

Using a Professional Organization to Enhance its Reputation. The Case of the Parisian Haute Couture. A Longitudinal Study (1973-2008)

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It has been shown (Selznick 1949) that an organization's objectives can be diverted by the action of an ideologically homogeneous minority. The membership collective organization may result from the presence of selective incentives (Olson 1965), and may also be characterized by the possibility of quitting or publicly criticizing (Hirschman 1970). It can also result from the fact (Meyer and Rowan (1977) institutions tend to resemble each other. Moe (1980) considers that Olson relies on hypotheses as regards individuals which are too restrictive, Olson considering individuals as rational, perfectly informed and economically selfish. Olson, on his view, thinks that memberships with a political finding have a strong role. Moreover, he introduces a leadership dimension, the "political entrepreneur" enabling participants like the personnel of organizations or the outsiders to exist. We accept from this view the accountancy of the plurality of interest but also the recognition of the role of third parties.

Granovetter (1973 and 1975) takes from Polanyi (1944 and 1957) the concept of "embeddedness" but considers it with a dif-

ferent logic because he estimates that the embeddedness of economics into society has not disappeared. He opposes to the view of firms as isolated units and points to the fact that firms develop cooperative relationships with other firms. Uzzi (1997) pointed out the fact that critical transactions are dependent on firms that are embedded into social relationship networks.

It has been highlighted that social movements can have a strong effect on the institutional change of an industry (Durand, Monin and Rao 2003). The fact that particular industries offer products that cannot be interchangeable has also been shown (Karpik 2007). However, according to our knowledge, little attention has been drawn to the way a professional network can be used in order to enhance the reputation of its members. In our opinion, we need to go further than this holistic approach.

Therefore, the research gap that is the following: which kind of benefits does a firm search for when joining a collective organization?

A longitudinal study of couturiers and fashion designers operating in Paris between 1973 and 2008 has been conducted. Two types of sources have been utilized: annual reports from the Fédération française de la couture, du prêt-à-porter des couturiers et des créateurs de mode between 1973 and 2008 and interviews of past and present members of this Federation.

This work has enabled us to identify three different themes explaining the reasons for joining and participating in a professional organization:

– The members of a professional organization seek to preserve their reputation.

We believe that when the members of a professional organization seek protection against counterfeiting the main motivation of this action is a protection of their reputation.

– The members of a professional organization seek financial incentives.

– The members of a professional organization seek for a privileged position towards their national and international competitors.

It appears that the first theme is the first in importance.

This research enhances the fact that a label (in this case the “*haute couture*” name) possessed by a professional organization constitutes a strong attachment of the members to the network. The reputation has been thus externalized by the adhesion to a collective organization.

In 1868 the *Chambre syndicale de la couture et de la confection pour dames et fillettes* was created. In 1910, this organization (with a slightly different name : *Chambre syndicale de la couture, des confectionneurs et des tailleurs pour dames*) was dissolved. In 1911, the « *couturiers* » estimating they should have their own body created the *Chambre syndicale de la couture parisienne*. The last institutional change took place in 1973 when two other bodies were created : *Chambre syndicale de la mode masculine* and *Chambre syndicale du prêt-à-porter des couturiers et des créateurs de mode*. These three groups created the *Fédération de la couture, du prêt-à-porter des couturiers et des créateurs de mode* .

It has been shown that *couturiers* can use two strategies to enhance their position: conservation strategies or subversion strategies (Bourdieu 1975). Therefore, it is logical that newcomers using subversion strategies question the current institutional frame. What is original in the case of the Parisian high-end fashion is that the professional organization has dealt with this contestation by creating a new umbrella organization which comprises both its historical body and a new body which accepts the newcomers.

Couture as the Making of a Profession

Before the French Revolution, tailors (men or women) did not have the right to sell their fabrics and were then only subcontractors, obliged *de facto* to a public anonymity. Parisian *couture* was really created under the reign of Napoleon III. The mixture of the renewal of a court life and the appearance of “*nouveaux riches*” gave an ideal environment to the rise of a selective fashion. Worth, who was English, first started with the haberdasher (in French: “*mercier*”) Gagelin, and had an individual clientele who asked him for advice on their clothes, an attitude which was totally new, the tailor having traditionally no word to say.

Worth then left Gagelin and opened his own company on rue de la Paix in Paris. He established all the codes of the Parisian “*couturier*”: a clientele of celebrities (starting with the French emperor’s wife Eugenie), a “*bourgeois*” style house, the presentation of the clothes on real people, and most of all, an authoritarian style, making the “*couturier*” the one who decides the style of clothes.

Alongside and after Worth came a cohort of *couturiers* (such as the Callot sisters, Doucet, Paquin or Poiret). All these individuals needed to be clearly distinguished from a lot of *couturiers* working in Paris in order to justify their position and prices to a national and international elite clientele. Therefore the *Chambre syndicale de la couture et de la confection pour dames et fillettes* was created in 1868.

The *Chambre syndicale de la couture* was created in 1911. Article 4 of its status indicates that no demand for admission should be made without the sponsoring of two members of the Executive Committee of the *Chambre syndicale*.

Two events brought significant changes to this industry: the sequels of the 1929 crisis and also the consequences of the Second World War.

Before 1929, the French Parisian couture industry was a major exporter. Among the big clients were department stores in the United Kingdom and in North America. The Smoot-Hawley Tariff Act from June 17, 1930, by raising United States' import duties to couture related products (such as embroidery) to high levels reaching 80%, made French couture garments totally uncompetitive.

During the Second World War, the *Chambre syndicale de la couture parisienne* had to deal with a project of the German occupation authorities who wanted to transfer the Parisian Couture either to Berlin or to Vienna. The authorities of the *Chambre syndicale* managed to make the Germans renounce their project and seized this opportunity to be the body, officially recognized by the French Government, which will allow the different quantities of fabrics. This position was followed by the new Government after France's liberation. Therefore, since then, a list of authorized Couture houses is published by the French Ministry of Economy.

Additionally, since the 1930's, it is the *Chambre syndicale de la couture* which organizes the fashion show calendar. This gives this organization a role that cannot be easily bypassed.

In 1946, Christian Dior, leaving Lucien Lelong couture's house where he was working, decided to open his own couture house. He signed very fast a lot of licensing agreements around the world. This licensing system has allowed a lot of couturiers to stay in the couture industry.

A stronger source of income was the perfume and cosmetics activity. The case of Chanel, where the same shareholder controls both the couture and perfume activities, is the most explicit example of this situation.

The Rise in International Competitors

In the 1950s a growing competition came from Italy. An initiative by an Italian businessman, Giorgini, led to the growth of fashion shows in Florence, and to the interest of American buyers for the Italian offer. Since the 1970s the main fashion shows in Italy have taken place in Milan. However, unlike the Parisian fashion shows, they mix different lines of same brands. A coordination and promotion body, the *Camera Nazionale della Moda Italiana* (The National Chamber for Italian Fashion) was founded in 1958.

In the 1970s, the USA also developed their own high-end fashion industry. Companies such as Calvin Klein, Donna Karan and Ralph Lauren thrived without having a fashion show in Europe.

The Rise in National Competitors

On a national level, the couture industry was also challenged by national newcomers. The so-called *créateurs de mode* (such as Kenzo) organized fashion shows outside the official calendar and won high approval from left-wing magazines. Some of the newcomers came from the retail industry, others began their careers as fashion journalists. New couturiers decided also to mix *haute couture* and ready to wear. This led to a first initiative: the founding of the *Groupement Mode et Création*.

The Role of Fashion Journalists or how External Actors can have an Influence on Institutional Change

In contrast to French gastronomy, where the *Guide Michelin* has over the years remained a recognized source of quality approval (Durand, Rao, Monin, 2003), there is no admitted rating book or guide in the *haute couture*. Public approval depends as a con-

sequence a lot on the fashion journalists. However, in France, a clear distinction should be made between the situation between before 1945 and after. Before the end of World War II, the magazines for women reproduced the models of Parisian Couture, and no other kind of fashion was considered. Two women journalists H el ene Lazareff and Ma im e Arnodin changed this situation, using what they experienced during and after the war in English-speaking countries. Back in France, the former founded *Le Jardin des Modes* and the latter *Elle*. These two magazines progressively introduced in their publications ready to wear products, sometimes even created in collaboration with producers and department stores.

This produced a marginalization of haute couture product for the young Parisian working in the fashion magazine industry. Later, generalist left-wing magazines such as *L'Express*, *Le Nouvel Observateur* or *Lib eration* promoted new comers.

How did the Professional Organization Deal with Activists

This situation had to be addressed by the professional body. Two phenomena occurred: a leading personality, Pierre Berg e, understood that the industry should change its structure in order to stay at an important level. And some of these *cr ateurs* were eager to join the official body in order to benefit from the visibility of a common Parisian ready to wear show. Mr Berg e became the President of the new *Chambre syndicale du pr t- porter des couturiers et des cr ateurs de mode*.

It must be noted that before 1973, the ready to wear collections of couturier houses were presented during a week that was managed by another professional body: the *F d ration des industries du v tement f minin*. All the couturiers who were in the

situation, asked to be removed from this calendar.

As in French gastronomy, where the *nouvelle cuisine* movement was followed in 1969 by a new name of the former *Ma tres queux et cordons bleus de France* into *Ma tres cuisiniers de France* (Durand, Rao, Monin 2003), the change of the power configuration of the French high-end industry has resulted in a new shape of the professional structures.

It seems, although we cannot rely on knowledgeable figures, that couture activity has, during the 1980s, faced a decrease in the number of its clients. The main attention of young people, was, as in the 1970s, concentrated on non *couture* designers, such as Thierry Mugler, who organized dramatic fashion shows. This situation may have led to an aging image of haute couture at the beginning of the 1990s.

A dramatic change in the structure of the industry has also been noticed. A lot of brands are now subsidiaries of publicly owned companies. Therefore, these brands rely less on a professional organization to have help on tax or export matters, for example. The size of the companies has also changed dramatically. For example Christian Dior couture 2009 turnover was  717 million.

In 2001, *Chambre syndicale de la couture* changed its name to become *chambre syndicale de la haute couture* and officialized in this way the use of the name *haute couture*.

Reputation

The presence of reputation leads to the use of a premium by firms, premium which also a compensation for firms' investment in reputation (Shapiro, 1983). In activities where status and reputation matter, a firm's current affiliations have an effect on following affiliations (Benjamin and Podolny, 1999) It has also been shown that organiza-

tions can enhance their value by the building and the exploitation of a reputation (Shamsie, 2003).

When the study was started (2008), one must notice that the members faced different situations. Some of them produce both *haute couture* and women ready to wear, some of them also produce menswear, some of them only produce women ready to wear, or only menswear. The designer of the brand may either be exclusive, or may work for his/her own brand or even for other brands. If we take the case of young designers, some of them absolutely need to participate in a fashion show in order to gain audience. But in this case, some of them are attached to a regular participation in either the “*haute couture*” or the ready to wear week, but others will, for cost reasons, ask to skip a season of presentation.

As in the cuisine industry, where a Chef-restaurant dyad can be observed (Durand, Rao, Monin, 2003), we can, since the 1980s, observe a designer-house dyad which complicates the situation. The objectives of these two parties could in fact be different and sometimes divergent.

Direct access to all the reports of the Fédération française de la couture, du prêt-à-porter des couturiers et des créateurs de mode between 1973 and 2008 has been possible. The President and Executive Director of the federation have been interviewed. The Executive Director of the French Clothing Industries Federation has also been interviewed. We also met major fashion consultants who were in the business between 1955 and 2010. We finally met participants of the Federation, including former CEOs of companies such as Dior, Givenchy and Kenzo and also young designers who have recently joined the Federation.

Some managers were the CEOs of both couture and ready to wear houses, others managed only ready to wear houses. Some

of them also managed high-end fashion and textile brands in Europe (Germany and Italy).

The themes that were treated were the reasons for joining the organization, the benefits sought, as well the relationships with the other members. A thematic analysis has been conducted.

The use of two different sources (annual reports and face to face interviews) has allowed us a triangulation of our data.

Results

It appears that the members of the Federation had, since their entry into this organization, a clear idea about their aims and that the reputation given by the membership to this organization, was the main motivation of membership.

– The members of a professional organization seek to preserve their reputation

The reputation of “*couture*” is used as a way to allow diversification into other products. For example, one former CEO of a major ready to wear brand of the 1980s explained to us: “*It’s like in the Bible, at the beginning was the Word, and the Word became flesh. Design is the first level, it’s like in the Bible, and after, classically, we learn that in school, design enhances the product. And the product will generate a brand. (..) I had this pattern in mind as soon as I joined the company*”.

Another one hence told us: “*I gave my designer a total freedom, within the limits of a budget, for the couture collection, but the ready to wear collection he had to respect a collection plan*”.

The access to the fashion show calendar seems to be the most important motivation. As one referee told us: “*I think that fundamentally the first motivation of a newcomer is the calendar*”.

The annual meeting reports show also that the aims of the members were quite clear. Hence, the first annual meeting report from

1976 quotes the President saying that: “as concerns haute couture, the idea was to preserve it, to protect a non substitutionable brand image and to prove it was not dead”.

– The members of a professional organization seek financial incentives

The search for financial incentives was also a motivation for membership. Two main tax deductions have thus benefited the members of this organization: until 1979 a pay back of fabrics used for *haute couture* collections to the condition that they were produced in France, and from 2008 a tax deduction for the expenses related to the design of clothing collections (whether they be haute couture or ready to wear products)

– The members of a professional organization seek a privileged position towards their national and international competitors

Members from the organization ask to be protected by the actions from national competitors, in particular a protection against infringement.

They also ask their organization to promote their activities at an international level. They also ask the organization to pay attention to the politics of the same industry’s organization in other countries. This was the case with Italy, a country with whom an agreement has been signed by the two professional bodies representing high-end fashion.

Contribution to the Theory of Collective Action

This study has brought in our opinion some contributions to the theory of collective action.

We do not agree that social changes are the reason for the changes of the professional structure. Rather, in accordance with Bourdieu (1975), we think that the political vocabulary is being used by newcomers to make themselves a place in the market structure. We however agree that we face an

identity movement. We also think that, in order to renew old houses, the transgression logical has been introduced in these houses, whereby, by staying in the couture scheme, the privileges (as regards the aristocratic image given by this label) are maintained. The challenge underlined by Bourdieu in 1975, attracting young clients and also new members of the “dominant” classes, was in our opinion the same in the 1990’s, and therefore superficially related to the 1968 movement.

As a conclusion, we think that professional groups, in what Karpik (2007) called “singularity economics”, tend to be more a tool for a public judgment hierarchy than a traditional lobbying body. By incorporating new players, they can ensure themselves to be a strong tool and to face international competition. What is significant in this case is that very few defections can be found.

We also consider that this study showed that a purely “monetary” approach (by this we mean thinking in direct benefits) should be completed by a view considering the long-term objectives of the firms where in this case reputation reveals to be a decisive factor.

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