014, the High Council for the Evaluation of Research and Higher Education (HCERES) replaced the French Evaluation Agency for Research and Higher Education (AERES). HCERES evaluates universities and research units and publish the results of their evaluation.
- The international accreditation bodies play an increasingly significant role, notably in ensuring international visibility for institutions. The accreditation process is initiated through a request by the institution, which itself then finances the process. The accreditation bodies initially appeared to equip Business Schools with quality insurance processes. Yet, this soon became a

marketing tool, leading to the surprising triple crown as three agencies share the accreditation “market” in France:

- The Association to Advance Collegiate Schools of Business (“AACSB”) is an American agency that accredits management education institutions. Created in 1916, the organisation is made up of 775 accredited members. At the end of 2016, 22 French business schools had received the AACSB accreditation.
  - The European Foundation for Management Development (“EFMD”) offers the EQUIS standard, created in 1997. Its main aim is the improvement of the quality of management education. At the end of 2016, 18 French institutions had been accredited, and of those institutions, only two are universities: Aix-Marseille Graduate School of Management (IAE) and the University of Paris-Dauphine.
  - The Association of MBAs (“AMBA”) is the accreditation that was created in the United Kingdom in 1967. The association only certifies programs, typically MBAs or DBAs, and not the institutions themselves. Amba is active on the five continents. 22 French business schools are now accredited.
- Lists of starred Journals: There are several lists of journals that co-exist in France. Some are set-up by a business school for their own needs, some are made up by non-French journal (such as the FT list), others are made available for researchers, universities and business schools by public or para-public bodies. The economy-management section of the national evaluating committee for scientific research, which is related to CNRS (Centre National de la Recherche Scientifique, a very large public research body with 13 000 researchers and 13 000 support staff), has classified management journals using four categories. Francophone publications for the most part are relegated to the fourth and lowest category as if quality research could only be found in non French journals. The Fondation National pour l’Enseignement de la Gestion des Entreprises (FNEGE) has also released a list of management journals in which French

publications are more visible. Although very much debated, these lists have a high influence on researchers' publishing behaviour given the salary incentives set up by Deans for business school professors. These lists are also used by the national media to build their rankings.

- Business School rankings: The media play an important role in establishing or degrading the reputation of a business school. The Financial Times's international ranking of MBAs is certainly the most well-known ranking, and certainly has the greatest influence in France. At the time of writing, few French programs had found their way into this ranking: only four French MBAs were ranked over the hundred listed in 2016: INSEAD's MBA took 1<sup>st</sup> place, HEC 15<sup>th</sup>, Edhec 84<sup>th</sup>, and Grenoble Ecole de Management 94<sup>th</sup>. However, the more positive ranking performance for Masters of Science in Management, itself launched by the Financial Times in 2004, has highlighted the specificity of European master's programs in comparison with the American's MBAs. Thanks to the Bologna's process and the MSc ranking system, French business schools' program offerings are now visible internationally (Appendix 1). French magazines also publish annual rankings for business schools and French university courses (Appendix 2).
- Professional associations and magazines. These associations typically reward the best articles and the best theses of the year. In doing so, they contribute to the creation of standards. They are backed by a scientific committee, typically the reading committees of academic journals, with specific editorial lines.

Today, competition between institutions is in large part mediated by these regulating authorities (ministries and CCI) and quality evaluation bodies (HECRES, accreditation agencies, the media). It clearly suggests that third parties play a very important role in the way the competitive arena of Business Schools and universities operates.

## **Conclusion**

Most French Business Schools have chosen to play by the rules of the game that were imported from North America in the competitive arena of Management Education and Research. While Insead has been and remains a very special case, being located in France but reaching out for the world, HEC was probably the trigger that led most of the best business schools of the country to follow the same strategy: investing heavily in research to increase the flow of publications in starred journals, hiring young faculty with strong potential for publications, milking executive education, setting up a foundation to raise money, etc.

In this context, the heightened European recognition of the French “Masters of Science in Management” has given rise to a renewed energy and motivation within French institutions of management education. While a handful of Business Schools do compete at the European and international level, others feel that they need to join forces or grow in size to reach what they see as the threshold size that will hopefully allow them to exist in the international and European ranking systems. In this respect, the setting-up of COMUEs generates cooperative relationships between universities and business schools, especially on the research side, what could be a new landscape for HE in France may open up new possibilities to develop assets to compete in the international setting.

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