

### The Global Class – A Myth? Michael Hartmann questions the existence of a global business elite

Hofstätter, Lukas

Veröffentlichungsversion / Published Version

Rezension / review

#### Empfohlene Zitierung / Suggested Citation:

Hofstätter, L. (2017). The Global Class – A Myth? Michael Hartmann questions the existence of a global business elite. *Soziopolis: Gesellschaft beobachten*. <https://nbn-resolving.org/urn:nbn:de:0168-ssoar-82571-7>

#### Nutzungsbedingungen:

Dieser Text wird unter einer CC BY Lizenz (Namensnennung) zur Verfügung gestellt. Nähere Auskünfte zu den CC-Lizenzen finden Sie hier: <https://creativecommons.org/licenses/by/4.0/deed.de>

#### Terms of use:

This document is made available under a CC BY Licence (Attribution). For more information see: <https://creativecommons.org/licenses/by/4.0>

Lukas Hofstätter | Rezension | 24.08.2017

## The Global Class – A Myth?

### Michael Hartmann questions the existence of a global business elite



Michael Hartmann

**Die globale Wirtschaftselite . Eine Legende**

Deutschland

Frankfurt am Main; New York 2016: Campus

246 S., EUR 22,95

ISBN 978-3-593-50610-4

The rise of global inequality in recent decades has reinvigorated debates about the formation of a global business elite. The economist Branko Milanovic, for instance, warns against the power of so called “global plutocrats” in his recently published study on global inequality. According to Milanovic, those plutocrats constitute only 0.001% of the global population, but control more than 6% of the global GDP’s value.<sup>1</sup> This concentration of wealth and power in the hands of a small group of people as well as the ongoing dominance of neoliberal politics on the international level in their favour have lead researchers to examine the emergence of a “transnational capitalist class”.<sup>2</sup>

While the exact conceptualization of this class varies between authors, its core is commonly understood to be consisting of owners and managers of transnational corporations. Since these firms are “tied to globalised circuits of production, marketing, and finances, unbound from particular national territories and identities”, those who control them hold “interests that prioritize global over local or national accumulation”.<sup>3</sup>

Michael Hartmann intervenes into this debate with an own approach concerning the thesis of a transnational capitalist class. Combining Bourdieu’s concept of class with “transnational experience” Hartmann uses the latter as main indicator for transnational

class formation: An independent class comes to existence when its members are confronted with similar class-specific – in this case: transnational – experiences to a decisively higher degree than the average population. In analogy to Marx' argument, that the formation of a class requires its members to transcend purely local contexts and to find common ground and a political form across the whole polity, Hartmann states that “without a considerable amount of geographical mobility across borders among the leading representatives of leading enterprises, the formation of a [global] class is inconceivable” (p. 20). For Hartmann, it is therefore the experience of transnationalism, of long-term mobility across borders, which sets a global or transnational class apart from its national counterparts.

Already from the outset of his book, Hartmann is very sceptical about the formation of a global, or even transnational capitalist class. The impetus behind his research is explicitly political: His aim is to intervene into the discourse on global elites, which he depicts as fatalistic and caught up in the assumption, that this elite is uncontrollable as well as “uprooted” – and therefore not accessible to regulation and taxation by nation states.

Hartmann presents an impressive amount of data and analysis as basis of his research. His main argument is built around the international recruitment and international work experience of CEOs, Chairmen, and board members of the world's biggest companies. He focuses on two indicators: 1) the international recruitment of CEOs and board members, i.e. how many positions in that group are occupied by nationals of a country differing from the nationality of the firm, and 2) whether the members of this group had been gaining international work experience for at least 6 months during their career. Hartmann examines the CEOs of the firms on the worldwide Forbes-1.000 list in 2015; for a historical comparison he also examines the top 100 companies from the USA, Germany, France, Great Britain, Japan and China in 1995, 2005 and 2015. In addition, he includes data on the nationality of the firms' board members originating from 19 countries, the places of residence of the world's 1.000 richest billionaires, and discusses the role elite universities are playing in the formation of business elites.

As a result, Hartmann finds that the world's biggest companies as well as the biggest companies of western industrialized countries are mostly run by CEOs originating from the firm's home country. Only 12.6% of all CEOs in his sample are international recruits, a further 19.7% have international work experience of at least six months, bringing the total of “transnationalists” among the Forbes-World-1.000 CEOs to 32.3% (p. 56).

Similar conclusions hold true for other members of supervisory boards and boards of

directors. Studies on the formation of a transnational capitalist class based on a network approach focus on this group,<sup>4</sup> because the exchange of board members between connected firms (“interlocking directorates”) is generally viewed as one of the main indicators for the cohesion of a business elite, nationally as well as internationally. While Carroll and Heemskerck diagnose at least a tendency towards a formation of a global business elite, Hartmann’s data suggest that, even among non-executive board members, international linkages are rare. However, he does not carry out a network analysis, instead he is limiting his investigation again to the nationality and place of board members’ residence.

Both groups, CEOs and board members, however, vary significantly concerning their inter- and transnationality between countries. Whereas for instance 72% of the CEOs in the Swiss sample are foreign nationals, and 44% in Great Britain, their share drops to 15% in Germany, to only 8.8% in US firms and to zero foreign nationals in firms from the emerging economies of China and India. In this regard, it also needs to be mentioned that in all these examples the case figures are quite low: out of the 1.002 CEOs in question, 306 belong to US firms, followed by 99 and 94 CEOs from Japan (2.2% foreign nationals) and China, dropping to 50 firms from Great Britain, 45 from France and 32 from Germany.

So whilst there are some countries with a highly internationalized business elite, most notably Switzerland, Australia (45% foreign CEOs), the Netherlands and Ireland, the bigger economies of Great Britain, Germany and France with more companies in the world’s top-1.000 list only display a mediocre degree of internationality in their elites; the US, India and China exhibit next to none.

In addition, Hartmann’s further analysis shows that in countries with some degree of internationality amongst this group the international recruitment occurs within what Hartmann calls the same “cultural space”: Foreign nationals as CEOs are usually recruited from countries with the same or at least similar language. The cultural space with the highest degree of internationalization is formed by the old Commonwealth countries (Great Britain, Australia, Canada), followed by a northern European region of exchange comprising Germany, the Netherlands, Austria and again Great Britain. A historical trend analysis shows that while within these two clusters internationality has increased over the last two decades, in Asian countries (Japan, South Korea, China) it has even decreased.

With similar simple quantitative indicators, supported by anecdotal indications, Hartmann goes on to show that among the super-rich (the world’s richest 1.000 billionaires) the tendency towards international migration is very limited as well. As a final point,

Hartmann illustrates that even graduates from elite universities, such as the Ivy League in the US, Oxbridge in Great Britain or INSEAD in France, find their work primarily on national, not international labour markets, as far as the share of alumni from these universities among the business elite is concerned.

Hartmann concludes that the global business elite is a myth, that is “not even visible on the horizon” (p. 190). While he concedes that a slight tendency towards northern European and transatlantic integration can be observed, Hartmann argues that there is no sign for a true global elite – with the big exception of Switzerland – because on the one hand, cultural ties to the home country are too strong to be cut, and on the other, because intimate relationships between business elites and their nation states are an asset too big to lose.

As impressive as all these numbers are, and as important as the arguments for a re-empowerment of politics versus economy might be, some doubts still remain when considering Hartmann’s conclusion concerning class formation from the sociological perspective. For this, it is necessary to take a step back from the empirical material and consider some of his underlying theoretical premises.

Hartmann’s argument is built around long-term – and long-term only – international mobility as the central signifier of “globality”. He implicitly follows models developed in the research on global careers.<sup>5</sup> This body of literature is based on the figure of the so called “expatriate”: highly mobile professionals who seek advancement in their career through going abroad.<sup>6</sup> By going abroad, an expatriate is confronted with a foreign culture; the research on global careers mainly deals with issues arising from these encounters. Such encounters have been theorized as problems of integration into a foreign culture and/or disintegration from the culture of origin. The expatriate has to negotiate between processes of accepting, or “taking on”, the host culture and processes of distancing oneself from, or “letting go” of the home culture. These processes may (but by no means always must) result in the formation of a cosmopolitan identity.<sup>7</sup> A cosmopolitan is someone, who can easily “go native” in any given culture, while he or she is simultaneously keeping equal distance to all other – including one’s native – cultures. In claiming that “even in these circles, one is not willing to give up on one’s native language and the habitus formed since childhood by the national culture” (p. 208, translation LH) Hartmann subscribes to this “all-or-nothing”-view of cosmopolitanism, explicitly making the rejection of a native culture his criterion for transnational class formation.

And indeed, in contrast to mid-level professionals, care workers and migrant labourers who

typically are the subjects of research on transnationalism, the captains of industry are no global nomads. However, while the world's top CEOs maybe do not have to migrate to make a living or advance their career, they surely take advantage of business class travel, hotel conference rooms, private jets, and video conferences to manage their enterprises. Otherwise it is hardly possible to imagine how they are carrying out their function without being on site. Especially against the background that, according to figures from UNCTAD in 2015,<sup>8</sup> the global top 100 multi-national enterprises have on average 62% of their assets and 64% of their employees outside their home countries, and achieve 61% of their sales abroad. When Hartmann expects the world's top managers to display the same patterns of migration as "ordinary" wage labourers, the question remains unanswered why they should actually do so. It is after all one of the most important features of globalization that it connects homes and offices to the whole world via technological means of instant communication, and that modern forms of transport have reduced travelling times greatly, especially for the ones commanding the necessary material resources. The management of international firms seems hardly possible without practices bridging geographical – and thereby cultural – distances.

Considering Hartmann's recourse on Bourdieu and his concept of habitus, this indicates a crucial tension in his study: The actual economic activity of the group in question remains interestingly underexplored. By limiting his indicators to transnational experience and long-term migration, Hartmann focuses only on a very specific, life-world centred aspect of transnationalism. Things like the day-to-day practices of managing an international firm and the daily order of business are simply not accessible via the chosen research methods. Why should these activities not influence habitus formation? Especially, since in such practices managers engage not only with their employees, but also with their competitors and business partners, who are all possibly scattered around the globe.

Indeed, if we take a look at the management of firms today, we find a surprising convergence in styles and types of management over recent decades. In her study concerning the generational change among German top managers, Saskia Freye (2009) for instance found a decisive shift towards an Anglo-Saxon style of management during the 1990s.<sup>9</sup> German management was traditionally considered to be dominated by technical specialists such as engineers, and characterized by a close-knit, cooperative relationship between executives and employees. These characteristics gave way to the type of the universalist professional manager, who is considered typical for US- and British economies. With this shift, German firms also started orienting themselves more towards financial markets, thereby dissolving the strong national network of corporate control and

implementing a culture of shareholder value. The path-dependency of institutional change surely has mitigated the effects of these changes, so that it would be exaggerated to argue that the national differences in institutional configurations have disappeared, but still a certain converging tendency in terms of management style and ideology cannot be denied.<sup>10</sup> In relation to these changing practices, researchers<sup>11</sup> have observed the increasing importance of so called “cosmopolitan capital”<sup>12</sup> for holding positions in the top tiers of management in recent years.

The reorientation of economic practices relates furthermore to another aspect neglected in the discourse on transnational class formation in general: Globalisation has not only changed the organisational principles of firms; these firms also operate in increasingly global markets. As we have documented in our own research on financial professionals and executives in financial firms,<sup>13</sup> the operation in global financial markets requires a high degree of internationalisation, indicated not only by periods of working or studying abroad, but also through globally standardised business- and knowledge practices – and an everyday culture infused with representations of cosmopolitanism and global connections. The contemporary global economy, in other words, builds on more than just “expat professionals”, it is rather suffused by a global culture, which allows for transnationalisation without migration.<sup>14</sup>

In conclusion, Hartmann’s study is an insightful contribution to the discourse on global elites. He clearly shows, that for CEOs the international labour market, which often serves as a rhetorical legitimation for exuberant salaries and tax benefits, plays only a limited role. However, his swooping conclusion denying the existence of a global elite seems overstretched, as his claim rests entirely on the lack of migratory experience. With this rather simple criterion Hartmann follows an “all-or-nothing”-narrative of globalisation, neglecting such concepts as hybridisation or glocalisation, which would allow conceiving the transnational nature of the collective everyday practices and experiences of the group in question as possible foundations for the formation of a transnational class. In this respect however, his study clearly shows the necessity of further research.

## Endnoten

1. Branko Milanovic, *Global Inequality – A New Approach for the Age of Globalisation*, Cambridge/London 2016, here p. 41ff.
2. William I. Robinson/Jerry Harris, *Towards a Global Ruling Class? Globalization and the*
3. *Transnational Capitalist Class*, in: *Science and Society* 64 (2000), 1, pp. 11–54; William K. Carroll, *The Making of a Transnational Capitalist Class. Corporate Power in the Twenty-First Century*, London/New York 2010.
4. William K. Carroll, *Wither the Transnational Capitalist Class?*, in: *Socialist Register* 50 (2014), pp. 162–188, here p. 170.
5. See William K. Carroll, *Making of a Transnational Capitalist Class*; Eelke Heemkerk, *The Social Field of the European Corporate Elite: A Network Analysis of Interlocking Directorates Among Europe's Largest Corporate Boards*, in: *Global Networks* 11 (2011), 4, pp. 440–460.
6. Maury Peiperl/Karsten Jonsen, *Global Careers*, in: Hugh Gunz/Maury Peiperl (Eds.): *Handbook of Career Studies*, Thousand Oaks 2007, pp. 349–376; Florian Kreutzer/Silke Roth, *Transnationale Karrieren. Biographien, Lebensführung und Mobilität*, Wiesbaden 2006.
7. Kreutzer/Roth, *Transnationale Karrieren*, p. 18.
8. Ulf Hannerz, *Cosmopolitans and Locals in World Culture*, in: *Theory, Culture, Society* 7 (1990), pp. 237–251.
9. United Nations Commission on Trade and Development, *World Investment Report 2016*, New York 2016.
10. Saskia Freye, *Führungswechsel. Die Wirtschaftselite und das Ende der Deutschland A.G.*, Frankfurt am Main/New York 2009.
11. Jürgen Kädtler, *Finanzialisierung und Finanzmarktrationalität. Zur Bedeutung konventioneller Handlungsorientierungen im gegenwärtigen Kapitalismus*, SOFI



Working Paper 2009-5, Göttingen 2009; Martin Höpner, Wer beherrscht die Unternehmen? Shareholder Value, Managerherrschaft und Mitbestimmung in Deutschland, Frankfurt am Main/New York 2003; William K. Carroll, Making of a Transnational Capitalist Class.

12. Felix Bühlmann/Thomas David/André Mach, Cosmopolitan Capital and the Internationalization of the Field of Business Elites: Evidence from the Swiss Case, *Cultural Sociology* 7 (2013), 2, pp. 211–229; Peter Araujo/Felix Bühlmann, Swiss Banking Elites: Between Internationalization and National Career Patterns, LIVES Working Papers, Lausanne 2015.
13. This term denotes skills such as commanding foreign languages and intercultural competences.
14. Salvatore Calabrese/Verena Sczech/Lukas Hofstätter/Sighard Neckel/Conny Petzold, [Globale Bankvorstände: Zum Stellenwert internationaler Berufserfahrung bei Bankvorständen in Deutschland und weltweit](#), Global Financial Class Working Paper Nr. 1, Frankfurt am Main 2015; Lukas Hofstätter/Marco Hohmann/Sighard Neckel/Conny Petzold, [Researching the Global Financial Class. Findings from Frankfurt and Sydney](#), Global Financial Class Working Paper Nr. 4, Frankfurt am Main 2016.
15. The research project “Global Financial Markets – Global Financial Class” (DFG grant NE 475/4-1) investigates whether global financial markets serve as a foundation for the formation of a global financial class. More information and working papers can be accessed [here](#).

## **Lukas Hofstätter**

Lukas Hofstätter ist wissenschaftlicher Mitarbeiter im DFG-geförderten Forschungsprojekt „Global Financial Markets – Global Financial Class“ an der Goethe-Universität Frankfurt am Main.

**Dieser Beitrag wurde redaktionell betreut von** Stephanie Kappacher.  
**Artikel auf soziopolis.de:**

<https://www.sozipolis.de/the-global-class-a-myth.html>