



Where have French gazelles gone?

Nadine Levratto

EconomiX

CNRS, University of Paris Ouest, Nanterre, La Défense

Building G

200, avenue de la République

92001 Nanterre Cedex

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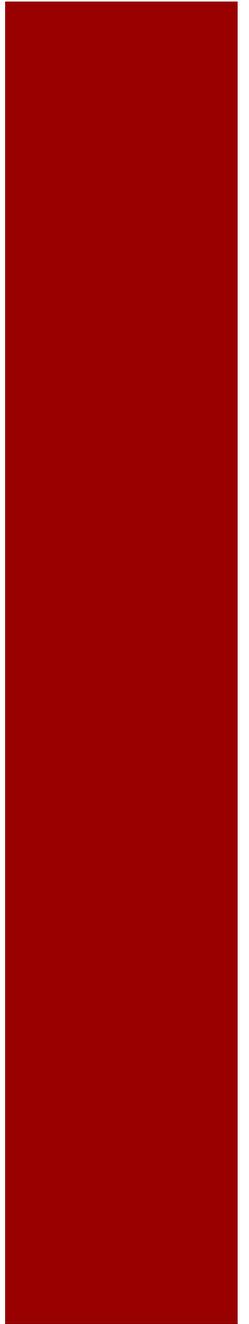


1. 2005 - 2008 : the passion for gazelles → main stakes:
 - a. Appropriate definition
 - b. Numbering
 - c. A direct support from the state

2. 2009 – today : the silence about high-growth SMEs → narrow policies only remain:
 - a. National level : focus on financing schemes with regional governance structures
 - b. Local level : firm growth policies and poles of competitiveness

How many gazelles and what to do for them?

2005-2007 : Gazelles as a national stake

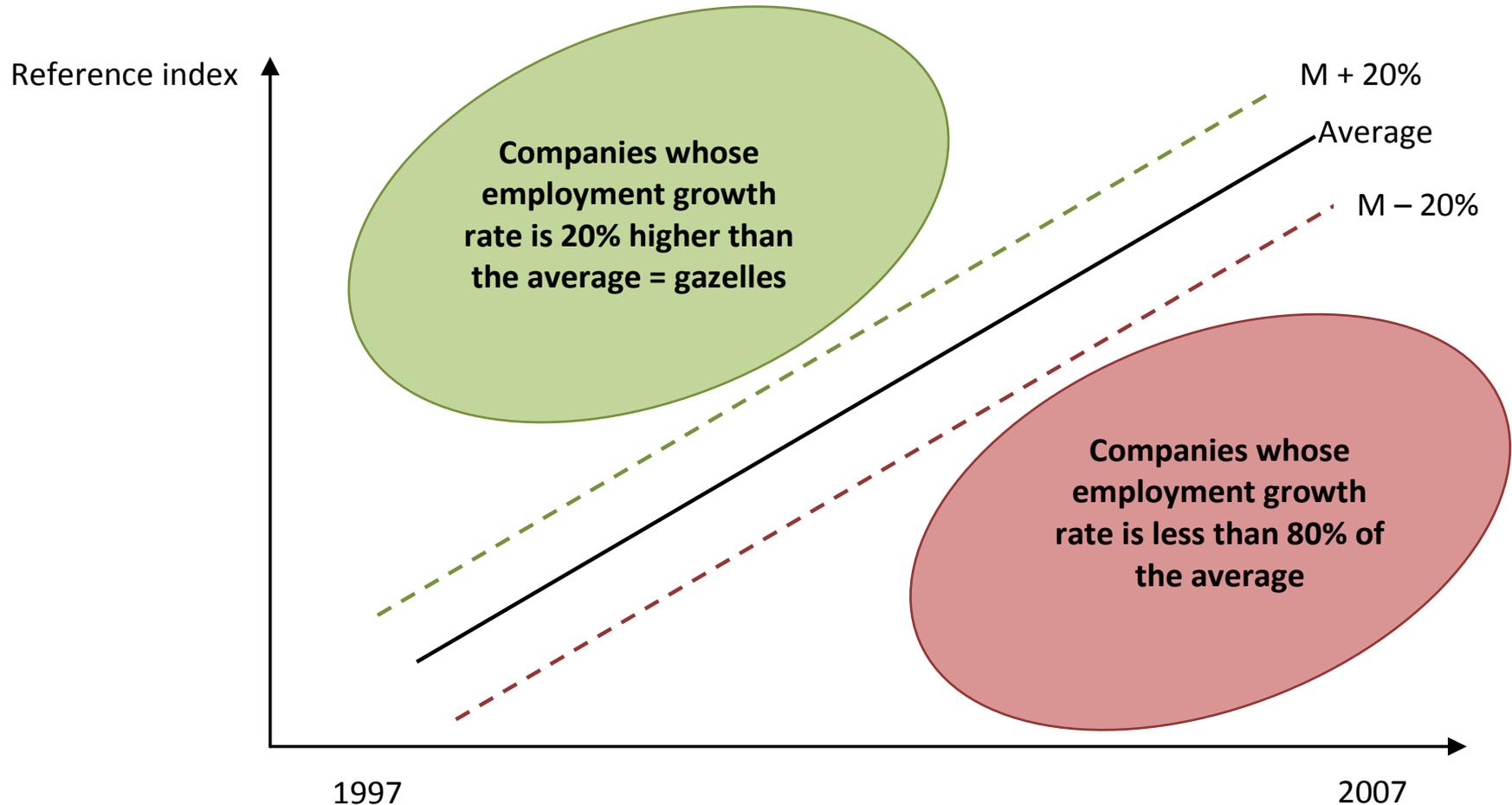


The French bestiary



- July 2006 : Report Betbèze & Saint Etienne reactivate the distinction due to Birch between “Mice, gazelles and elephants” 30 some years ago.
 - These categories become very popular,
 - Policy makers insist upon the lack of gazelles as a cause of the modest performance of French economy,
- Debates and disagreements about the definition:
 - **Betbèze et Saint Etienne** : almost 20,000 gazelles at the origin of 50% of new jobs
 - **Ministry of economy** : 4,000 companies possibly concerned by the Plan Gazelles
 - **Picart (INSEE)** : a balanced judgement over the period 1993-2003
 - distinction between “long distance gazelles” and “sprint gazelles
 - the top 5% of the distribution of growth multiply their employment by 5 in 10 years,
 - But their growth is uneven : half of their ten-year growth is concentrated on only one year,
 - External growth accounts for a big part of gazelles' growth: according to their size, gazelles belong more often to a group,
 - Every industry, even those in relative decline, has some gazelles.

Results confirmed over the period 1997-2007

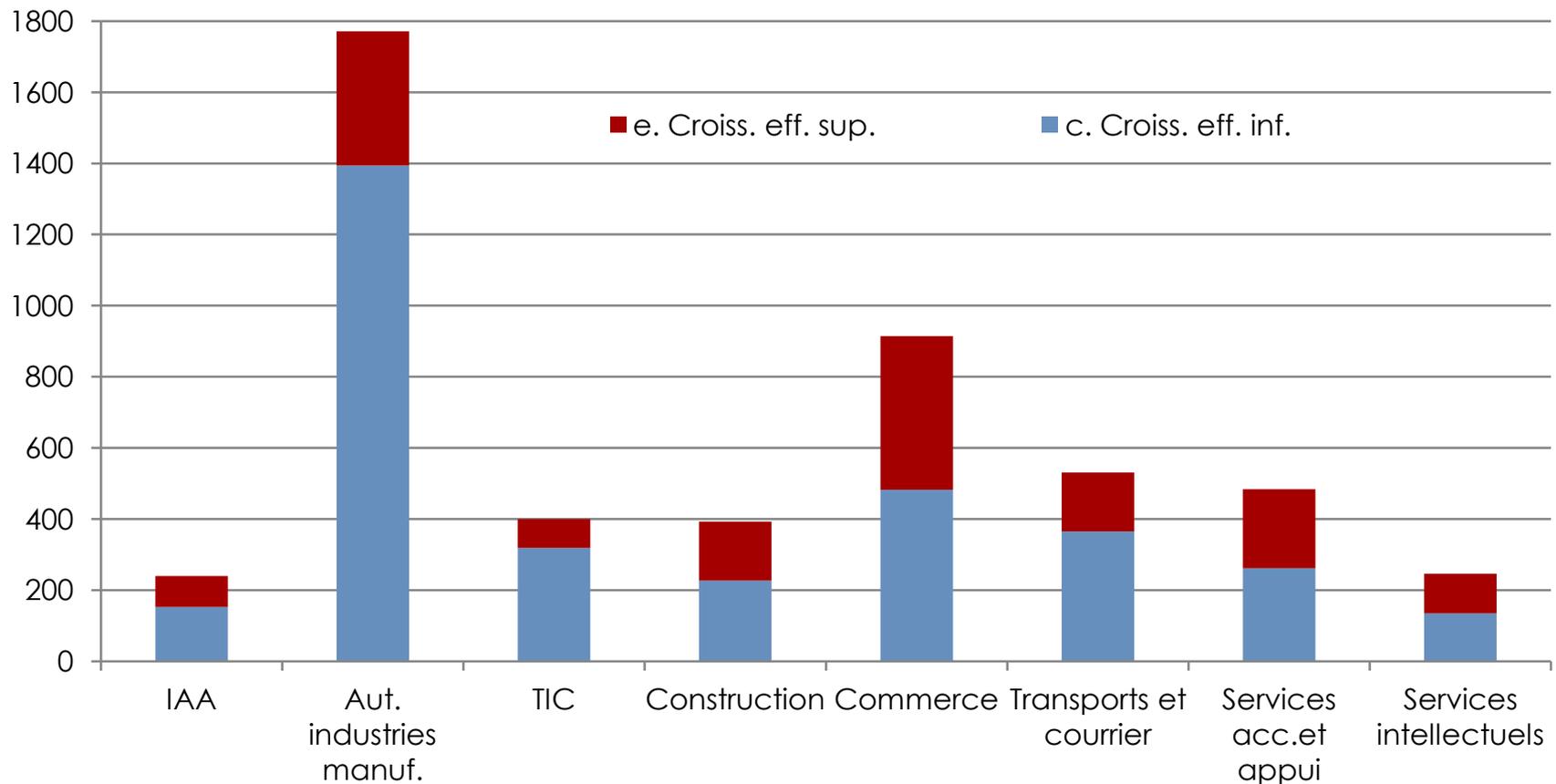


Source: Levratto et al. (2010)

Répartition des entreprises par secteur



Among the SME employing 20 to 250 workers in 1997 and still alive in 2007 the majority belong to manufacturing industry or to Wholesale and retail trade.



Public policies : subsidies and announcement effects

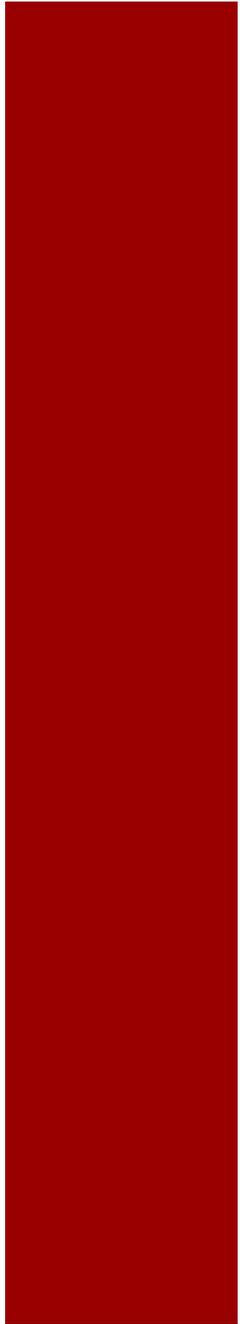


Just after being elected, Nicolas Sarkozy, decides to put an emphasis on firm growth to boost domestic companies and to reduce the gap between France and Germany or the UK.

- 2007 : the “Plan Gazelles” is enacted → Indépendant SMEs whose payroll increases by more than 15% over the 2 last years benefit from:
 - A tax rebate aiming at compensate the increase in the company tax resulting from growing profits insofar this increased tax burden coexists with an already planed increase in the payroll.
 - This measure is supposed to give an incentive to pursue firm growth and to promote the development of a new class size : intermediate-sized enterprise.

Are gazelles still a national priority?

The end of Plan Gazelles
A new priority : firm growth
Only one credo : equity finance



The end of the national action plan



- After 2 sessions, the gazelles contest organised by the Ministry of Economy took end.
- The word « gazelles » is no longer used. Only remain HGSMES or performing SMEs
- The question is no longer to grow fast but just to grow.
- The main focus is on financing schemes.

A focus on financing

A survey performed by INSEE (Sauvadet, 2011) legitimate this concentration of means on financing devices.

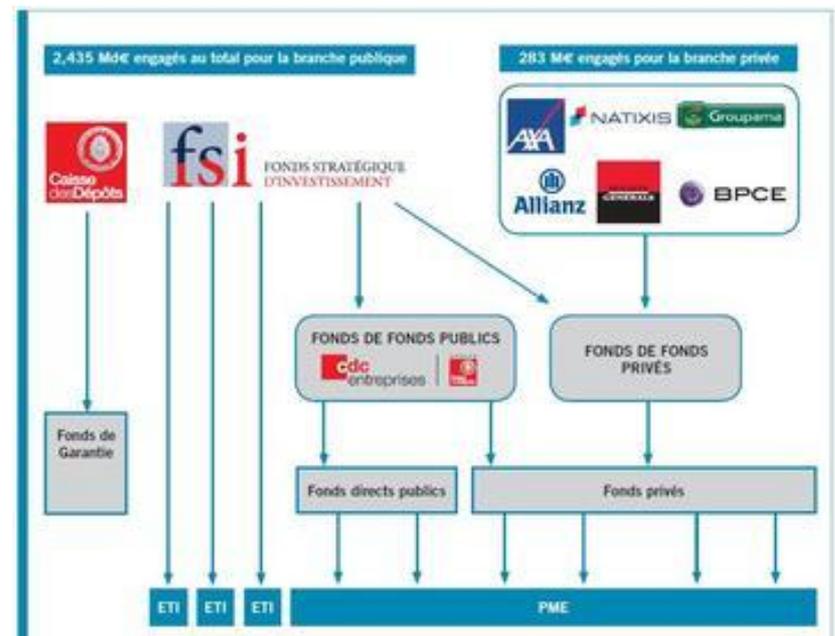
- Needs for financing of HGSMs are more frequent and more important than those of low or medium growth companies
- The demand for all sort of credits increases but less than the demand for other sources

Percentages

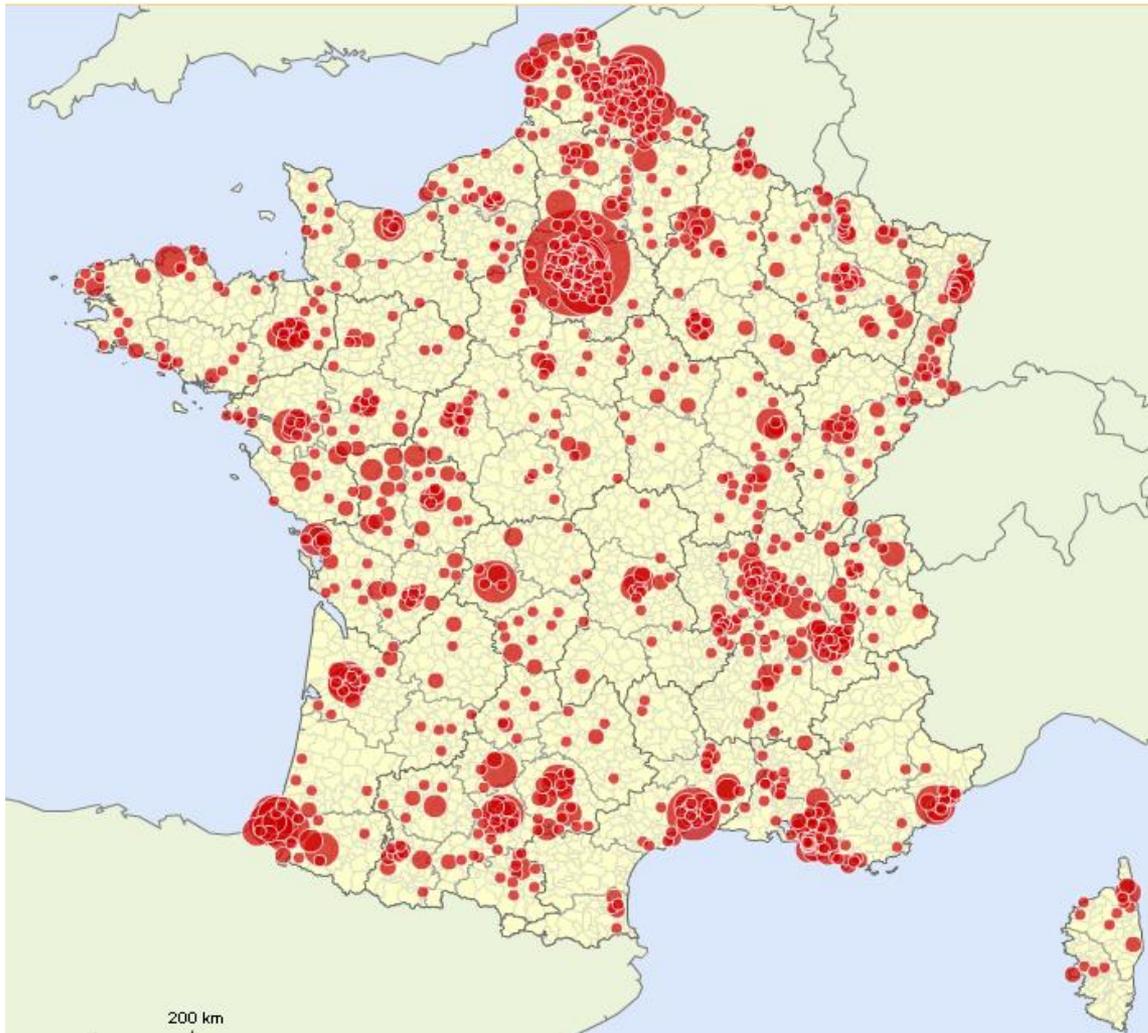
Year or period	Financing source	Sub-population				
		Total	HGSMs			Low or medium growth companies
			Total	« Gazelles »*	Others*	
2007	All modes	42,4	54,1	53,2	54,4	41,8
	Loans	32,8	38,4	37,0	38,7	32,5
	Capital increases	2,5	6,9	9,2	6,4	2,3
	Others	19,1	28,8	28,2	29,0	18,5
2010	All modes	50,9	58,2	56,8	58,5	50,5
	Loans	37,4	41,4	39,5	41,8	37,1
	Capital increases	4,6	9,3	10,7	9,0	4,3
	Others	26,2	36,9	35,5	37,1	25,6
2011 - 2013 (expectations)	All modes	61,7	68,3	67,6	68,4	61,4
	Loans	52,9	58,8	58,8	58,8	52,6
	Capital increases	7,0	16,3	20,6	15,5	6,5
	Others	32,0	39,2	42,1	38,6	31,6

A national policy reduced to a measure

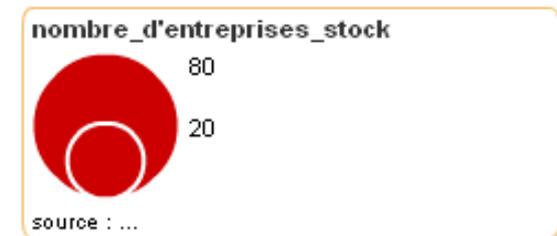
- Implementation of FSI France Investissement 2020. Proposes global solutions to satisfy the need of equity finance of HGSMs all along their life cycle → 3 priorities:
 - Providing an integrate approach of financing structure for young and innovative firms
 - Accompanying mature SMEs trying to boost their growth thanks to an enlargement of their markets, mainly abroad
 - Contributing to the increase in the number of intermediate-sized enterprises promoting external growth facilitating merger and acquisition for SMEs whose markets and know-how are complementary in any sector (manufacturing industry or services) whenever new sources of competitiveness are detected.
- 2 kinds of interventions:
 - Equity participation in promising SMEs (1,100 by the end of June 2011)
 - Participation in investment funds or venture capital societies (local or national scope; generalist or specialised in innovative industries)



An uneven local distribution dominated by Paris area



Location of CDC Entreprises investments (stock of funded companies)



By 30/06/2011, CDC Entreprises hold shares from 2940 SMEs.



Source : CDC Entreprises et FSI France Investissement

A real but weak involvement of regional administrations



- Paris area : competitiveness as a core target
 - Statement : when located in a favourable environment potentially HGSMES make a major contribution to employment, innovation and export
 - Examples:
 - System@tic : action plan to create the best conditions for the development of innovative and HGSMES located in Paris area. They are the core target of the ecosystem « Optical and complex systems».
- Languedoc-Roussillon Area : innovative companies can be found in any sector
 - Statement : financial engineering is a key factor of success for HGSMES
 - Exemple:
 - Jeremie Program (funded by the Region and the European Regional Development Fund) : comprehensive pattern of financing going from equity finance to bank credit guarantee scheme
- Inter-regional contest « DEFIS PM3I »,
 - Concerns any independent company having at least 10 but less than 250 employees which is involved in a somehow innovative project.

A real but weak involvement of regional administrations (Ctnd.)



- Bourgogne :
- A twofold problem:
 - Attractiveness,
 - Strengthening of already existing initiative not yet mature
- Core strategy : a concentration of the regional efforts around the different poles of competitiveness to promote innovation and generate spillover effects → collective competitiveness instead of individual one
 - Individual coaching of SMEs interested in taking part in innovation projects with a special effort towards HGSMs whose synergies effects are expected
 - Incentives to research institute and enterprises to cooperate, mainly taking part in international R&D programs.
- Key sectors : Creative industries, medical imaging et race cars, technologies cluster and wine industry.

Conclusion : French gazelles, a forgotten idea



- After having been mentioned in almost every public report ...
- declared as a national priority ...
- and considered as a target for public policies,

gazelles have disappeared from the vocabulary of French policy makers.

This matter of fact finds its origin before crisis → it results from an explicit or implicit governmental strategy legitimated by the poor results of these HGSMs for creating jobs over a long period.

The decline in the interest bore to those firms at the national level finds a compensation at the local level.

Considering that innovation and exports are key conditions to improve competitiveness, local authorities :

- facilitate SMEs growth,
- in connection with poles of competitiveness.

Thanks 😊

