

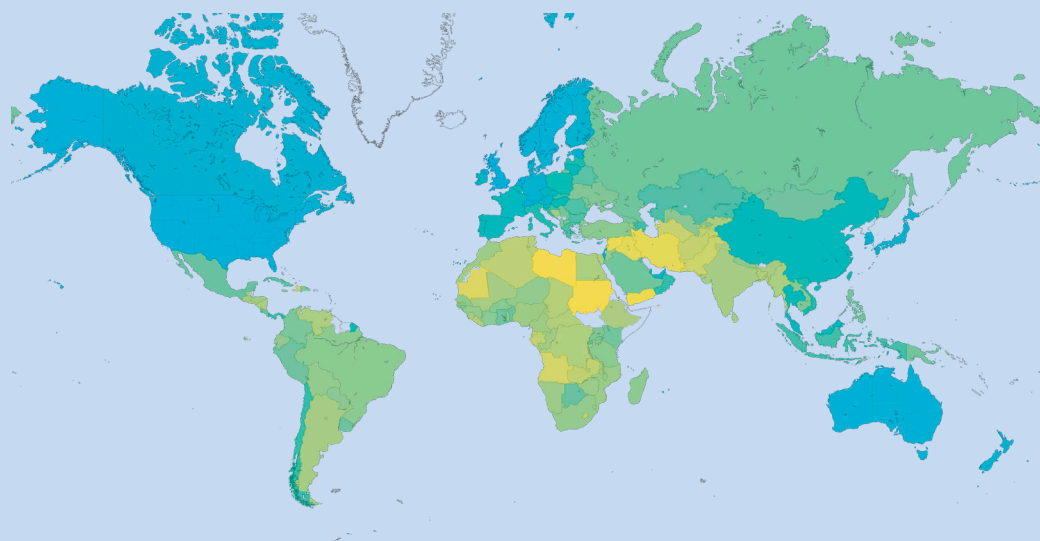
This PDF includes a contribution from the following book:

ELITE QUALITY REPORT 2021

France: Solid performance with plenty of room for improvement

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France: Solid performance with plenty of room for improvement

France is ranked # 23 in the EQx2021. Despite the overall solid performance, 8 EU member countries perform better. The weak spots appear to be associated with the distribution of wealth and the strong dominance of large firms (ii.5, rank # 114) that taken together underlie the recurrence of social conflict in the country.

Despite this, the French elite's capabilities for rent extraction face constraints: the Power Sub-Index ranks France at # 17. Competitive forces and substantial investments in knowledge capital may explain this strong performance.

Also of relevance is France's high ranking in the Creative Destruction Pillar at # 12. This may be due to the presence of world-renowned universities and relatively high spending on information technology. These compensate for the relatively weak assessment of new firm formation (ENR, ii.6, rank # 26) and the increasing size of dominant firms (FKG, ii.5, rank # 57). The indices show that a few firms and individuals have managed to amass substantial power and wealth, as evidenced by poor rankings in *Top 10 firms profitability* (PRO, ii.5, rank # 81) and *Billionaires' wealth as % of GDP* (BIW, ii.5, rank # 133). Such evidence also leads to an alarmingly low ranking in the Firm Dominance Pillar (ii.5, rank # 114). Recent mergers and acquisitions suggest that firm concentration may increase further in the industries of payment services (consolidation of Worldline and Ingenico), biotech (recomposition of Ceva Santé Animale), and engineering services (Altran acquired by Capgemini). On the positive side, the government has recently introduced banking regulations to facilitate the easier migration of clients from one bank to another.

Wealth concentration could also explain the Human Capture Pillar (i.3, rank # 35). The 2018 yellow jacket movement and Islamic terrorist attacks are symptoms of underlying problems with social cohesion in the country (*Government Restriction Index*, GRI, i.3, rank # 110; *Social Hostilities Index*, SHI, i.3, rank # 129). In terms of inclusiveness towards women and some minorities, however, France excels: *Women's Power Index* (WPI, i.1, rank # 8), *Women, business and the law* (WBL, i.3, rank # 1), and *LGBT+ Inclusiveness* (LIN, i.3, rank # 2).

Within the Value Sub-Index (rank # 29) the high rank in the Political Value Index Area (iii, # 16) reveals that policy decisions promote Value Creation business models. There are, nevertheless, disparities across the Indicators. While Value Creation is evident in regard to *Life expectancy* (LEW, iii.7, rank # 6; LEM, iii.7, rank # 15), the *Global Cybersecurity Index* (GCI, iii.8, rank # 3) and the *Environmental Performance Index* (EPI, iii.9, rank # 1), the government's actions appear deficient in other vital areas: *COVID-19 mortality, age-adjusted* (COM, iii.7, rank # 101), the *Suicide rate per 100,000 people* (SUI, iii.8, rank # 136) and *Death rates from substance abuse disorders per 100,000 people* (SUB, iii.8, rank # 121). Moreover, *Government debt as % of GDP* (DBT, iii.9, rank # 132) is now reaching alarming levels.

In the economic sphere, the EQx also paints a mixed picture. Of the economy's three market sectors, French elites appear to engage in Value Extraction business models primarily in the labor (Labor Value Pillar, iv.12, rank # 82) and product and services markets (Producer Value Pillar, iv.10, rank # 76). However, in the capital market (Capital Value Pillar, iv.11, rank # 29), the EQx provides evidence of Value Creation, as shown, for instance, by a ranking of # 17 in the *Financial Markets Index* (FMI, iv.11). In summary, Europe's third-largest economy is characterized by globally above-average high quality elites, but does not achieve excellent performance in most of the EQx Indicator areas. Indeed, a number of notably poor outliers in individual Pillars and Indicators drag down its overall performance. French society seems to have already noticed.

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France

EQx2021 Country Scorecard

Population **67 million**
 GDP (nominal) **2716 billion USD**
 GDP per capita **40'494 USD**



Level 1 - Index

EQx Rank / 151	EQx Score
23	58.3

High Quality Elites

Level 2 - Sub-Indices & Index Areas

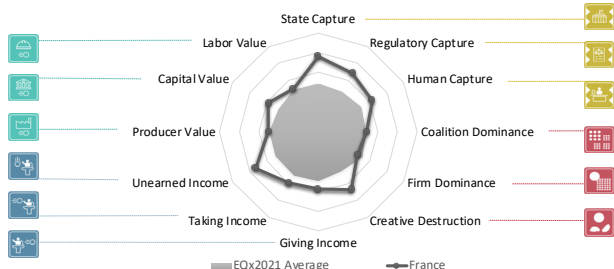
EQx Sub-Indices			
Power		Value	
Rank / 151	Score	Rank / 151	Score
17	62.5	29	56.3

EQx Index Areas

Political Power (I)		Economic Power (II)		Political Value (III)		Economic Value (IV)	
Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score
18	70.1	18	58.7	16	62.6	46	53.1

Level 3 - Pillars

	Rank / 151	Score
Political Power (I)	State Capture	12 76.2
	Regulatory Capture	26 69.2
	Human Capture	35 63.2
Economic Power (II)	Coalition Dominance	77 49.2
	Firm Dominance	114 45.9
	Creative Destruction	12 67.4
Political Value (III)	Giving Income	22 57.9
	Taking Income	27 59.7
	Unearned Income	14 73.0
Economic Value (IV)	Producer Value	76 50.2
	Capital Value	29 58.4
	Labor Value	82 50.4



Level 4 - EQx Indicators

	Rank / 151	Score
State Capture (i.1)	COR Political corruption	22 84.2
	MOB Social mobility	53 55.7
	PDE Political decentralization	50 55.9
	ADE Administrative decentralization	25 75.9
	PGL Political globalization	1 90.7
	WPI Women's Power Index	8 99.3
Regulatory Capture (i.2)	RTC Government's responsiveness to change	27 69.9
	EPR E-Participation Index	18 78.2
	PFDP Press freedom	28 70.1
	COC Control of corruption	18 86.9
	DBI Institutional quality	29 72.5
	CRO Crony capitalism	25 58.5
Human Capture (i.3)	PMI Protecting minority investors	42 67.3
	ECR Ease of challenging regulations	33 67.6
	EDB Digital institutional quality	18 60.9
	PRI Property rights	13 89.3
	GSI Global Slavery Index	29 66.4
	WBL Women, business and the law	1 83.7
Coalition Dominance (ii.4)	LIN LGBT+ Inclusiveness	2 90.2
	GRI Religion - Government Restriction Index	110 35.8
	SHI Religion - Social Hostilities Index	129 22.5
	WSB Women self made billionaires	12 41.1
	HRI Human Rights Index	15 90.3
	FDP Forcibly displaced population as % of population	1 56.2
Firm Dominance (ii.5)	AFI Academic Freedom Index	39 70.5
	IEE Top 3 industries exports as % of GDP	
	ECI Economic Complexity Index	14 85.1
	IVA Top 3 industries as % of VA	86 25.4
	CON Construction as % of GDP (dev. fm optimum)	16 61.3
	MIL Military expenses as % of GDP (dev. fm optimum)	102 42.0
Creative Destruction (ii.6)	UNI Unionization rate (dev. fm optimum)	12 69.7
	CBC Collective bargaining coverage	57 0.4
	BSN Barriers in service & network sectors	21 51.4
	PRO Top 10 firms profitability	81 53.0
	SME SMEs per 1,000 people	63 42.2
	BIW Billionaires' wealth as % of GDP	133 24.3
Labor Value (iv.12)	FKG Top 10 firms market cap as % of GDP	57 43.1
	FRG Top 3 firms revenues as % of GDP	51 55.6
	FRR Top 30 firms revenues as % of GDP	54 45.9
	TUL Listed firms turnover, long run 15 years	29 22.0
	TUS Listed firms turnover, short run 3 years	23 39.6
	ENT Entrepreneurship	9 95.5
	VCK Venture capital finance	10 78.9
	RND R&D as a % of GDP	11 77.3
	ENR Firm entry ratio	26 71.2
	EXR Firm exit ratio	21 26.6
	BCD Billionaire's creative destruction	20 55.1
	IWE Index of Women Entrepreneurs	16 64.4
VCA Venture capital availability	31 65.2	
GSE Governmental support to entrepreneurship	4 93.3	

	Rank / 151	Score
Giving Income (iii.7)	SNT Subsidies and transfers as % of expenses	83 31.6
	REG Regional redistribution as % of government budget	136 0.0
	EDU School life expectancy	35 61.7
	GPS Expenditure on general public services as % of GDP (dev. f	37 50.7
	INT Internet access	32 72.9
	NRI Network Readiness Index	16 86.2
	LEW Life expectancy women	6 82.4
	LEM Life expectancy men	15 81.2
	FSQ Global Food Security Index - availability, quality and safety	11 85.8
	COV COVID-19 excess deaths, age-adjusted	17 57.7
	COF COVID-19 fatality rate, age-adjusted	31 60.3
	CGD COVID-19 growth differential	137 48.5
Taking Income (iii.8)	COM COVID-19 mortality rate, age-adjusted	101 32.7
	CLS COVID-19 lost schooldays	5 92.1
	OSI Online Service Index	17 78.4
	DCT Corporate tax rate (dev. fm optimum)	39 59.5
	HOM Homicide rate	32 64.9
	INE Top 10% share of pre-tax national income	12 85.5
	FDE Fiscal decentralization	26 51.9
	DTR Tax revenue as % of GDP (dev. fm optimum)	101 16.2
	BRD Battle-related deaths per 100,000 people	1 53.8
	GCI Global Cybersecurity Index	3 85.8
	SUI Suicide rate per 100,000 people	136 15.8
	SUB Death rates from substance use disorders per 100,000 pe	121 44.3
Unearned Income (iii.9)	OCR Organized crime	42 62.1
	DUT Dutch disease propensity	9 95.2
	EPI Environmental Performance Index	1 100.0
	DBT Government debt as % of GDP	132 22.5
	TRF Trade freedom	51 64.3
	FDI FDI net inflows as % of GDP	115 40.7
	BTF Barriers to FDI	26 62.8
	EGL Economic globalization	10 90.3
	HEI Health Efficiency Index	31 44.6
	OFB Open for business	24 51.7
	ESG ESG company scores	2 77.6
	RDR R&D as % of revenue Top 10 firms	16 55.2
Producer Value (iv.10)	FSA Global Food Security Index - affordability	17 74.5
	PAT Number of patent applications per 100,000 people	42 43.1
	IPM Share of imports targeted by protectionist measures	139 11.2
	DGI Share of discriminatory government interventions as % of i	122 26.1
	DNI Neutral interest rate (dev. fm optimum)	
	DOI Inflation (dev. fm optimum)	41 62.5
	GOL Gold demand as % of GDP	2 68.0
	DMA M&A as % of investment - 3 yrs. rolling average (dev. fm. c	23 56.8
	DKI Delta capital gains tax vs income tax	49 28.6
	UNC Unicorns per 1 million people	15 62.5
	BSG Billionaires self-made number per 1 million people	26 45.9
	BSM Billionaires self-made as % of total billionaires	49 37.4
FMI Financial Markets Index	17 90.9	
Capital Value (iv.11)	UEM Unemployment rate	78 37.3
	LFP Labor force participation rate	116 31.6
	WLP Delta real wage vs labor productivity increases	3 77.9
	LDR Labor dependency ratio	86 53.5
	YUN Youth unemployment rate	109 40.5
	GWG Gender wage gap	126 6.4
Labor Value (iv.12)	BRN Net brain drain	10 72.3
	LFR Labor force participation ratio - male vs female	43 66.3

The Elite Quality Report 2021 (EQx2021) provides Country Scores and Global Rankings for 151 countries © Foundation for Value Creation 2021