The Integration of Culture in the Business French Classroom: Engaging Students in the Analysis of an Annual Report

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THE INTEGRATION OF CULTURE IN THE BUSINESS FRENCH CLASSROOM: ENGAGING STUDENTS IN THE ANALYSIS OF AN ANNUAL REPORT

CHALLENGES FACING THE BUSINESS FRENCH INSTRUCTOR

In American colleges and universities, the Business French course is typically offered as a component of French major programs. Consequently, the vast majority of students who enroll in the course are French majors interested, above all, in French language, literature, and culture. However, as Business programs begin to work collaboratively with language departments to prepare students for work in international companies, more business students are populating the Business French classroom. Such is the case, for instance, with the burgeoning Business Language Certificate Program at the University of Mary Washington, an undergraduate program that requires students to take 25 credits, shared between Business and a foreign language. One of the greatest challenges now facing the Business French instructor is to respond adequately to the interests and needs of both the humanities-oriented student and the business student. With a roster of students from different but complementary backgrounds, the instructor has the opportunity to exploit the strengths of both French and Business majors in order to integrate foreign language and culture study with business practice. In this article, we propose the in-class activity of interpreting an annual report as one that engages both types of students in analyzing the past and speculating on the future of a French company. This activity requires students to work collaboratively by drawing from each other’s knowledge of French culture and basic business concepts.

“Business French,” the most common title for the type of course offered in French programs, implies the learning of a technical vocabulary and the

1The University of Mary Washington is a liberal arts institution located in Fredericksburg, Virginia, in close proximity to metropolitan Washington, DC. A description of the University’s Business-Language Certificate Program can be found at <http://www.umw.edu/cas/modernlanguages/business_language_certificate/default.php>.
application of French language skills in business settings. Accordingly, many textbooks teach students to apply their language skills to generic business transactions, such as writing business letters, answering job-interview questions, and drafting an income statement. These textbooks draw few substantive links between culture and business practice in France. In our experience, the French majors often express frustration in a course that seems simply to translate into French an American Business course. Trained in their culture and literature classes to analyze subjects from a “French” perspective, students perceive Business French as the “odd” course of the major. But what if we imagined a course entitled “French Business?” This simple inversion of terms would suggest a course that looks at how the French do business, and implies that the students would learn the culture, the politics, and the economic history that shape business practice in France. Current events such as the March 2006 riots, in which French citizens, through massive demonstrations, were successful at convincing the government to withdraw new legislation (the CPE law) that sought to liberalize hiring practices, indicate that French businesses are run in a specific national context. For both the French and Business major seeking to work in France or in an international American corporation, it is important to be aware of the cultural issues facing French businesses, namely, the opposing forces of France’s elaborate social security system and the pressures from global markets for companies to compete internationally.

To interpret a French company’s annual report, that is, to understand and explain the choices that an enterprise such as Renault, TF1, or Alcatel have made, and the type of business that they practice, it is necessary both to be able to read their charts of statistical data including income statements, balance sheets, and stock listings, and to place them within a larger cultural context with unique social, political, and economic forces. In the following sections, we suggest ways in which the Business French instructor can

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2In March 2006, the French Prime Minister Dominique Villepin proposed the CPE law (Contrat de première embauche), which would lift restrictions on French business’s ability to fire workers. This proposal was met by a series of sustained demonstrations and riots, which eventually influenced President Chirac’s decision to scrap the law. For reading material on the subject that could be used in the classroom, see the series of articles that appeared in Le monde, from March 15 to April 11, such as “Le Sort du CPE pourrait être tranché dans la matinée” and “Que veulent les étudiants pro-CPE?” See also the series of articles in the Washington Post, entitled “France Scraps Youth Job Law.”
prepare students to be informed readers of an annual report. This requires the instructor not only to teach the basic business skills typically covered in the Business French classroom, such as drafting a balance sheet and acquiring the appropriate technical vocabulary, but also to introduce important cultural trends that affect business practice in France.

**PROVIDING A CULTURAL CONTEXT TO THE STUDY OF BUSINESS IN FRANCE**

To teach a course on “French Business,” one that will bridge the gap between Business French and other courses in the French major, the instructor will find it useful to introduce concepts commonly taught in the French Civilization classroom, especially those of nationalization and privatization. The study of the role of key political regimes such as those of Presidents François Mitterrand and Jacques Chirac, as well as France’s place in the expanding European Union, will also help bring context to the study of French business practice. To provide this context, the instructor will certainly find it necessary to look beyond the Business French textbook for reading material.3 Chapter 4 of Ross Steele’s *La Civilisation française en évolution II*, entitled “La Vie économique,” provides an informative account of the French government’s history of nationalizing companies of key economic sectors. Some French majors may have already studied the concepts of nationalization and privatization in their civilization courses. In this case, the instructor may choose to solicit active student involvement in reviewing the French economic history to which these terms refer. Articles from *Le monde* and *Le nouvel observateur*, such as “La Troisième Voie: Le Capitalisme stratégique,” “Dassault et Aérospatial,” and “La Guerre déclarée contre les hypermarchés,” reprinted in Steele’s textbook and accompanied by comprehension questions, are useful texts because they present descriptions of large nationalized and privatized French companies (198–204).

A brief in-class review could trace the trends of nationalization and privatization from the mid-twentieth century to today. In the wake of World War II and the German Occupation, the French government responded to the need to rebuild the country’s infrastructure by nationalizing large corporations and entire economic sectors, including banks, utilities, transportation

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3Two commonly used Business French textbooks, *Parlons affaires!* and *Affaires. com* do not provide any discussion of important trends affecting French businesses today, such as “privatisation” and “décentralisation.”
systems, and manufacturing giants. Under socialist president Mitterrand, telecommunications, the aerospace industry, investment firms, and military equipment manufacturers were also nationalized. The government felt that it could revitalize and secure the French economy by taking control of, and financing, the most important economic sectors. However, many factors led to a marked turn-around in the late 1980s and early 1990s in which the government began to privatize a number of previously nationalized companies. Among the reasons for this reversal were the rise of unemployment due to small businesses’ inability to compete with the large government-run corporations and the heavy tax burden required to finance these corporations. Moreover, government-run corporations found themselves unable to compete effectively in the expanding global markets (Steele 195–96).

As part of classroom discussion of the contemporary French business environment, it would also be important to inform students of France’s elaborate social security system, including the legislation-mandated 35-hour work week, the five weeks of paid vacation (in addition to the 11 national holidays), retirement at age 60, the welfare salary guaranteed to all unemployed citizens (the RMI), public health-care coverage for all legal residents, and the government-financed education system, including post-secondary institutions. A review of workers’ rights in France can naturally lead to a discussion of the role of labor unions, the prevalence of strikes, and the introduction of the Auroux Laws, which mandated that employers negotiate with unions. A discussion of France’s social security system alongside its transition, through privatization, toward a more liberalized market economy, paints a complex and seemingly paradoxical national economic environment. On the one hand, with respect to privatization, the French government’s role in the nation’s economy is significantly decreasing. At the same time, the French social security system, which guarantees all full-time employees a wealth of worker benefits, has not receded. At this point, students can already begin to speculate on the impact of these elements of French culture on business practice in France. The instructor may choose to encourage such speculation through a short classroom discussion in anticipation of the annual report activity.

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Section 2.5 of Steele’s La Civilisation française en évolution I, entitled “La Vie professionnelle et la femme au travail,” provides a detailed description of France’s elaborate social security system, as well as the role that unions and strikes play in the French culture of “workers’ rights” (104–08).
BUSINESS PRACTICE IN NATIONALIZED VERSUS PRIVATIZED COMPANIES

In order to specify ways in which France’s cultural history has shaped French business practice, we found it helpful to refer to Mary O’Sullivan’s “Change and Continuity in the French System of Corporate Governance.” In this article, O’Sullivan associates the period of nationalization in France with the business practice of maximizing stakeholder wealth. In the post–World War II decades, the government’s primary goal was to rebuild the country’s infrastructure, and ultimately, to become a modern industrial power (4). The “mission statement” of the vast number of newly nationalized businesses was to exert a positive effect on all components of society (stakeholders) that had a vested interest in the businesses’ development and activity. Stakeholders included employees internal to the company (both labor and management), as well as those external to the company, including the creditors, suppliers, and competitors, in addition to larger social and economic sectors, such as transportation, utilities companies, education, agriculture, and the natural environment. Moreover, since these companies were both government-run and government-owned, they became highly dependent on debt financing. Accordingly, as there was little pressure to be profitable, many such companies experienced annual net losses.

Not surprisingly, O’Sullivan observes a significant shift in French business practice once these same companies were privatized in the late eighties and early nineties. No longer financed by the government, companies were pressured to pursue shareholder (stockholder) value, that is to say, to maximize shareholder wealth (3, 45–50). French companies began to acquire Anglo-American business practices by seeking to achieve net-income gains—to turn a profit—by listing themselves on the French Bourse and international stock markets and by growing externally, through mergers and acquisitions. Companies also began to practice lean management in which costly operations were reduced by closing plants and decreasing the workforce.

Business majors should find the comparison of maximizing the wealth of stakeholders (parties prenantes) versus stockholders (actionnaires) quite easy to follow. However, the humanities students who never took a business class may need a bit more explanation to grasp these concepts. To do this, the instructor can build from the basic business concepts and French vocabulary on the stock market and investment introduced in most Business French textbooks, as well as solicit Business majors’ input, in order to engage a classroom discussion on the primary differences between the objectives of maximizing shareholder wealth (3, 45–50). French companies began to acquire Anglo-American business practices by seeking to achieve net-income gains—to turn a profit—by listing themselves on the French Bourse and international stock markets and by growing externally, through mergers and acquisitions. Companies also began to practice lean management in which costly operations were reduced by closing plants and decreasing the workforce.

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nationalized companies (to rebuild and maintain the country’s infrastructure) and privatized companies (to become financially independent and to turn a profit).  

THE ANALYSIS OF A FRENCH COMPANY’S ANNUAL REPORT: THE CASE OF ALCATEL

After having provided the cultural context and outlined the basic differences between nationalized and privatized businesses, the instructors engaged the class in an analysis of a French company’s annual report. The instructional benefits of such an activity are manifold in that students are required to apply their knowledge of French cultural history and basic business concepts related to (stock) investment and capital, their ability to read a simple income statement and balance sheet, and the related Business French vocabulary, to interpreting the evolution of a French business. In the process, students familiarize themselves with the nature and layout of an annual report.

Annual reports are readily accessible, as many French businesses post their annual report on their company website. Multinational corporations even offer their report in both French and English. For our class, we chose to look at the annual report of Alcatel, a French telecommunications company, in large part because it used to be government run and was subsequently privatized. The annual report of a company that became privatized enables students to take note of concrete examples of the effects of privatization on a French business and to observe a significant shift in business practice. Another reason for choosing Alcatel is that, similar to other companies mentioned previously, it has proven to be very successful in adopting new strategies of corporate governance in the wake of privatization. However, the instructor may choose from a number of companies that made the successful transition from nationalization to privatization, including the television station TF1.

5For example, Chapter 2 of Affaires.com, “Créateurs d’entreprise,” introduces important Business French vocabulary on stock investment and capital, and discusses the structure of two different types of French businesses: sociétés whose shares are listed on the stock market (the société anonyme), and those that are not (the société à responsabilité limitée) (20–33). Another text, Parlons affaires!, dedicates an entire chapter entitled “La Bourse” to the French Stock Market, including common vocabulary, the different tiers of the French stock market, portfolio management, and how to read and interpret stock market trends (101–10).

6Information such as this can be obtained from a company’s website, which often includes web pages on the company’s history. Alcatel’s history can be found at <http://www.alcatel.com/apropos/history/index.htm>.

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the National Bank of Paris (BNP Paribas), the electronics manufacturer Thomson-Brandt, the aeronautics and weaponry enterprise Matra (now called the Lagardère Group), the pharmaceutical group Rhône-Poulenc (renamed Aventis), and the oil company Elf-Aquitaine.

What the analysis of the annual report of a company such as Alcatel reveals is its state of transition, from one type of business practice to another. Once a government-owned company, dependent on debt financing, after Alcatel was privatized it began to focus on profit through the increase of shareholder wealth and by becoming more efficient through lean management. The annual report reveals that the company is also repositioning itself to grow externally, through mergers and acquisitions. It is also seeking international investment by listing itself in foreign stock markets. At the same time, the report demonstrates that the French company must continue to work in accordance with French labor laws and support the national social security system. In the end, the analysis of Alcatel’s annual report will recognize a complex business environment that is characteristically French.

Since a company’s annual report can be quite lengthy (Alcatel’s is approximately two hundred pages), we suggest that the instructor provide the class with select sections, which, in a concise manner, reveal important trends. The sections proposed below present information on the company in both narrative and graphic forms, allowing students the practice of interpreting both written accounts of the company’s self-assessment and statistical data. We have found that asking students to work collaboratively in groups of four that include at least one representative of the French major and one representative of the Business major allows each group to draw from its members’ knowledge and strengths. Within a 50-minute class period, groups should be able to analyze a number of sections of the annual report, prepare a brief written summary of their findings, and present them to the class. For the sake of our readers, the examples provided below are taken from the English version of Alcatel’s annual report. However, we provided the class with only the French version. All group work and presentations are conducted in French.

The class begins by interpreting Alcatel’s Balance Sheet (“Annual Report 2004 Alcatel” 52; see fig. 1). Students are prompted to identify significant upward or downward trends and speculate on their indications.

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7The annual report presents financial data for the immediate past three years (2002–04). However, if more years are needed for a trend analysis, past financial data for companies is available on-line through search engines such as Yahoo! Finance and Google Finance.

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8The annual report presents financial data for the immediate past three years (2002–04). However, if more years are needed for a trend analysis, past financial data for companies is available on-line through search engines such as Yahoo! Finance and Google Finance.
A quick glance at the company’s total assets (see fig. 2) indicates a marked reduction from the years 2002 to 2004, the most significant reductions representing the tangible assets of plants and equipment. Students may hypothesize that Alcatel is shrinking. Given Alcatel’s income statement (“Annual Report 2004 Alcatel” 51), however, groups will find the need to reassess their initial assumptions.

As students focus on trends in Alcatel’s earnings over the years, they will notice seemingly contradictory results. For instance, they will notice
that net sales have decreased by almost 25%, whereas Alcatel’s net income, in negative amounts during past years, has begun to experience gains for the first time in 2004. To interpret the income statement, the instructor may need to clarify that numbers presented within brackets represent negative values. Correspondingly, the company’s shares have increased significantly, from negative to positive earnings. Students will make the observation that Alcatel has only recently begun to turn a profit (net income gain). Since part of the group assignment is to relate the trends in Alcatel to French cultural trends, students should be able to attribute Alcatel’s history of net income loss to its previous status as a nationalized company dependent on government financing. Business students, especially, should be able to account for the seeming discrepancy between a decrease in net sales and an increase in profit to Alcatel’s recent attempts to run more efficiently. The instructor may need to encourage students to read the income statement and the balance sheet side by side in order to draw the conclusion that Alcatel’s move to rid itself of
of costly operations, such as by closing plants, is part of its new mission to turn a profit.\textsuperscript{8}

Another section of Alcatel’s annual report (see fig. 3) was a chart of employment figures followed by a narrative account (37).

As these tables indicate, Alcatel has significantly reduced its workforce, which, as the narrative summary underneath suggests, is part of a larger plan to turn a profit through downsizing, or rather, through the practice of “lean management.” In addition, students will certainly notice the document’s mention of Alcatel’s compliance with the 35-hour workweek at sites in France. The instructor can initiate a follow-up discussion that stems from this page’s juxtaposition of two trends in French society that place French businesses in a potential double-blind. In other words, because of the on-going trend of privatization in France alongside the preservation of a high standard of worker rights and benefits, French businesses must remain independent of government financing through profitmaking, while supporting a costly social security system. The instructor may also want to ask students to elaborate on relationships that they can imagine between France’s generous social security system and its high rate of unemployment.\textsuperscript{9}

Through the groups’ reports to the class on their interpretation of Alcatel’s annual report, along with the classroom discussion that will inevitably ensue, students are faced with specific examples of how defining characteristics of French culture impact French business practice. With our class, we decided to provide closure to our discussion in two ways. First, we presented to the

\textsuperscript{8}The instructor may also want to provide copies of other components of the balance sheet, which depict a shift from a high dependency on \textit{debt} financing toward a high level of \textit{equity} financing. This trend is another indication of the company’s move toward privatization.

\textsuperscript{9}The most recent reports indicate that French unemployment, once again on the rise, has reached 10.2%. See for instance, the article published on \textit{BBC News}, entitled “French Jobless Rate on the Rise,” \texttt{<http://news.bbc.co.uk/2/hi/business/4496797.stm>}. This number increases significantly to 25% for the working population younger than 25 years of age. See, for instance, Markus Dettmer and Stefan Simon’s article in \textit{Spiegel Online}, “Jobless Youth: Riots in France, Quiet Debates in Germany,” \texttt{<http://service.spiegel.de/cache/international/spiegel/0,1518,408418,00.html>}.  

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THE INTEGRATION OF CULTURE

1. Employment

<table>
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<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total workforce</td>
<td>15,971</td>
<td>18,519</td>
<td>24,229</td>
<td>27,059</td>
</tr>
<tr>
<td>Permanent workforce</td>
<td>13,669</td>
<td>17,222</td>
<td>22,703</td>
<td>23,215</td>
</tr>
<tr>
<td>Number of employees on fixed-term employment contracts as of December 31</td>
<td>51</td>
<td>270</td>
<td>124</td>
<td>88</td>
</tr>
<tr>
<td>Of which inter-Group transfers</td>
<td>4,098</td>
<td>205</td>
<td>1,186</td>
<td>3,263</td>
</tr>
<tr>
<td>Number of employees hired on fixed-term contracts</td>
<td>216</td>
<td>224</td>
<td>56</td>
<td>66</td>
</tr>
</tbody>
</table>

Most of the new hires in 2003 and 2004 consisted of transfers between the Group’s entities.

1. Ut Departures

<table>
<thead>
<tr>
<th>departures and end of trial periods</th>
<th>2004</th>
<th>2003</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resignations and end of trial periods</td>
<td>106</td>
<td>121</td>
<td>272</td>
<td>632</td>
</tr>
<tr>
<td>End of fixed-term contracts</td>
<td>139</td>
<td>64</td>
<td>2,321</td>
<td>276</td>
</tr>
<tr>
<td>Of which fixed-term contracts converted to permanent contracts</td>
<td>12</td>
<td>2</td>
<td>29</td>
<td>61</td>
</tr>
<tr>
<td>Other departures, comprising dismissal of businesses, branches, and chemicals</td>
<td>3,067</td>
<td>5,521</td>
<td>2,286</td>
<td>744</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,322</td>
<td>5,710</td>
<td>2,821</td>
<td>1,713</td>
</tr>
</tbody>
</table>

The reduction in workforce in France resulted mainly from the sales of the following businesses:
- the Mobile Phones division of Alcatel in August 2004 to Tamp Holdings Limited.

Restructuring actions affected following units: Alcatel CFT, Alcatel Submarine Networks, Alcatel Space and Alcatel Business Systems. For the latter, collective redundancies were implemented for 272 employees of the Industrial Department of Alcatel’s Business Systems unit, in collaboration with Assembl and HFI Services.

2. Organization of work schedule

- Working week
  - The 35-hour working week, as required by law, is in effect at all Alcatel sites in France, in accordance with the terms and conditions negotiated with each company.

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This short but pithy phrase at the head of the “Risk Management” section of Alcatel’s annual report expresses the dual role that Alcatel plays: to protect its employees, assets, and the environment, and to ensure its growth. The former class what we identified as a quasi-mission statement of Alcatel (“Annual Report 2004 Alcatel” 33):

RISK MANAGEMENT

Alcatel continues to follow a proactive risk management policy aimed at protecting its employees, assets and the environment, while at the same time ensuring the growth and continuity of its business.

This short but pithy phrase at the head of the “Risk Management” section of Alcatel’s annual report expresses the dual role that Alcatel plays: to protect its employees, assets, and the environment, and to ensure its growth. The former
role demonstrates Alcatel’s continued interest in its stakeholders whereas the latter role signals the company’s commitment toward financial independence (continuity) and growth (through the maximization of shareholder wealth and profit investment). It becomes apparent that through “risk management,” Alcatel intends to insure both its stakeholders’ and its shareholders’ interests.

This would suggest that the company is seeking to maintain a balance between seemingly opposing types of business practice, both of which reflect dominant trends in recent French economic history. In light of what could be called a hybrid mission statement, it can be concluded that Alcatel is representative of French business practice, which is found at the intersection of a nationalized and privatized business environment.

The second way in which we ended the course was to take a brief look at segments of the annual report that illustrate Alcatel’s efforts to grow, and its concomitant maximization of shareholder wealth. The section entitled “General Information about the Company” (see fig. 4) lists the trends of Alcatel shares on the Paris Stock Exchange (184).

Fig. 4. “General Information about the Company,” from “Annual Report 2004 Alcatel.”
A brief analysis of the document indicates that Alcatel has indeed increased its shareholder wealth. From January 2003 to December 2004, the company’s shares have almost doubled in value. This chart is followed by a chart of Alcatel’s share listings on the New York Stock Exchange (see fig. 5), which have more than doubled in value in the same amount of time (185).

Fig. 5. Alcatel’s share listings on the New York Stock Exchange, from “Annual Report 2004 Alcatel.”

In addition, the information accompanying the chart provides a variety of international financial markets in which Alcatel’s shares are listed. This paragraph indicates that Alcatel is positioning itself as an international company by seeking to attract investors worldwide.

In addition, the information accompanying the chart provides a variety of international financial markets in which Alcatel’s shares are listed. This paragraph indicates that Alcatel is positioning itself as an international company by seeking to attract investors worldwide.
FOLLOW-UP ACTIVITIES
The instructor may devise a number of follow-up activities to the in-class analysis of a French company’s annual report. For instance, students can be given the assignment to analyze another French company’s annual report. The end result could be a written report or an in-class PowerPoint presentation in which they make similar connections between the company’s statistical data and the larger cultural environment of France. If the class is fairly large, students could work in pairs or groups. Depending on the individual teaching style, the instructor may want to provide students with a few charts of a French company’s annual report on a written exam, and ask students to identify significant trends and place them within a larger cultural context. Of course, students should be encouraged to use the technical vocabulary and appropriate grammar related to the task at hand.

Since the presentation of this course in Spring 2006, Alcatel has merged with Lucent Technologies to form a Paris-based telecommunications-equipment giant. This new development in Alcatel’s history represents its continued efforts to grow externally, through mergers and acquisitions. In next year’s class, we would like to integrate a classroom discussion of this merger based on students’ reading of a series of articles from *Le monde*, *The Wall Street Journal*, and from Alcatel’s website. While these articles will be a useful exercise in building students’ reading skills in French as they read about Alcatel’s success, they also address language and culture issues currently impacting French business that the newly appointed American CEO Patricia Russo will have to face as she transitions to a headquarters operating out of Paris.

Notably, Russo’s new task will be to work with French labor unions as she anticipates job cuts. Such articles are invaluable for the American student of a “French Business” classroom because they provide the actual case of an American in a French Business environment whose career success will depend, in part, on her ability to learn to adapt aspects of her business practice to a different cultural environment.10

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