

Business Perceptions of the new French regime on Auto-Entrepreneurship: a risk-taking step back from socialism¹

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Abstract

France has a rather low rate of enterprise creation. Institutional analysis helps to explain why this is so. Nevertheless, in the last few years since 2003, France has been modernizing its legal framework to stimulate enterprise creation and this has achieved some success. A new regime of Auto-entrepreneur has recently been introduced in early 2009 as a new start up mechanism, creating a lot of buzz. This paper presents the new French regime and its accountancy and tax inputs, explaining the economic motivations of the new institution and its limitations. The paper presents results of a questionnaire administered to CEO's of small business enterprises on their perceptions of this regime. The research indicates that the entrepreneurship law is perceived to be risky for tax and social security revenues, lack of entrepreneurial capabilities, lack of social security net for failed entrepreneurs, and increased competition for small enterprises from their own employees. Future directions for research are indicated in entrepreneurship and microfinance, business regulation and globalization.

Keywords: Entrepreneurship, microenterprise, microcredit, French law, socialism, capitalism, regulatory analysis

INTRODUCTION

The French have not been very creative in the field of launching new enterprises. Hurel (2000) reported that the French entrepreneurial density was half of that of Italy as shown in table 1 below, and that it underperformed both Spain and UK considerably. Table 1, extracted from his report also shows that while the French created only 177,000 new enterprises per year, the other countries created twice as many.

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